



China e-Wallet Payment Group Limited

中國錢包支付集團有限公司*

(a company incorporated in Bermuda with limited liability)

(Stock Code: 802)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **2019**



* For purpose of identification only

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year Ended 31 December 2019

ABOUT THIS REPORT

China e-Wallet Payment Group Limited (the “Group”) and its subsidiaries (collectively referred to as the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) for the year ended 31 December 2019. This ESG Report provides an annual update of sustainability performance, accomplishments and challenges over the past years. It has been updated to reflect the interest of various stakeholders.

Scope and boundary of this report

This ESG Report details the ESG performance of the Group for the financial year ended 31 December 2019 (the “Reporting Period”). We apply the concept of materiality in planning and developing the ESG Report. Unless otherwise indicated, the ESG Report covers the Group and its subsidiaries.

Reporting principles

The ESG Report is prepared in accordance with Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. According to the guideline, the following principles are underpinned:

1. **Materiality:** Environmental, social and governance issues that have major impacts on investors and other stakeholders must be set out in this ESG Report.
2. **Quantitative:** If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. They must also be able to describe the purpose and impacts of quantitative information.
3. **Balance:** This ESG Report must provide an unbiased picture of the environmental, social and governance performance of the Group. It should avoid selecting, omitting, or presenting formats that may inappropriately influence a decision or judgment by the reader.
4. **Consistency:** This ESG Report should use consistent and disclose statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the ESG Report.

Confirmation

The information documented in this report is sourced from official documents, statistical data, and management and operation information of and collected by the Group in accordance with relevant internal policies. The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible.

Feedback

The Group discloses the latest business information regularly to investors and the public. We also welcome investors and shareholders to share their views with the board of directors of the Company by contacting us at +852 2637 2800.

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ABOUT THE GROUP

The Group is principally engaged in the business of “Internet and Mobile’s Application and Related Accessories”. Over the years, our solid track record and experienced management team have established an excellent reputation within the industry.

The corporation objectives of the Group are to achieve sustainable growth in its business and financial performance, and actively expand and strengthen its market position.

THE GROUP’S VISION, COMMITMENTS AND ACTIONS

The Group envisions to be a successful developer and provider in our business segments, as well as a socially and environmentally responsible corporation. We are committed to promoting sustainable development, which is extremely important to create long-term value for the Group’s shareholders, clients, supporters, employees, other stakeholders, general public as well as the natural environment.

The Group firmly believes that the ESG areas and aspects listed in the ESG Reporting Guide are significant considerations for the long-term operations of its business. We strive to operate our business with the objectives to: lessen the impact on the environment, provide a safe, pleasant and growing working environment to the employees; comply with legal and regulatory requirements, adhere to high ethical standards, and repay the community.

The Group values opinions and views of its stakeholders. The Group has assigned board members and senior management to constantly review and communicate with its stakeholders including but not limited to its employees, investors, suppliers, business partners to gain insights on ESG material aspects in the Reporting Period. During the Reporting Period, the Group identified the following material aspects and have managed them strictly in accordance with the Group’s policies and guidelines and in compliance with the relevant legal and regulatory standards:

- Employment;
- Working Conditions and Environment;
- Employee Development and Growth;
- Quality of Products and Services;
- Privacy Information Protection; and
- Anti-corruption.

The Group is committed to conducting its business in a transparent, equitable, legal and socially responsible manner, and continues to care about the impact of its daily operation on the environment and society, make efforts to meet the interests of all stakeholders, economy, environment, society and corporate governance, and do its best to achieve a fine balance.

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STAKEHOLDER ENGAGEMENT

As part of its business strategies, the Group communicates with the stakeholders in an open, honest and proactive way. To achieve this objective and improve transparency, we take active measures to promote investor relations and communication. In addition, we have developed the investor relations policy to ensure that investors have fair and timely access to the information of the Group. The Group's major stakeholders are listed below.

