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)

2022
ANNUAL REPORT

** For purpose of identification only*

CONTENTS

Five-Year Financial Summary

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**89,094**	101,924	60,324	93,904	90,729
Loss for the year	**(68,703)**	(32,701)	(51,128)	(75,729)	(53,535)
Loss attributable to:					
Owners of the Company	**(67,462)**	(32,370)	(41,800)	(74,635)	(46,754)
Non-controlling interests	**(1,241)**	(331)	(9,328)	(1,094)	(6,781)
	(68,703)	(32,701)	(51,128)	(75,729)	(53,535)
		(restated)			
Basic loss per share (HK cents) (Note)	**(3.59)**	(5.77)	(1.52)	(2.72)	(1.70)
Dividends per share	**–**	–	–	–	–

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**399,732**	467,006	453,698	540,106	604,689
Total liabilities	**(35,687)**	(41,000)	(29,510)	(70,537)	(79,809)
	364,045	426,006	424,188	469,569	524,880
Equity attributable to owners of the Company	**364,068**	424,688	422,539	458,592	512,809
Non-controlling interests	**(23)**	1,318	1,649	10,977	12,071
	364,045	426,006	424,188	469,569	524,880

Note: The calculation of basic loss per share is based on the loss attributable to owners of the Company and on the weighted average number of shares in issue during the relevant years.

Dear shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022, which consists of reporting on the activities, results and strategies of the Company.

BUSINESS ENVIRONMENT

China e-Wallet Payment Group Limited ("**the Company**") operates in a challenging environment that is prone to technology innovations and reengineering cycles, changing consumer preferences and trade flows. We continuously scan our business environment and closely watch trends and developments that may affect our business and the way we operate. Our broad technology deployments and core businesses that move in line with different macro trends help us mitigate the primary effects of the external environment. We consider economic, social, legal, technological and political factors and have structured the Company in ways to allow us to adapt and change quickly to respond to market forces.

During the year 2022, the Company had met considerable challenges that were faced by major corporations in the global economy. However, the Company had adapted and continued to improve on its core businesses and delivery, placing innovation in its services and products, and business operations at its fundamental.

THANK YOU

I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners and customers for their continued support, as well as to the Group's management team and staff for their tireless dedication and efforts in developing the long term prospects of the Group.

Li Jinglong
Executive Director

Hong Kong, 31 March 2023

Management Discussion and Analysis

BUSINESS REVIEW

"Internet and Mobile's Application and Related Accessories" is the Group's main business. The Group specialised in providing programming and advertising solutions in mobile platform with branch office in Hong Kong and the PRC. The programming teams of the Group have extensive experience on developing mobile application and interactive virtual reality technologies for well-known companies in Hong Kong and overseas. The Group is also engaged in the business of distribution of computer-related and mobile-related electronic products and accessories.

The Group believes that the business of "Internet and Mobile's Application and Related Accessories" as a key growth area, is in-line with the growth of the mobile and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience and utilities applications for mobile platform and mass advertising.

The Company already procured hundreds of merchants to participate in its settlement application services ("**Settlement Services**"). In order to capture its market share and procure sizable merchants, the Company would pay inducement deposits to these merchants. The Company would derive marketing plan with these merchants in order to give incentives by way of E-coupons or discounts to their customers who use our designated settlement application services and the inducement deposits would be utilized accordingly. In return, the Company would share the transaction fee from the Settlement Services, receive rebate income and application development income from these merchants. As at 31 December 2022, the inducement deposits to merchants was approximately HK$293.4 million and up to 28 February 2023, approximately HK$9.6 million of the inducement deposits were subsequently utilized. The Company regularly assessed the recoverability of the Inducement Deposits. If there is any impairment indicator or there is a continuous deterioration of the sales transactions of the participating merchant, the Company would immediately re-assess the recoverability of the Inducement Deposits paid to that participating merchant. In addition, the Company have engaged the independent valuer to perform valuation of assessing the adequacy of the expected credit losses of the inducement deposits as at 31 December 2022. Since 2018, the Group expanded its settlement application services through referring merchants to Alipay.com Co., Ltd. to use the Alipay services.

DIVIDEND

The Board maintains a cautious view and, having regarded to the requirement to retain cash, has decided not to recommend a dividend in respect of the year ended 31 December 2022 (2021: HK$Nil).

FINANCIAL REVIEW

Revenue

The revenue of the Group was mainly attributable to the application development income generated by efforts in diversification into settlement application market. For the year ended 31 December 2022, the Group reported a total revenue of approximately HK$89.1 million representing a decrease of 12.6% compared to approximately HK$101.9 million in the same period in 2021.

Gross profit

Gross profit in 2022 was HK$40.9 million which was a decrease, as compared to a gross profit of HK$44.3 million in the same period of 2021.

Selling and administrative expenses

Selling and administrative expenses, representing 89.9% (2021: 79.4%) of the Group's revenues for the year, mainly included the expenses on utilization of inducement deposits as incentives by giving E-coupons or discount to customers for Settlement Services of approximately HK$58.9 million (2021: HK$55.1 million) and share-based payment expenses of approximately HK$6.9 million (2021: HK$11.0 million), decreased by approximately HK$0.8 million from approximately HK$80.9 million in 2021 to approximately HK$80.1 million in the same period in 2022. The decrease in selling and administrative expenses are in line with the decrease in revenue of the Group.

Loss for the year

The Group's loss for the year was approximately HK$68.7 million compared to loss of approximately HK$32.7 million in the same period in 2021. The increase of net loss was mainly attributable to the decrease of sale revenue, the unrealised loss on financial assets at fair value through profit or loss ("**FVTPL**") of the Group and the increase of allowance for expected credit losses ("**ECLs**") on trade receivables, bond receivables and deposits, prepayment and other receivables.

Loss attributable to owners of the Company

Loss attributable to owners of the Company increased from a loss of approximately HK$32.4 million in 2021 to a loss of approximately HK$67.5 million in the same period of 2022.

Loss attributable to the non-controlling interests

The loss attributable to the non-controlling interests of approximately HK$1.2 million for the year ended 31 December 2022 (2021: HK$0.3 million).

REVIEW OF THE GROUP'S FINANCIAL POSITION

Liquidity and capital resources

The Group has internal budgeting systems in place to ensure that if and when cash is committed to fund major expenditures there is sufficient cash flow to maintain the Group's daily operations and meet all of its contractual obligations.

The Group funds its operations with revenue from its operating activities. The Group also has cash inflows from interest income and collections. Key drivers in the Group's sources of cash are primarily the Group's sales, and their inflow depends on the Group's ability to collect receivables. There have been no material changes in the Group's underlying drivers during the period under review.

