



China e-Wallet Payment Group Limited 中國錢包支付集團有限公司*

(a company incorporated in Bermuda with limited liability)
(Stock Code: 802)

2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



* For purpose of identification only

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THE GROUP

China e-Wallet Payment Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the business of “Internet and Mobile’s Application and Related Accessories”. The Group specialized in providing programming and advertising solutions in mobile platform with branch office in Hong Kong and China. The programming teams of the Group have extensive experience on developing mobile application and interactive virtual reality technologies for well-known companies in Hong Kong and overseas. The Group is also engaged in the business of distribution of computer-related and mobile-related electronic products and accessories.

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

BOARD STATEMENT

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 for creating long-term value for the Group’s shareholders, clients, supporters, employees, other stakeholders, the general public as well as the natural environment.

The Board of Directors (the “Board”) aims at establishing an effective Environmental, Social and Governance (“ESG”) risk management mechanism and shoulders the ultimate responsibility of supervising the Group’s ESG governance by determining the Group’s ESG strategies and reviewing the content and quality of the ESG report annually.

The Group firmly believes that the ESG areas and aspects listed in the Environmental, Social and Governance Reporting Guide (“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.

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 values the 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, and business partners to gain insights on ESG material aspects for the year ended 31 December 2021 (the “Reporting Period”).

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During the Reporting Period, the Group identified the following material aspects and has 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, making efforts to meet the interests of all stakeholders, economy, environment, society and corporate governance, and do its best to achieve a fine balance.

ABOUT THIS REPORT

The Group is pleased to present its Environmental, Social and Governance Report (the "ESG Report") from 1 January 2021 to 31 December 2021 (the "Reporting Period"). This Report provides an annual update of the Group's sustainability performance, achievements and challenges over the year in our Hong Kong and China offices. Compared to the reporting scope in the previous year, the reporting scope does not cover our Malaysia office due to its closure in 2021. 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 ESG Reporting Guide, the following principles are underpinned:

1. **Materiality:** We apply the concept of materiality in planning and developing the ESG Report by conducting the materiality assessment. ESG 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:** The ESG Report must provide an unbiased picture of the ESG performances of the Group. It should avoid selecting, omitting, or presenting formats that may inappropriately influence a decision or judgment by the reader.
4. **Consistency:** The ESG Report should use consistent and statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the ESG Report.

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Confirmation

The information documented in this report is sourced from official documents, statistical data, and management and operation information 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 the address below:

China e-Wallet Payment Group Limited

Room 626-629 Corporation Park,
11 On Lai Street, Siu Lek Yuen,
Sha Tin, New Territories,
Hong Kong
Email: ir@chinaewallet802.com

ENVIRONMENTAL ASPECTS

As the Group's business activities mainly include research, design and integration of hardware and software under a green office environment, the Group does not have any manufacturing plants which could 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 is energy-efficient, water-efficient and resource-efficient, and to minimize adverse impact on the environment.

During the Reporting Period, the Group did not violate any environmental protection laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

EMISSIONS

Air and Greenhouse Gas Emissions

Given the nature of our business operation, the Group only generates indirect greenhouse gas emissions ("Scope 2 emissions") through daily electricity power consumption from office activities. The electricity consumption of the Group is insignificant and was included in the management fee. Therefore, the figures were not available for our greenhouse gas emission calculation. Due to the pandemic and the travel restrictions, there was no business travel during the Reporting Period and thus the scope 3 emission is minimal.

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Waste Management

As a responsible corporation, we integrate eco-friendly measures to reduce the environmental impact of our daily operations. We encourage the effective and efficient use of resources while enhancing our recycling efforts to prevent the waste of resources. We have taken the following measures to reduce the generation of hazardous and non-hazardous waste:

- Encourage the establishment of a waste-classification system and the practice of recycling used papers and double-sided printing in the workplace.

USE OF RESOURCES

Energy Consumption

The Group recognises the responsibility of energy management and the need to minimise our environmental impact during operations. Although the data of energy consumption is not available, the Group still contribute to implement its energy-saving measures and educate the employee to utilize energy.