Major Stakeholder	Areas of Concern	Communication Channel
Stock Exchange	<ul style="list-style-type: none">• Compliance with listing rules	<ul style="list-style-type: none">• Announcements on the Stock Exchange website• Discussions as necessary• Emails and other correspondences
Government and regulatory bodies	<ul style="list-style-type: none">• Laws and regulations• Taxation	<ul style="list-style-type: none">• Site visits and audits• Regular declarations• Public notice of new laws and regulations• Reports and other publication on their websites
Shareholders and investors	<ul style="list-style-type: none">• Return on investment• Information disclosure• Protection on rights and interests of shareholders and fair treatment of shareholders	<ul style="list-style-type: none">• Annual and other general meeting of members• Annual reports, announcements and other disclosures/publications• Company website/Disclosures on the Stock Exchange website
Employees	<ul style="list-style-type: none">• Salaries and welfares• Protection on employee's rights and interests• Health and safety• Feedback opportunities	<ul style="list-style-type: none">• Regular meetings• Employee trainings• Intranet and emails• Regular employee activities
Customers	<ul style="list-style-type: none">• Product quality• Customer satisfaction• Business ethics• After sales services	<ul style="list-style-type: none">• Website• Regular business visits• Participation in industry events• Customer evaluations
Suppliers	<ul style="list-style-type: none">• Long-term and sustainable business relationship• Fair competition	<ul style="list-style-type: none">• Supplier contracts, emails, teleconference, interview• Supplier evaluation
Media	<ul style="list-style-type: none">• Corporate governance• Environmental protection	<ul style="list-style-type: none">• Correspondence and discussion on concerned topics
Community	<ul style="list-style-type: none">• Environmental protection• Contribution to the community	<ul style="list-style-type: none">• Voluntary activities• Community visits

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Identifying Material Issues

Stakeholder participation helps the Group review potential risks and business opportunities, and also facilitates the mitigation of these risks as well as the identification of opportunities. Understanding stakeholders' views allows the Group to better fulfil their needs and expectations with its business practice and manage different stakeholders' opinions. Having taken the interview results and expert advice into consideration, the Group has been able to prioritise three issues from the eleven environmental and social aspects specified in the ESG Reporting Guide to be the material focus of this report. The three material issues are: anti-corruption, employment and product responsibility.

ENVIRONMENTAL ASPECTS

As the Group's business activities mainly include research, design and integration of hardware and software under green office environment, the Group does not have any manufacturing plants which might result in polluted air emissions or hazardous wastes/discharges. However, as a responsible corporation, the Group abides by the local environmental laws and regulations and is committed to environmental protection. The Group has implemented policies and taken measures to ensure our operation to be energy, water and resources saving, and to minimize adverse impact on the environment.

EMISSIONS

Air Pollutant Emissions

Given the nature of our business operation, the Group produces no hazardous and polluted air emissions, solid wastes and water, and only generates indirect greenhouse gas of carbon-dioxide (CO₂) through daily electricity power consumption and business travel. The Group does not own and operate a transport fleet and we therefore do not directly produce any greenhouse and hazardous gases from cars used.

Wastes Management

Given our business activities, the Group does not produce any hazardous and non-hazardous emissions. As a responsible corporation, we integrate eco-friendly measures to reduce the environmental impact of our daily operation. We encourage the economic and efficient use of resources, while enhancing our recycling efforts to prevent the waste of resources. We have taken the following special measures to reduce the emission of air and greenhouse gas, discharges into water and land, and generation of hazardous and non-hazardous waste, as well as to save energy in our daily operations:

- Encourage the establishment of a waste-classification system and the practice of recycling used papers and double-sided printing in the workplace;
- Reduce unnecessary business trips and promote the use of information technology such as video conference;
- Encourage our staff to take public transportation and minimize the use of private vehicles and taxi;
- Adjust the temperature of our offices appropriately and switch office equipment to energy-saving mode, such as the automatic power down of printers and computers after a period of inactivity, to economize the use of electricity; and
- Encourage water-saving habits of our staff.