There were no assets charged or pledged as at 31 December 2022 (2021: HK$ Nil).

The Group had cash and cash equivalents of approximately HK$6.7 million as at 31 December 2022 compared to approximately HK$6.5 million as at 31 December 2021.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2022 (2021: HK$Nil).

GEARING RATIO

As at 31 December 2022, the Group's gearing ratio was approximately 9.8%, as compared to 9.7% as at 31 December 2021. The gearing ratio was calculated as the Group's total liabilities divided by its total capital. The total liabilities and total capital of the Group were approximately HK$35.7 million (2021: HK$41.0 million) and HK$364.1 million (2021: HK$424.7 million) as at 31 December 2022.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no contingent liabilities (2021: HK$Nil). The Company has not been acted as a guarantor of its subsidiaries to secure any interest-bearing borrowings.

FOREIGN EXCHANGE RISK MANAGEMENT

Certain of the Group's bank balances are denominated in United States Dollars and Renminbi, each of which is a currency other than the functional currency of the relevant group entities, which exposes it to foreign currency risk. The Group has not used any financial instruments to hedge against this currency risk. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES

As at 31 December 2022, in addition to the Directors, there were approximately 45 employees (2021: 58) of the Group stationed in the Group's offices in Hong Kong and the PRC. Total staff costs for the year ended 31 December 2022 were approximately HK$9.0 million (which included share-based payment of approximately HK$6.9 million), compared with approximately HK$16.2 million in 2021.

The Group offers training and development courses for its employees to enhance the staff's working capabilities. Remuneration packages are linked to individual performance, the Group's business performance, and taking into consideration of the industry practices and market conditions, reviewed on an annual basis. Directors' remuneration is determined with reference to his duties and responsibilities with the Company, the Company's standards for emoluments and market conditions. Share options are also granted to eligible employees based on individual's performance as well as the Group's performance.

MANAGEMENT OUTLOOK

The Group had continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. The Group will utilise its existing technical knowledge and programmers to diversify its income stream and will continue to work towards, attaining a stable platform for sustainability and basis for any potential growth.

By leveraging the knowledge on its interactive virtual reality programming on different business sectors, such as animation and culture, the Group obtained the license from the largest Japanese animation studio to conduct an interactive animation exhibition in Hong Kong in 2019. The Group will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future.

CAPITAL REORGANISATION

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The total number of issued share capital of the Company as at 31 December 2022 was 603,545,948 ordinary shares (2021: 3,017,729,744 shares).

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Group had financial assets at FVTPL with a market value of approximately HK$43.9 million. Details of the significant investments in the portfolio under financial assets at FVTPL are as follows:

Name of investee	Fair value gain/(loss) HK$'000	Fair value as at 31 December 2022 HK$'000	Percentage to the Group's total assets as at 31 December 2022 %	Fair value as at 31 December 2021 HK$'000
WLS Holdings Limited ("**WLS**")	3,677	14,084	3.5%	10,357
China Investment and Finance Group Limited ("**CIF**")	(3,528)	8,414	2.1%	11,942
Asia Grocery Distribution Limited ("**AGD**")	2,870	5,412	1.4%	2,535
Milan Station Holdings Limited ("**MSH**")	(2,083)	4,251	1.1%	6,335
Luxxu Group Limited("**LGL**")	(1,617)	3,747	0.9%	5,364
Harbour Digital Asset Capital Limited ("**HDA**")	(1,734)	3,352	0.8%	5,086
Sub-total	(2,415)	39,260	9.8%	41,619
Other listed equity securities	(3,289)	4,717	1.2%	9,282
Total	(5,704)	43,977	11.0%	50,901

Notes:

(a) WLS is engaged in the provision of scaffolding, fitting out and other auxiliary services for construction and buildings work, money lending business, securities investment business and assets management business. Based on WLS's interim result for the six months ended 31 October 2022, turnover and loss of WLS were approximately HK$80.1 million and HK$21.2 million respectively.

(b) CIF is engaged in securities trading and investment holding. Based on CIF's interim result for the six months ended 30 September 2022, revenue and profit of CIF were approximately HK$1.9 million and HK$12.4 million respectively.

(c) AGD is engaged in trading and distribution of food and beverage grocery products in Hong Kong. Based on AGD's interim result for the six months ended 30 September 2022, turnover and profit of AGD were approximately HK$137.4 million and HK$3.4 million.

(d) MSH is engaged in retailing of handbags, fashion accessories and embellishments and spa and wellness products. Based on MSH's annual result for the year ended 31 December 2022, turnover and loss of MSH were approximately HK$233.3 million and HK$45.2 million respectively.

(e) LGL is engaged in the manufacture and sales of own-branded watches and jewelleries, OEM watches and third-party watches. Based on LGL's interim result for the six months ended 30 June 2022, turnover and loss of LGL were approximately RMB53.4 million and RMB16.7 million respectively.

(f) HDA is engaged in securities trading and investment holding. Based on HDA's interim result for the six months ended 30 June 2022, revenue and loss of HDA were approximately HK$1.06 million and HK$42.2 million respectively.

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

Except the significant investments disclosed above, as at 31 December 2022, there was no investment held by the Group the value of which was more than 1% of the total assets of the Group

CORPORATE GOVERNANCE CODE

In connection with the listing of the Company on the Stock Exchange in February 2009, the Company adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its additional code on corporate governance practices on 2 February 2009. The Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2022.

BOARD COMPOSITION

As at 31 December 2022, there were six Board members consisting of three executive Directors and three independent non-executive Directors:

Executive Directors:
Li Jinglong
Zhang Ligong
Wang Zhongling *(Chief Executive Officer)*

Independent Non-executive Directors:
Cheng Ruixiong
Kwan King Wah
Lo Suet Lai

Board Diversity Policy

The Nomination Committee adopted the board diversity policy on 29 August 2013.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board achieved gender diversity as it currently has one female Director. The Board will maintain one or more female Director to be a member of the Board.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for the overall direction and strategy of the Group, its performance, management and major financial matters. The Board meets regularly to devise and monitor strategies, approve acquisitions and disposals, review managerial performance, examine capital expenditures, approve budgets and handle important financial matters. The Board monitors business risk exposures and reviews performance based on strategies, budgetary goals and development programs. The Board also considers employee issues, key appointments and information for shareholders of the Company (the "**Shareholders**").

The Board meets at least four times a year at approximately quarterly internals and the Directors receive information between meetings about the activities of the Group. All Directors have full and timely access to all relevant information of the Group. In addition to the meetings of the Board, the senior management meets frequently to review and discuss the daily operation of the Group.