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 purposes. The consumption record was not available as it was managed by the central management office of the buildings for our virtual office. Our staff, however, has been constantly reminded to save water consumption.

Use of Paper and Packaging Materials

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 the recycling of paper, replacing paper records with 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 previous ESG Report, the Group's activities and operation do not cause any environmental hazards nor use significant amounts of 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.

CLIMATE CHANGE

Since the major business nature of the Group is providing programming and advertising solutions, climate change will not have significant impacts on our business operation except the acute physical risks. Physical risks result from extreme weather events and rising global average temperature which include acute risks (typhoons and rainstorms) and chronic risks (global temperature rise and sea-level rise).

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Extreme weather events have become more frequent, which may negatively affect economic activities through damage to electrical appliances, suspension of operation and disruption of electricity supply. The extreme weather may also pose danger to our employees while daily commuting. Besides, the continuous rise of the global temperature may increase the expenses for equipment cooling. The Group will strive to reduce energy consumption by replacing the existing equipment with higher energy efficiency.

SOCIAL ASPECTS

Employment and Labour Practices

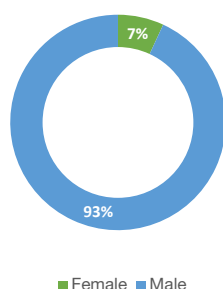
Employment

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.

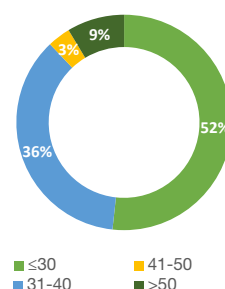
Our recruitment process is standard as per normal practices in our industry. We specify the requirements of the vacancies and advertise as well as head-hunt through employment agencies. The selection process is standard and positions will be decided after background checks, tests and interviews by our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

As at 31 December 2021, the Group employed a total of 58 employees (2020: 53) working in our Hong Kong and China offices. The employment characteristics are summarized below:

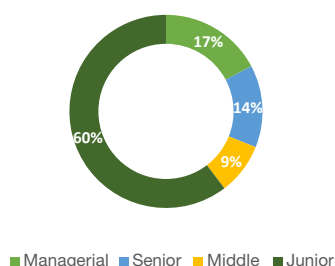
Number of Employee By Gender



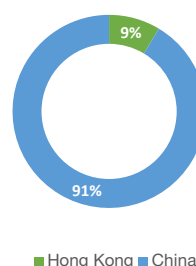
Number of Employee By Age



Number of Employee By Employee Category



Number of Employee By Geographical Region



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Health and Safety

The Group is committed to providing 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 for 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.

During the past three years, including the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury and did not identify any material non-compliance with laws and regulations relevant to the health and safety of employees.

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, 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.

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 secretaries and senior management attend training courses and receive up-to-date information on corporate governance and listing regulations.

During the Reporting Period, apart from on-the-job training, the Group sponsored and organized a total of 485 hours of training for 53 staff (10 managerial grade, 8 senior grade, 5 middle grade and 30 junior grade). For details, please refer to the "Summary of Key Performance Indicators" section.

Labour Standards

The Group has applied and not violated any provisions of the local labour laws and employment ordinances in our operations in Hong Kong and China. 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 labour has been employed by the Group.

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 based on gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws.

In order to prevent the use of child and forced labour, the Human Resources Department is responsible for checking the applicant's identification documents and other supporting documents, such as academic certificates and letters of recommendation from previous employers.

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If there is any case of child labour and forced labour, the employees should discuss with their supervisors and report to the management. The management shall immediately investigate the suspected case and take prompt follow-up actions.

During the Reporting Period, no material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

Operating Practices and Social Investment

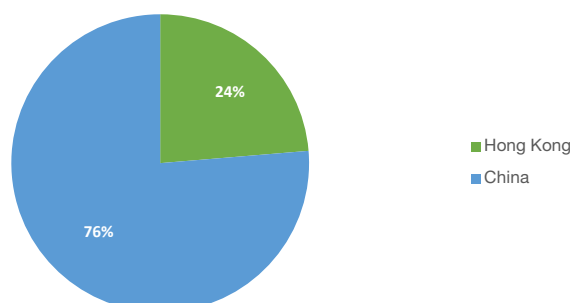
Supply Chain Management

Supply chain management in the ESG Reporting Guide mainly refers to the management of sourcing and procurement. The Group procures computer-related and mobile-related electronic products and accessories from the suppliers and integrates them 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 the 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, environmental protection and fulfilling 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.