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Greenhouse Gas Emission

For the Reporting Period, despite an increase in business turnover, the indirect greenhouse gas emission of CO₂ as a result of electricity consumption (“Scope 2”) and business travel (“Scope 3”) were approximately 1,290.8 kg, which was lower than the last reporting period, evidencing the effectiveness of our energy saving and energy efficiency measure, and 117.2 kg respectively.

For the Reporting Period, the Group did not receive any warning or fine related to air, water or waste emissions and discharges from any environmental agencies in 2019 and 2018.

USE OF RESOURCES

Electricity Consumption

For the Reporting Period, 2,082 KWh of electricity was consumed for our virtual offices operation, which was lower than the last reporting period. The decrease evidenced a remarkable achievement of our energy saving measures taken, which the Group will continue to implement.

Water Consumption

Water is supplied from the city central water system and the Group has no water supply problem. The use of fresh water in the offices is for staff general purpose, and the amount should be insignificant. The consumption record was not available as it was managed by the central management office of the buildings of our virtual office. Our staff, however, has been constantly reminded to save water consumption.

Paper and Packaging Materials Consumption

Given the business nature, the Group does not use much paper and packaging materials. Paper is used only for printing and writing purposes only and the usage amount is quite small. However, the Group still promotes and implements measures to reduce paper usage including using papers from sustainable sources, encouraging recycling of paper, replacing paper records by electronic records, and reducing the use of paper by writing on whiteboards during presentations and meetings.

THE ENVIRONMENT AND NATURAL RESOURCES

As discussed above and in our last ESG report, the Group’s activities and operation do not generate any environmental hazards nor use much natural resources, but as a responsible corporation, we have introduced and implemented eco-friendly practices to reduce and conserve energy, fresh water and other natural resources, and to minimize the impact on the environment directly or indirectly. We have not polluted any air, water and land, and have complied with all the environmental laws and regulations of the regions which we have operations in. We cooperate with the local government agencies and support environmental organizations’ activities to build a “green” society.

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SOCIAL ASPECTS

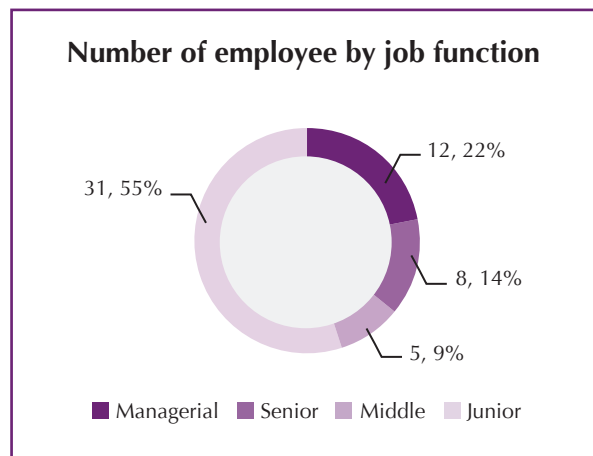
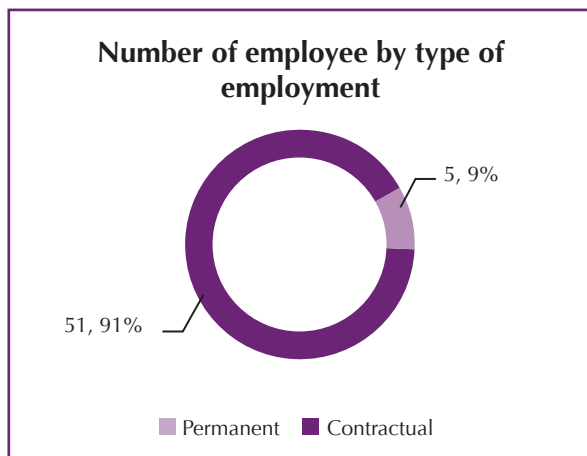
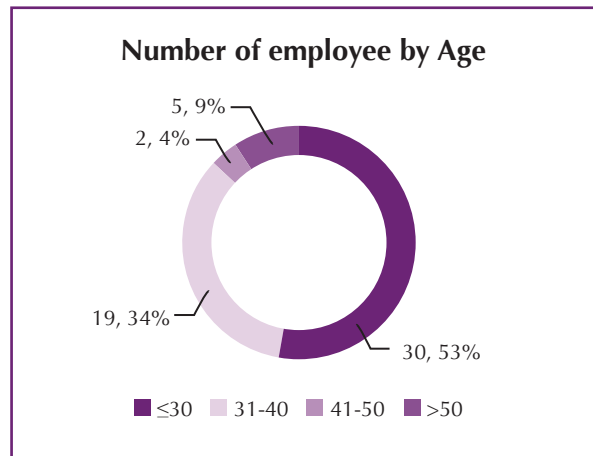
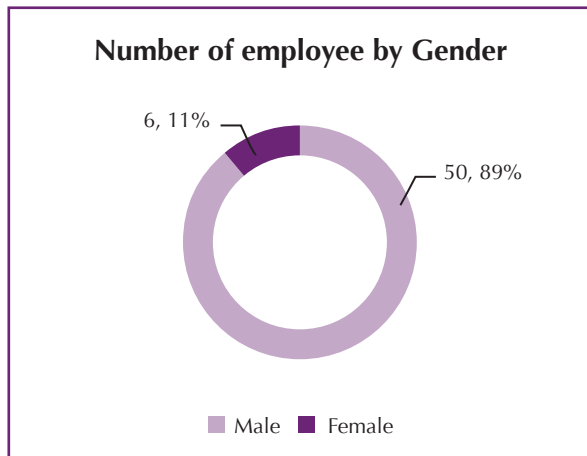
EMPLOYMENT AND LABOR STANDARDS