Names of the Directors	Directors' Attendance
Executive Directors:	
Li Jinglong	6/6
Zhang Ligong	6/6
Wang Zhongling *(Chief Executive Officer)*	6/6
Independent Non-executive Directors:	
Cheng Ruixiong	5/6
Kwan King Wah	5/6
Lo Suet Lai	5/6

CODE FOR DIRECTORS' DEALINGS

In connection with the listing of the Company on the Stock Exchange in February 2009, the Company adopted the Model Code as set out in Appendix 10 of the Listing Rules ("**Model Code**") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the year under review.

GENERAL MEETING

During the year under review, the Company convened general meetings of the Company on 30 June 2022 and on 11 August 2022 (the "**2022 GM**"). The attendance record is set out below:

Names of the Directors	Directors' Attendance
Executive Directors:	
Li Jinglong	2/2
Zhang Ligong	2/2
Wang Zhongling *(Chief Executive Officer)*	2/2
Independent Non-executive Directors:	
Cheng Ruixiong	2/2
Kwan King Wah	2/2
Lo Suet Lai	2/2

Since there is no chairman of the Board of the Company following the retirement of chairman of the Company, on 5 June 2017, in accordance with bye-laws of the Company (the "**Bye-laws**"), Mr. Li Jinglong, an executive Director, was elected by the directors to chair the 2022 GM.

DIRECTORS' APPOINTMENT, RE-ELECTION AND REMOVAL

Each of executive Directors has entered into a service agreement with the Company for a term of one year subject to termination by either party giving the other not less than three months' prior written notice.

Each of independent non-executive Directors has entered into a formal appointment letter with the Company for a term of one year subject to termination by either party giving the other not less than three months' prior written notice.

In accordance with bye-law 87(1) of the Bye-laws, all Directors (including executive Directors and independent non-executive Directors) are subject to retirement by rotation at least once every three years. In accordance with bye-law 87(1) of the Bye-laws, Mr. Wang Zhongling and Mr. Cheng Ruixiong will retire and seek re-election at the forthcoming annual general meeting.

BOARD MEETINGS AND BOARD PRACTICES

The Board meets at least four times a year and also meets on other occasions when a board-level decision on a particular matter is required. The company secretary of the Company (the "**Company Secretary**") will assist the Chairman to prepare the agenda of meetings and each Director may request to include any matters in the agenda. The Company Secretary is responsible for distributing detailed documents to Directors prior to the meetings of the Board to ensure that the Directors are able to make informed decisions regarding the matters to be discussed in the meetings so that they may receive accurate, timely and clear information. All Directors may access the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. All Directors will also be provided with sufficient resources to discharge their duties, and upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expense. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings. All minutes of Board meetings were recorded in sufficient detail the matters considered by the Board and decisions reached.

DELEGATION OF POWERS

The Board delegates day-to-day operations of the Group to executive Directors and management of the Company with department heads responsible for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of management, in particular, with respect to the circumstances where management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rules 3.10(1) and 3.10A of the Listing Rules, there are three independent non-executive directors representing at least one-third of the Board. Among the three independent non-executive directors, one has appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Board evaluates the independence of all independent non-executive Directors on an annual basis and has received written confirmation from each independent non-executive Director regarding his/her independence. As at the date of this report, the Board considers that all independent non-executive Directors are independent and in full compliance with the factors as set out in Rule 3.13 in the Listing Rules.

RELATIONSHIP WITHIN DIRECTORS

None of the Directors and/or members of the senior management are related.

DIRECTORS' TRAINING

According to the code provision C.1.4 of the CG Code, all directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

The Company has provided information related to the changes in the Listing Rules to the Directors to refresh and update the Directors' knowledge on the developments to the Listing Rules. During the year under review, the Company had received from each of the Directors the confirmations on taking continuous professional training.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual.

Mr. Liu Wen was the chairman and an independent non-executive Director of the Company until 5 June 2017 and Mr. Wang Zhongling, an executive Director, is the Company's CEO. The two positions are held by two separate individuals to ensure their respective independence, accountability and responsibility. Following the retirement of Mr. Liu Wen on 5 June 2017, the Company is in the progress of identifying suitable candidate to fill the vacancy for the chairman.

BOARD COMMITTEES

The Board has formally established a number of committees and agreed upon their terms of reference. The committees are:

Remuneration Committee

The Company established a remuneration committee (the "**Remuneration Committee**") on 28 June 2004 with written terms of reference, which was revised from time to time, in compliance with the CG Code. The primary function of the Remuneration Committee is to review the remuneration packages of all the Directors and the senior management.

The Remuneration Committee constitutes Ms. Lo Suet Lai, an independent non-executive Director, acting as chairman of the Remuneration Committee with Mr. Cheng Ruixiong and Mr. Kwan King Wah, both of them are also independent non-executive directors, as members.

During the year under review, the Remuneration Committee made recommendations to the Board on remuneration of Directors and senior management and determined on behalf of the Board specific remuneration packages and conditions of employment for executive Directors and senior management with reference to their duties and responsibilities in the Company as well as the prevailing market conditions. The Remuneration Committee also determined the terms and conditions of service of the executive Directors, including the remuneration and grant of options to executive Directors and employees under the share option scheme of the Company and any other future share option schemes and arrangements adopted by the Company. Details of the Directors' remuneration and the executive share option scheme are shown in note 10 and 33 to the consolidated financial statements.

During the year under review, two meetings were held. The attendance records for the Remuneration Committee meeting are as follows:

Names of the members	Members' Attendance
Lo Suet Lai *(Chairman)*	2/2
Cheng Ruixiong	2/2
Kwan King Wah	2/2

Nomination Committee

The Company established a nomination committee (the "**Nomination Committee**") on 28 June 2004 with written terms of reference, which was revised from time to time, in compliance with the CG Code. The primary functions of Nomination Committee are to review the structure, size and composition of the Board, assess the independence of both of them are also independent non-executive Directors, and make recommendations to the Board relating the redesignation and appointment of the Directors.

The Nomination Committee constitutes Mr. Cheng Ruixiong, an independent non-executive Director, as chairman of the Nomination Committee with Mr. Kwan King Wah and Ms. Lo Suet Lai, both of them are also independent non-executive Directors, as members.

During the year under review, the Nomination Committee made recommendation to the Board on re-election of directors at the annual general meeting of the Company. It also reviewed the structure, size, composition and diversity of the Board and kept under review the leadership needs of the Group to ensure the continued ability of the Group to compete effectively in the market place.