During the Reporting Period, our operation bases being mainly in China procured all hardware, accessories and services from 9 Hong Kong suppliers and 29 China suppliers, who ensured us efficient and timely supplies at competitive prices.

Supplier Distribution by Geographical Region



Product Responsibility

Product and Service Quality

The sales of the Group's products depend on their sophistication, safety, reliability and quality. The Group has to invest substantially in 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.

There were no cases of product recall nor complaints received against our services or products due to health and safety issues during the Reporting Period.

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Intellectual Property Rights

During the research and development of our software programs and products, the Group insists on respecting and constantly reminds our software engineers not to infringe on the intellectual property rights of other parties. There was no product returned or intellectual property right infringement filed against us during 2021.

Protection of Customer Privacy

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 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 the 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 action will be taken against any violation. No complaints from regulatory bodies were received regarding customer privacy was recorded in 2021.

Anti-Corruption

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 the 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. The Group will arrange anti-corruption training for the Board and employees if necessary.

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 2021.

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

Social Aspects			2021	Unit
Aspect B1: Employment				
B1.1	Total workforce			
	Total number of employees		58	employee
	By gender	Female	4	employee
		Male	54	employee
	By employment type	Permanent	58	employee
		Contractual	0	employee
	By age group	Under 30 years old	30	employee
		31-40 years old	21	employee
		41-50 years old	2	employee
		Over 50 years old	5	employee
	By employee category	Managerial	10	employee
		Senior	8	employee
		Middle	5	employee
		Junior	35	employee
	By geographical region	Hong Kong	5	employee
		China	53	employee
		Malaysia	0	employee
B1.2	Employee turnover rate			
	Total employee turnover rate		5%	%
	By gender	Female	0%	%
		Male	6%	%
	By employment type	Permanent	5%	%
		Contractual	–	%
	By age group	Under 30 years old	10%	%
		31-40 years old	5%	%
		41-50 years old	50%	%
		Over 50 years old	0%	%
	By employee category	Managerial	10%	%
		Senior	0%	%
		Middle	40%	%
		Junior	0%	%
	By geographical region	Hong Kong	0%	%
		China	0%	%
		Malaysia	– ¹	%

1 Due to the closure of our Malaysia office, 3 employees stationed in the Malaysia office were dismissed.

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Social Aspects			2021	Unit	
Aspect B2: Health and Safety					
B2.1	Number of work-related fatalities		0	no.	
	Rate of work-related fatalities		0%	%	
B2.2	Lost days due to work injury		0	day	
Aspect B3: Development and Training					
B3.1	Percentage of trained employees				
	Percentage of total employees trained		91%	%	
	By gender	Female	8%	%	
		Male	92%	%	
	By employee category	Managerial	19%	%	
		Senior	15%	%	
		Middle	9%	%	
		Junior	57%	%	
	By function	Executive	9%	%	
		Technical	40%	%	
		Administrative	0%	%	
		Production	51%	%	
B3.2	Average training hours completed				
	Average training hours per employee		8.4	hour/employee	
	By gender	Female	6.5	hour/employee	
		Male	8.5	hour/employee	
	By employee category	Managerial	15.0	hour/employee	
		Senior	10.0	hour/employee	
		Middle	9.0	hour/employee	
		Junior	6.0	hour/employee	
	By function	Executive	15.0	hour/employee	
		Technical	10.5	hour/employee	
		Administrative	0.0	hour/employee	
		Production	6.8	hour/employee	
Aspect B5: Supply Chain Management					
B5.1	Number of suppliers by geographical region				
	Total number of suppliers		38	supplier	
	By geographical region	Hong Kong	9	supplier	
		China	29	supplier	
Aspect B7: Anti-corruption					
B7.1	Number of concluded legal cases regarding corrupt practices		0	case	



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