Employment

The Group recognizes its success depends highly on the skills, passion and commitment of its employees. We ensure employment and labour practices are implemented according to labour laws and the employment ordinance. We provide equal employment opportunities for all without discrimination in hiring, promotion, dismissal, remuneration, benefits, training and development.

Our recruitment process is standard as per normal practices in our industry. We specify the requirements of the vacancies and advertise as well as head-hunt through employment agencies. The selection process is standard and positions will be decided after background checks, tests and interviews by our human resources manager as well as the related departmental head. Senior managers hiring are decided by the CEO.

As at 31 December 2019, the Group employed a total of 56 employees (2018: 52) working on contractual bases in our Malaysia, Hong Kong and China offices, and the employment characteristics are summarized below:



Comparing with the previous year, the Group's managerial and general level employees' numbers remained unchanged and only the operational level had an increase of 4 employees to support the expansion in business activities. The numbers reflect that the Group had a stable level of staff.

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Employee Compensation and Benefits

As mentioned before, one of the major ESG aspects related to the Group's employees is salary and compensation packages. The Group addresses salary and compensation packages in a transparent manner by disclosing its salary benchmarking exercises to employees.

All employees are required to sign contracts with the Group, which contain terms and conditions according to the local labour laws and employment ordinances. Regulations, policies and standards regarding recruitment, employment and promotion, compensation and dismissal, salaries and wages, working hours, holidays, benefits, insurance, equal opportunity, diversity, anti-discrimination, and other welfare are well documented and executed accordingly. Remuneration packages are linked to individual performance and the Group's business performance, taking into consideration of industry practices and market conditions, and are reviewed on an annual basis. Senior management staff and directors' remuneration is determined with reference to his/her duties and responsibilities with the Group, the Group's standards for emoluments and market conditions. Share options are also granted to eligible employees based on individual performance as well as the Group's performance.

For the Reporting Period, the total employees' costs (excluding share-based payment) was HKD 3 million, which was 14% less than the previous reporting period. The saving was attributable to the Group's continuous efforts to reduce its overheads and re-allocate the project resources by increasing collaboration with third party partners. Despite the saving, no disputes and conflicts nor early termination of employment contracts with the employees was resulted.

To build a harmonious employees' relationship, the Group's senior management regularly organized meetings with the employees to listen to their concerns and thereafter take appropriate actions. The Group also arranged social and sport events in which the employees could participate with their families and friends and relax.

Same as the previous year, the Group did not have any employment related legal disputes on record during the Reporting Period.