During the year under review, one meeting was held. The attendance record for the Nomination Committee meeting is as follows:

Names of the members	Members' Attendance
Cheng Ruixiong *(Chairman)*	1/1
Kwan King Wah	1/1
Lo Suet Lai	1/1

Audit Committee

The Company established an audit committee (the "**Audit Committee**") on 28 June 2004 with written terms of reference, which was revised on 18 December 2015, in compliance with the Listing Rules. The primary functions of the Audit Committee are to review and supervise the financial reporting systems, risk management and internal control systems of the Company and meet with the Company's auditors twice a year.

The Audit Committee is comprised of three members, namely Mr. Kwan King Wah as chairman with Mr. Cheng Ruixiong and Ms. Lo Suet Lai, both independent non-executive Directors as members. The arrangement of the Audit Committee complied with the Rule 3.21 of the Listing Rules.

During the year under review, the Audit Committee performed its primary responsibility for monitoring the quality of risk management, internal control and financial reporting systems and ensuring that the performance of the Company's auditors relating to the Company's accounting and auditing matters are of good quality.

The Audit Committee has reviewed with the management and the Company's independent external auditors, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting systems including the review of the consolidated financial statements for the year ended 31 December 2022, which have been audited by McMillan Woods.

During the year under review, two meetings were held. The attendance records for the Audit Committee meetings are as follows:

Names of the members	Members' Attendance
Kwan King Wah *(Chairman)*	2/2
Lo Suet Lai	2/2
Cheng Ruixiong	2/2

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Company's corporate governance functions were carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with code provision A.2.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, which Mr. Tang Man Hin ("**Mr. Tang**") is appointed as the Company Secretary, from 14 June 2022. The biography of Mr. Tang has been set out on page 22 under the section of the Directors and Senior Management.

Being the Company Secretary, Mr. Tang plays an important role in supporting the board by ensuring good information flow within the Board and that Board policy and procedures are followed.

He has taken more than 15 hours of relevant professional training for the year ended 31 December 2022.

AUDITORS' REMUNERATION

For the year ended 31 December 2022, the remuneration in respect of audit services assignment provided by the auditors of the Company, McMillan Woods, amounted to approximately HK$630,000 for auditing services.

The accounts for the year ended 31 December 2022 were audited by McMillan Woods whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that McMillan Woods be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2022, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The reporting responsibility of the auditors of the Company on the consolidated financial statements of the Company for the year ended 31 December 2022 are set out in the Independent Auditors' Report.

SHAREHOLDERS' RIGHT

The rights of the Shareholders are set out in the Bye-laws.

Convening a special general meeting

The Shareholders may put forward their proposals or enquiries to the Board by sending their written request to the Company's principal place of business in Hong Kong.

Pursuant to bye-law 58 of the Bye-laws, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

Putting enquiries to the Board

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's principal place of business in Hong Kong.

Putting forward proposals at Shareholders' meeting

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those shareholders having the right to vote at a general meeting; or (b) are not less than one hundred shareholders. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's principal place of business in Hong Kong.

The written requisition must be signed by all the Shareholders concerned in one or more documents in like form and deposited at the Company's principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. A sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all shareholders in accordance with the requirements under the applicable laws and rules should also be accompanied.

DIVIDEND POLICY

In compliance with code provision F.1.1 of the CG Code, the Company has adopted a dividend policy ("**Dividend Policy**"). Subject to the Bermuda Companies Act and the Bye-laws, the Company may from time to time declare dividends to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board. The Board may also from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits of the Company. Declaration of dividends is subject to the discretion of the Board, taking into consideration of, among others, (i) the Group's financial performance; (ii) the Group's capital requirements and debt level; (iii) the Group's liquidity position; (iv) retained earnings and distributable reserves of the Group; (v) the Group's business operations, business strategies and future development needs; (vi) any contractual, statutory and regulatory restrictions; and (vii) the general economic conditions and other factors that may have an impact on the performance and position of the Group. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

RELATIONS WITH SHAREHOLDERS

The executive Directors and management team meet regularly with institutional investors, fund managers and analysts, as part of an active investor-relations program to discuss long-term issues and receive feedback.

During the year under review, there has been no significant change in the Company's constitutional documents.

INVESTOR RELATIONS

Enquiries relating to the Company's strategy or operations may be directed to:

Address: Room 626-629, Corporation Park, 11 On Lai Street, Siu Lek Yuen, Sha Tin, New Territories, Hong Kong

Email: ir@chinaewallet802.com

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Board complied with the code provisions on risk management and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company does not have an internal audit department. However, the Group engaged an external consultant for internal control and risk management to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

WHERE MORE INFORMATION ABOUT THE COMPANY IS AVAILABLE

This annual report 2022, and other information on the Company, may be reviewed on the website: www.hklistco.com/802.

The Board of the Company is pleased to present this annual report, together with the Group's audited consolidated financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group is principally engaged in provision of internet and mobile application, developing interactive virtual reality technologies, and distribution of computer-related and mobile-related electronic products and accessories. There were no material changes in the nature of the Group's principal activities during the year. The activities of its principal subsidiaries are set out in note 20 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group's for the year is set out in the sections of Director's Statement, Management Discussion and Analysis, Five-Year Financial Summary and the paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "**SFO**") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

KEY RISK FACTORS

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

The Group is committed to promoting sustainable development, which is extremely important to create long-term value for the Group's shareholders, clients, employees, other stakeholders, as well as general public. The Company cares about the impact of its daily operation on environment and society, strives to set a good example for the public, while conducting business operation, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 40 to 41.

The Board maintains a cautious view to retain cash for running the business and fund its expansion, thus decided that there will be no dividend paid in respect of the year ended 31 December 2022.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 44 and note 32 to the consolidated financial statements respectively.

As at 31 December 2022, the Company did not have reserves available for distribution (2021: HK$Nil).

SHARE CAPITAL

The total number of issued share capital of the Company as at 31 December 2022 was 603,545,948 ordinary shares. Details of movements in the share capital during the year ended 31 December 2022 are set out in note 24 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 35.1% of the Group's total sales for the year and sales to the Group's largest customer amounted to approximately 9.1%. Purchases from the Group's five largest suppliers accounted for approximately 76.7% to the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 17.4%.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the issue share capital of the Company as at the date of this annual report) had any interest in any of the Group's five largest customers and five largest suppliers.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors:

Li Jinglong
Zhang Ligong
Wang Zhongling *(Chief Executive Officer)*

Independent Non-executive Directors:

Cheng Ruixiong
Kwan King Wah
Lo Suet Lai

DIRECTORS' SERVICE CONTRACTS

Each of executive Directors has entered into a service agreement with the Company for a term of one year subject to termination by either party giving the other not less than three months' prior written notice.

Each of independent non-executive Directors has entered into a formal appointment letter with the Company for a term of one year subject to termination by either party giving the other not less than three months' prior written notice.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation, other than statutory obligations.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SIGNIFICANT CONTRACT

There is no contract of significance (whether or not for provision of service) was entered into between the Company and its any subsidiaries and the controlling shareholders or its subsidiaries.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year.

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

Save as disclosed below, as at 31 December 2022, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Name of Directors	Capacity	No. of shares held	No. of underlying shares held in share options of the Company	Total	Approximate percentage of the issued capital of the Company
Li Jinglong	Beneficial owner	5,480,000	6,000,000	11,480,000	1.9%
Zhang Ligong	Beneficial owner	5,480,000	6,000,000	11,480,000	1.9%
Wang Zhongling	Beneficial owner	5,480,000	6,000,000	11,480,000	1.9%
Cheng Ruixiong	Beneficial owner	5,480,000	–	5,480,000	0.9%

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Equity-linked agreements" in this report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

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

Save as disclosed below, as at 31 December 2022, none of the persons or companies had interest or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group.

Name	Capacity	No. of issued ordinary shares of the Company	Approximate percentage of the issued capital of the Company
Song Qifeng	Beneficial owner	45,318,000	7.5%

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

Share Option Scheme

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2013, a share option scheme (the "**Share Option Scheme**") was adopted. The Share Option Scheme was valid and effective for a period of ten years commencing on 28 June 2013 and will expire on 27 June 2023.

The purpose of the Share Option Scheme is to attract and retain personnel, to provide incentives to participants to work towards enhancing the value of the Company and its share for the benefit of the Company and its shareholders as a whole.

The Board may, at its discretion and on such terms as it may think fit, grant any participant a share option as it may determine in accordance with the terms of the Share Option Scheme. Participants of the Share Option Scheme comprise Directors (including executive Directors and non-executive Directors) and full time employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any member of the Group. The share options granted must be accepted within 21 days from the date of the grant. Upon acceptance of the share options, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

The total number of shares available for issue under the Share Option Scheme as at the date of this report shall be 60,354,594 shares, representing 9.9% of the issued shares of the Company as at the date of this annual report.

The total number of shares issued and to be issued upon exercise of options granted and to be granted to each grantee (including exercised and outstanding options) in any twelve-month period shall not exceed 1 per cent of the shares in issue for the time being.

The Board may grant share options on such terms and subject to such conditions as it thinks fit, including the amount payable on acceptance of the share option and the period within which the option must be exercised. The Board may, in its absolute discretion, determine that share options will be subject to performance targets that must be achieved before vesting.

The subscription price payable on the exercise of a share option shall be a price determined by the Board at its absolute discretion and notified to a participant and shall be no less than the greatest of: (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; or (iii) the nominal value of the shares at the date of grant.

Share Option Schemes

Movements of the share options granted under the Share Option Scheme during the year ended 31 December 2022 are as follows:

	Date of grant	Outstanding as at 1 January 2022	Granted	Exercised	Lapsed	Cancelled	Adjustment upon share consolidation	Outstanding as at 31 December 2022	Vesting period	Exercisable period	Exercise price before share consolidation HK$	Exercise price after share consolidation HK$
Category 1: Employees												
	28.07.2017	24,830,000	–	–	–	–	(19,864,000)	4,966,000	–	28.07.2017 – 27.07.2027	0.1990	0.995
	15.04.2019	246,933,000	–	–	(246,933,000)	–	–	–	–	15.04.2019 – 14.04.2029	0.2134	1.067
	18.05.2021	184,100,000	–	–	–	–	(147,280,000)	36,820,000	–	18.05.2021 – 17.05.2024	0.1130	0.565
	10.05.2022	–	301,700,000	–	–	–	(241,360,000)	60,340,000	–	10.05.2022 – 09.05.2025	0.0660	0.330
Sub-total		455,863,000	301,700,000	–	(246,933,000)	–	(408,504,000)	102,126,000				
Category 2: Directors												
Li Jinglong	18.05.2021	30,000,000	–	–	–	–	(24,000,000)	6,000,000	–	18.05.2021 – 17.05.2024	0.1130	0.565
Zhang Ligong	18.05.2021	30,000,000	–	–	–	–	(24,000,000)	6,000,000	–	18.05.2021 – 17.05.2024	0.1130	0.565
Wang Zhongling	18.05.2021	30,000,000	–	–	–	–	(24,000,000)	6,000,000	–	18.05.2021 – 17.05.2024	0.1130	0.565
Sub-total		90,000,000	–	–	–	–	(72,000,000)	18,000,000				
Total		545,863,000	301,700,000	–	(246,933,000)	–	(480,504,000)	120,126,000				

The fair values of the options granted on 10 May 2022 to each class of participants, which were the employees only, were approximately HK$6,897,000.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company (other than service contracts with any Director or any person engaged in the full time employment of the Company) were entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

CONNECTED TRANSACTIONS

During the year, there was no connected transaction required to be reported.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Company has established the Remuneration Committee in June 2004. The emoluments of the directors of the Company are reviewed and approved by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market trends. The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in heading of "Equity-linked agreements" in this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws; or the laws of Bermuda, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

COMPETITION AND CONFLICT OF INTEREST

None of the Directors or substantial shareholders of the Company or any of their representative close associates has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interest with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float as required under the Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section of the Corporate Governance Report of this annual report on pages 8 to 14.

CHARITABLE CONTRIBUTIONS

During the year under review, the Group did not make charitable contribution (2021: HK$Nil).

AUDITORS

HLB Hodgson Impey Cheng Limited resigned as the auditor of the Company on 19 January 2021 and McMillan Woods (Hong Kong) CPA Limited was appointed by the board of directors of the Company on 19 January 2021 to fill up the casual vacancy so arising. Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

The accounts for the year ended 31 December 2022 were audited by McMillan Woods (Hong Kong) CPA Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the appointment of McMillan Woods (Hong Kong) CPA Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

By order of the Board
Li Jinglong
Executive Director

Hong Kong, 31 March 2023

EXECUTIVE DIRECTORS

Li Jinglong

Mr. Li Jinglong, aged 63, was appointed as an executive Director on 27 September 2011. He holds a diploma in Business Management from Beijing Society Han Shou University in China. Prior to joining the Group, Mr. Li has, since 2005, been the general manager of Shanghai Yu Heng Pharmaceuticals Technology Company Limited, a company which specialises in surgical dressing and medical consumable products, and where he oversaw the company's long term development plans, daily operations and vendors and distributors management. He was the general manager of ZhongXing Industrial Development Company Limited from 1995 to 2005 where he was responsible for daily operations, trading and business developments of the company. Mr. Li is responsible for the Group's business development in China.