Health and Safety

The Group is committed to provide a safe, healthy and pleasant working environment to the employees. We have equipped the offices with adequate equipment and facilities to ensure safety and convenience to employees. All permanent staff have been covered with social, medical and accidental insurance as required by laws. All employees are also requested to strictly observe the health and safety policies, follow safety rules at work and place safety as their priority during work at all times.

There were no fatalities, work injury, occupational health and safety hazard cases recorded for years 2019 and 2018.

Development and Training

The Group does not have published policies regarding development and training. However, the Group is aware of the value and contribution of its employees, and is willing to invest and offer training and development courses for them to enhance their capabilities. Training needs are identified through regular appraisal conversations to ensure training and guidance provided are catered to employees' needs. The Group frequently arranges senior staff to provide directional advice and guidance and short-term training to junior staff, and sponsors employees to attend external training programs relevant to their work to improve their skills and knowledge which will be beneficial to their career development.

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Records on the training and development programs organized and sponsored have been maintained to monitor that the training offered and sponsored have been productive and objectives have been achieved.

To maintain the competitiveness of the Group and our employees, training courses are also organised by our human resource team, aiming at employees' individual growth and sustainable development. All directors, company secretary and senior management attend training courses and receive up-to-date information of corporate governance and listing regulations.

During the Reporting Period, apart from on-the-job training, the Group sponsored and organized a total of 432 hours of training for 54 staff (10 being managerial grade, 8 being senior grade, 5 being middle grade and 31 being junior grade).

Labour Standard

The Group has applied and not violated any provisions of the local labour laws and employment ordinances in our operations in Hong Kong, China and Malaysia. The Group has honoured all of its obligations towards its employees and has built a safe, healthy and pleasant working environment for the employees. No child or forced labours have been employed. Equal opportunities have been given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees have not been discriminated against or deprived of opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. No labour dispute was recorded for both years 2019 and 2018.

OPERATING PRACTICES ASPECTS

Supply Chain Management

Supply chain management in the ESG Guide mainly refers to management of sourcing and procurement. The Group procures the computer-related and mobile-related electronic products and accessories from the suppliers and integrates with our technologies and sells the integrated products to the clients.

The Group attaches importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them. We take a fair and open principle on procurement of materials and services. We co-operate only with the suppliers that share common moral values and standards with us. The Group supports and encourages the suppliers to promote efficient use of resources and environmental protection and fulfil corporate social responsibility. We maintain a list of suppliers who have track records in dealing with us or in the market. Regular assessments on the suppliers including requests to provide basic certifications, licenses and product catalogues will be conducted to ensure that the suppliers are not only committed to the cost and quality of the products supplied, but also have not violated any laws and practices.

To ensure effective and fair procurement, our purchase department will invite at least 3 suppliers to quote during the first stage of purchase for comparison and assessment. Afterwards, site inspections, product sampling tests and negotiations by responsible officers from our departments of purchase, technology development, legal and finance will be carried out. Purchase contracts will be signed only if all the involved department officers have agreed and approved the contract. This well managed and regulated process ensures that the purchases will be in the best interests of the Group in term of costs and quality and will also eliminate the chance for a single party to conduct malpractice or illegal process.

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During the Reporting Period, our operation bases being mainly in China procured all hardware, accessories and services from one Hong Kong supplier and twelve China suppliers, who ensured us efficient and timely supplies at competitive prices.

Product Responsibility

The sales of the Group's products depend on their sophistication, safety, reliability and quality. The Group has to invest substantially on new technology research, development and innovation to continuously improve and enhance our products and services to meet the needs and satisfaction of our customers. The Group has strict product tests prior to any sales. The Group guarantees the quality, safety and reliability of delivered products and services under contracts. The Group also makes sure that the products and services comply with related laws, guidelines and standards. The sales department will provide after-sale services to ensure product performance and quality.

During the research and development of our own software programs and products, the Group insists on respecting and constantly reminds our software engineers not to infringe on intellectual property rights of other parties. There was no product returned or intellectual property right infringement filed against us during years 2019 and 2018.