Zhang Ligong

Mr. Zhang Ligong, aged 55, was appointed as an executive Director on 27 September 2011. He holds a diploma in Information Science and Engineering from Beijing Electrical & Information Engineering College in China. Prior to joining the Company, Mr. Zhang has been, since 2006, the deputy general manager of Beijing Zheshi Communications Technology Co. Ltd., a company specialising in home and office security and surveillance systems, and where he spearheaded sales, marketing and business development as well as being responsible for the company's operation and implementation of strategic direction. He was a technical engineer in Beijing Qinghe Textile Factory from 1986 to 2006. Mr. Zhang is responsible for the Group's business development in China.

Wang Zhongling
Chief Executive Officer

Mr. Wang Zhongling, aged 40, was appointed as an executive Director on 13 November 2012 and the chief executive officer of the Company on 2 December 2013. Mr. Wang is also a director of a number of subsidiaries of the Company. He holds a Diploma in Computer Science from the Jiaying College in China. Prior to joining the Company, Mr. Wang was, since 2008, the deputy general manager of Shenzhen Giinwin Technology Co. Ltd., a company specializing in computer intelligence and software development, wireless communication, smart device development, system integration and technical consultancy, where he was responsible for its operation and management. Mr. Wang had over 10 years experience in managing smart system projects in the technology sector and has held a number of senior technology related positions. Mr. Wang is responsible for the Group's technology investment and management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cheng Ruixiong

Mr. Cheng Ruixiong, aged 54, was appointed as an independent non-executive Director on 4 September 2017. He was also appointed as the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

Mr. Cheng is currently operating a construction company in China since 2003. Before he established this construction company, he has over 10 years of working and management experience in private and public sectors.

Kwan King Wah

Mr. Kwan King Wah, aged 59, was appointed as an independent non-executive Director on 27 August 2012. He was also appointed as the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr. Kwan, formerly known as Kwan Fu Tang and Kwan Chik Wah, is a fellow member of the Hong Kong Institute of Certified Public Accountants. He obtained a Diploma in Accountancy with credit awarded from Hong Kong Tuen Mun Technical Institute and had attended a Microsoft Certified Systems Engineer (MCSE) Course at UniTech Consultancy Limited. Mr. Kwan has had more than 23 years working experiences in providing his expertise in accounting and auditing services to various companies.

Mr. Kwan is the founder and the present sole proprietor to K.W. Kwan & Co., an audit firm which registered with Hong Kong Institute of Certified Public Accountants for practicing as Certified Public Accountants. Mr. Kwan presently holds directorship in one Hong Kong private company, namely Pronet Consulting Limited.

Lo Suet Lai

Ms. Lo Suet Lai, aged 34, was appointed as an independent non-executive Director on 12 September 2016. She was also appointed as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Ms. Lo graduated from Hong Kong Shue Yan University with Bachelor of Commerce (Honours) in Accounting. Prior to joining the Group, Ms. Lo worked in two international accounting firms in Hong Kong and the accounting work in Wanjia Group Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 401). Ms. Lo is presently acting as a consultant in a Hong Kong private company. She has years of accounting and auditing experiences.

COMPANY SECRETARY

Tang Man Hin

Mr. Tang Man Hin holds a Bachelor of Commerce (Major in Accounting and Finance) from the Curtin University of Technology, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant (Australia). He possesses years of experience in the fields of accounting, auditing and corporate secretary matters.

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 the PRC. The programming teams of the Group have extensive experience on developing mobile application and interactive virtual reality technologies for well-known companies in Hong Kong and overseas. The Group is also engaged in the business of distribution of computer-related and mobile-related electronic products and accessories.

The 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 2022 (the "**Reporting Period**").

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:

Aspects	Material ESG Issues
B. Social Aspect	
B1. Employment	• Employee welfare
	• Talent attraction and retention
B2. Health and Safety	• Working conditions and environment
B3. Development and Training	• Employee development and growth
B6. Product Responsibility	• Quality of products and services
	• Protection of privacy information
B7. Anti-corruption	• Corporate governance
	• 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 2022 to 31 December 2022 (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. There were no major changes in the reporting scope of the ESG Reporting compared to the previous year. 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 (the "**Stock Exchange**"). 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.

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, including but not limited to Air Pollution Control Ordinance (Cap. 311), Waste Disposal Ordinance (Cap. 354), Water Pollution Control Ordinance (Cap. 358), Noise Control Ordinance (Cap. 400), Environmental Protection Law, Prevention and Control of Atmospheric Pollution, Prevention and Control of Water Pollution, Prevention and Control of Environmental Pollution by Solid Waste and National Environmental Emergency Response Plan of the People's Republic of China (the "**PRC**").

Emissions

Air and Greenhouse Gas Emissions

During the Reporting Period, the Group did not have any operating vehicles or machinery that would lead to the emissions of air pollutants. The air emissions were insignificant during its operation.

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. Since the operation of the Group's business is not carbon-intensive, no reduction target for carbon emission has been developed.

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.

Due to the business nature of the Group, the hazardous and non-hazardous wastes produced by the Group were immaterial during the Reporting Period. As such, for the target setting on waste reduction, we have not been able to set a target in this ESG Report. However, we do realise the importance of waste reduction. We will continue to review and disclose further information as appropriate in the future.

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 targets 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. While the Group has not set any targets for water consumption reduction due to its minimal impacts, the Group nonetheless promotes reasonable water use initiatives and water saving measures among its employees.

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 Reports, 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 contributed to any air, water and land pollution, 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).

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

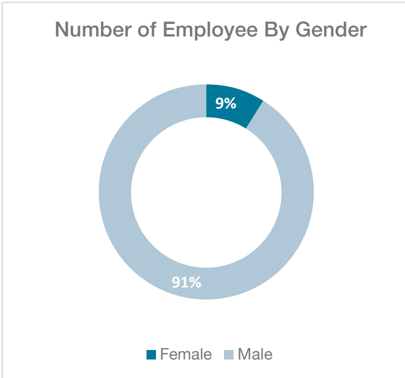
Employment

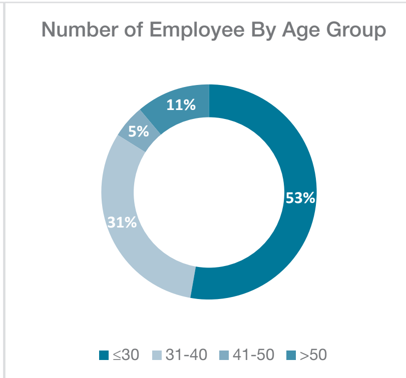
The Group recognizes its success depends highly on the skills, passion and commitment of its employees. We ensure employment and labour practices are implemented according to labour laws and the employment ordinance in the operating regions. We provide equal employment opportunities for all without discrimination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

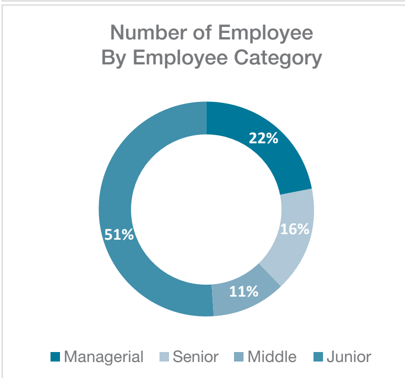
Our recruitment process is standard as per normal practices in our industry. We specify the requirements of the vacancies and advertise as well as head-hunt through employment agencies. The selection process is standard and positions will be decided after background checks, tests and interviews by our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

In Hong Kong, the Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations throughout the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance (Cap. 485) by participating in the Mandatory Provident Fund retirement benefit scheme for our eligible employees, Minimum Wage Ordinance (Cap. 608), Employment Ordinance (Cap. 57) and Employees' Compensation Ordinance (Cap. 282). In China, the Group complied with the Labour law of the PRC, the Production Safety Law of the People's Republic of China and Prevention and the Control of Occupational Diseases of the People's Republic of China. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of employment.

As at 31 December 2022, the Group employed a total of 45 employees (2021: 58, 2020: 53) working in our Hong Kong and China offices. The employment characteristics are summarized below:







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, including but not limited to: Employees' Compensation Ordinance (Cap. 282), Occupational Safety and Health Ordinance (Cap. 509), Safety Production Law and Occupational Disease Prevention Law of the PRC.

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, 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.

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 442 hours of training for 41 staff (10 managerial grade, 7 senior grade, 5 middle grade and 19 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.

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 has been found by the Group, such as Employment Ordinance (Cap. 57), Immigration Ordinance (Cap. 115), Prohibition of Child Labour Provisions, Underage Workers Special Protection Provisions, Prohibition of Forced Labour and Prisoners Labour Policy and Procedures of the PRC.

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.

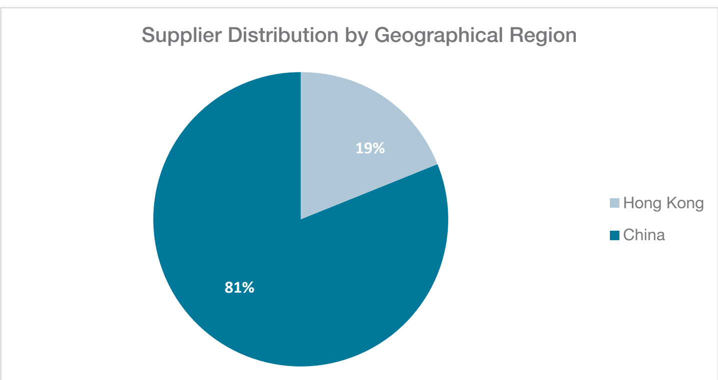
We maintain a list of suppliers who have track records in dealing with us or in the market. Regular assessments on the suppliers including requests to provide basic certifications, licenses and product catalogues will be conducted to ensure that the suppliers are not only committed to the cost and quality of the products supplied but also have not violated any laws and practices.

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.

The Group gives priority to local suppliers when developing businesses all over the country in order to create employment opportunities for local communities and fulfil corporate social responsibility. Preference is also given to environmentally and socially responsible suppliers, such as contractors who prioritise the purchase of reusable and renewable products or adopt low-emission production processes, etc.

In the social aspect, suppliers are required to comply with the relevant national labour policies and legislation, which include the prevention of slavery, forced and bonded labour, child labour and abusive employment practices. Suppliers are also obliged to safeguard the human rights of the employees and take due considerations of public welfare.

The Group's materials are purchased from qualified suppliers whose products meet the requirements of applicable environmental and social laws and regulations in the operating regions. During the Reporting Period, our operation bases being mainly in China procured all hardware, accessories and services from 8 Hong Kong suppliers and 34 China suppliers, who ensured us efficient and timely supplies at competitive prices.



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.

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 2022.

Protection of Customer Privacy

From cooperation 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 were recorded in 2022.

No material non-compliance with laws and regulations regarding product and service-related health and safety, advertising, labelling and privacy matters that have a significant impact on the Group was noted in the reporting period. These laws include but not limited to the Personal Data (Privacy) Ordinance (Cap. 486), Trade Marks Ordinance (Cap. 559), Patents Ordinance (Cap. 514), Copyright Ordinance (Cap. 528), Patent Law, Trademark Law and Product Quality Law of the PRC.

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, although we were unable to hold relevant training sessions during the Reporting Period due to the limitations on physical gatherings under the COVID-19 pandemic, the Group recorded zero corrupted cases nor breach of any anti-corruption laws, including but not limited to the Prevention of Bribery Ordinance (Cap. 201) and Anti-Money Laundering Law of the PRC, during the Reporting Period, due to our daily anti-corruption methods and internal policies.

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 and 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 suppliers who hire disabled persons.

SUMMARY OF KEY PERFORMANCE INDICATORS

Social Aspects[1]			2022	2021	Unit
Aspect B1: Employment					
B1.1	**Total workforce**				
	Total number of employees		**45**	58	employee
	By gender	Female	**4**	4	employee
		Male	**41**	54	employee
	By employment type	Permanent	**45**	58	employee
		Contractual	**0**	0	employee
	By age group	30 years old or below	**24**	30	employee
		31-40 years old	**14**	21	employee
		41-50 years old	**2**	2	employee
		Over 50 years old	**5**	5	employee
	By employee category	Managerial	**10**	10	employee
		Senior	**7**	8	employee
		Middle	**5**	5	employee
		Junior	**23**	35	employee
	By geographical region	Hong Kong	**5**	5	employee
		China	**40**	53	employee
B1.2	**Employee turnover rate**				
	Total employee turnover rate		**29%**	5%	%
	By gender	Female	**0%**	0%	%
		Male	**32%**	6%	%
	By employment type	Permanent	**29%**	5%	%
		Contractual	**–**	–	%
	By age group	30 years old or below	**25%**	10%	%
		31-40 years old	**50%**	5%	%
		41-50 years old	**0%**	50%	%
		Over 50 years old	**0%**	0%	%
	By employee category	Managerial	**0%**	10%	%
		Senior	**14%**	0%	%
		Middle	**0%**	40%	%
		Junior	**52%**	0%	%
	By geographical region	Hong Kong	**0%**	0%	%
		China	**33%**	0%	%