From co-operation with its business partners, the Group's business operation has generated large volumes of private, confidential and sensitive information of its suppliers and customers, including the operation status, financial positions, commercial terms of contracts, etc.. These types of information are extremely sensitive and important, and can only be used for our own business purposes and not for other unrelated purposes. By law, we have to cautiously safeguard and protect such information. The Group fully understands its obligation, and has taken measures to ensure strictest protection of the information. Our employees' employment contracts specifically contain confidential provisions and employees are prohibited from accessing information without approval and/or leaking private and confidential information. All employees are trained to handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law. Legal actions will be taken against any violation. No complaint from regulatory bodies regarding customer privacy was recorded in 2019, same as 2018.

Anti-Corruption

As mentioned earlier, the prevention of bribery, extortion, fraud, and money laundering under this anti-corruption section is a material aspect to all the stakeholders. The Group adopts a ZERO tolerance approach to bribery, extortion, fraud and money laundering. The directors, management and staff must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have the responsibility to understand and comply with the above regulations, but also have the obligation to report violations. Any person who contravenes the regulations will be subject to disciplinary sanction. With the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high code of conduct especially in our senior management, the Group reported no bribery nor corruption cases in 2019, same as 2018.

COMMUNITY INVESTMENT

The Group understands that community participation is important for its long-term development. The Group organizes, facilitates and supports its staff to take part in volunteer services such as regularly visiting the poor who need help and arranging outdoor activities for disadvantaged groups. Internally, the Group focuses on providing job opportunities to new employees, improving the working environment and skills of employees by investing in facilities and training. The Group also endeavours to provide employment opportunities for the disadvantaged, to hire the disabled who have completed retraining courses, and give priority to purchasing from the suppliers who hire disabled persons.

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SUMMARY OF KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

Environmental KPIs	Quantity	Unit
The types of emissions and respective emissions data		
Nitrogen oxides (NO _x)	Not applicable	
Sulphur oxides (SO _x)	Not applicable	
Respirable suspended particulates (RSP)	Not applicable	
Greenhouse gas emissions in total		
Scope 2	1,290.8	kg of CO ₂ -e
Scope 3	117.2	kg of CO ₂ -e
Greenhouse gas emissions in total	1,408	kg of CO ₂ -e
Greenhouse gas intensity (by revenue)	15	kg of CO ₂ -e 2/ HKD million
Total hazardous waste produced		
Total hazardous waste	Not applicable	
Hazardous waste intensity	Not applicable	
Total non-hazardous waste produced		
Total non-hazardous waste	Not applicable	
Non-hazardous waste intensity	Not applicable	
Energy consumption by type		
Purchased Electricity	2,082	kWh
Energy intensity (by revenue)	22.2	kWh/HKD million
Energy intensity (by no. of employee)	37.2	kWh/employee
Water consumption in total and intensity		
Total water consumption	Not applicable	
Water intensity	Not applicable	
Packaging material		
Plastic bag	Not applicable	
Plastic bag intensity	Not applicable	

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SOCIAL PERFORMANCE

	Number of employees	Employee turnover and turnover rate
Gender		
Male	50	Not Applicable
Female	6	Not Applicable
Age		
≤ 30	30	Not Applicable
31-40	19	Not Applicable
41-50	2	Not Applicable
> 50	5	Not Applicable
Type of employment		
Permanent	5	Not Applicable
Contractual	51	Not Applicable
Level of Employees		
Managerial	12	Not Applicable
Senior	8	Not Applicable
Middle	5	Not Applicable
Junior	31	Not Applicable
Total	56	Not Applicable
Number of work-related fatalities		0
Rate of work-related fatalities		0
Number of work-related injuries		0
Lost days due to work-related injuries		0
Percentage of employees trained and average training hours (% , hours)		
Managerial		83%, 8
Senior		100%, 8
Middle		100%, 8
Junior		100%, 8
Male		96%, 8
Female		100%, 8
Suppliers		Number of supplier(s)
Hong Kong		1
China		12



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