1 The social KPIs are calculated in accordance with the "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

			2022	2021	Unit
Aspect B2: Health and Safety					
B2.1	Number of work-related fatalities		**0**	0	no.
	Rate of work-related fatalities		**0%**	0%	%
B2.2	Lost days due to work injury		**0**	0	day
Aspect B3: Development and Training					
B3.1	**Percentage of trained employees**				
	Percentage of total employees trained		**91%**	91%	%
	By gender	Female	**10%**	8%	%
		Male	**90%**	92%	%
	By employee category	Managerial	**24%**	19%	%
		Senior	**17%**	15%	%
		Middle	**12%**	9%	%
		Junior	**46%**	57%	%
	By function	Executive	**15%**	9%	%
		Technical	**73%**	40%	%
		Administrative	**2%**	0%	%
		Production	**10%**	51%	%
B3.2	**Average training hours completed**				
	Average training hours per employee		**9.8**	8.4	hour/employee
	By gender	Female	**11.5**	6.5	hour/employee
		Male	**9.7**	8.5	hour/employee
	By employee category	Managerial	**11.2**	15.0	hour/employee
		Senior	**10.9**	10.0	hour/employee
		Middle	**11.8**	9.0	hour/employee
		Junior	**8.5**	6.0	hour/employee
	By function	Executive	**11.5**	15.0	hour/employee
		Technical	**10.7**	10.5	hour/employee
		Administrative	**2.5**	0.0	hour/employee
		Production	**8.2**	6.8	hour/employee
Aspect B5: Supply Chain Management					
B5.1	**Number of suppliers by geographical region**				
	Total number of suppliers		**42**	38	supplier
	By geographical region	Hong Kong	**8**	9	supplier
		China	**34**	29	supplier
Aspect B7: Anti-corruption					
B7.1	Number of concluded legal cases regarding corrupt practices		**0**	0	case

McMillanWoods
Professionalism at the forefront

TO THE SHAREHOLDERS OF
CHINA E-WALLET PAYMENT GROUP LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China E-Wallet Payment Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 40 to 103, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Impairment assessment of intangible assets

2. Impairment of deposit

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of intangible assets	
Refer to the significant accounting policies in Note 4(f), critical judgement and key estimates in Note 5(b), and relevant disclosures in Note 18 to the consolidated financial statements.	
The Group has intangible assets of HK$5,817,000 as at 31 December 2022. Intangible assets with an indefinite useful life or not yet available for use are subject to annual impairment assessment, while other intangible assets are subject to impairment assessment of impairment indicators exist. Management performed impairment assessment of intangible assets and concluded that no impairment loss on intangible assets was recognised during the year. This conclusion was based on value in use model that involves significant management judgement and estimates with respect to the discount rate and the underlying cash flows, in particular future revenue growth and capital expenditure. Independent external valuation was obtained in order to support management's estimates.	Our procedures in relation to management's impairment assessment included: • Evaluating the independent valuer's competence, capabilities and objectivity; • Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model and the market data used; • Evaluating the identification of cash-generating unit ("**CGU**") and allocation of intangible assets; • Challenging the appropriateness of the key assumption underlying the cash flow forecasts in the valuation model, with reference to historical performance of the CGU and our knowledge of the relevant industry; and • Evaluating the adequacy of disclosures in respect of the impairment review in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the key audit matter

Impairment of deposits

Refer to the significant accounting policies in Note 4(u), critical judgement and key estimates in Note 5(c), and relevant disclosures in Notes 16, 21 and 22 to the consolidated financial statements.

The measurement of forward-looking expected credit loss ("**ECL**") approach requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.

During the year ended 31 December 2022, the Group has made impairment loss of approximately HK$8,299,000 on deposits.

We identified the above matter as key audit matter due to the significant amount of deposits and a considerable amount of judgement is required in assessing the recoverability of the deposits.

Our procedures in relation to management's impairment and recoverability assessment included:

- Obtaining an understanding of and evaluating the Group's credit policies;

- With the assistance of valuation specialist, assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the default data, international credit agency evaluating whether the default data from international credit agency are appropriately adjusted based on current economic conditions and forward-looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances;

- Inspecting settlements after the financial year end relating to the deposits as at 31 December 2022; and

- Reviewing the appropriateness of the disclosure in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon (the "**Other Information**").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee and the directors are responsible in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Yeung Man Sun
Audit Engagement Director
Practising Certificate Number: P07606
24/F., Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

Hong Kong, 31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	7	**89,094**	101,924
Cost of sales		**(48,236)**	(57,652)
Gross profit		**40,858**	44,272
Other revenue and gains	8	**788**	561
Unrealised (loss)/gain on financial assets at fair value through profit or loss ("**FVTPL**"), net		**(5,704)**	14,406
Realised (loss)/gain on financial assets at FVTPL, net		**(63)**	1,799
Impairment on property, plant and equipment		**–**	(2,196)
Allowance for expected credit losses ("**ECLs**") on trade receivables, bond receivable and deposits, and other receivables		**(23,068)**	(8,807)
Selling and administrative expenses		**(80,127)**	(80,887)
Loss from operations	9	**(67,316)**	(30,852)
Finance costs	11	**(1,716)**	(1,956)
Loss before taxation		**(69,032)**	(32,808)
Taxation	12	**329**	107
Loss for the year		**(68,703)**	(32,701)
Loss for the year attributable to:			
Owners of the Company		**(67,462)**	(32,370)
Non-controlling interests		**(1,241)**	(331)
		(68,703)	(32,701)
		HK cents	HK cents (restated)
Loss per share			
– Basic and diluted	13	**(3.59)**	(5.77)

	2022 HK$'000	2021 HK$'000
Loss for the year	**(68,703)**	(32,701)
Other comprehensive loss for the year, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(56)**	(5)
	(56)	(5)
Total comprehensive loss for the year	**(68,759)**	(32,706)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(67,518)**	(32,375)
Non-controlling interests	**(1,241)**	(331)
	(68,759)	(32,706)

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**813**	1,091
Bond receivables	16	**2,963**	4,943
Goodwill	17	**4,686**	4,686
Intangible assets	18	**5,817**	12,463
		14,279	23,183
Current assets			
Financial assets at fair value through profit or loss	19	**43,977**	50,901
Bond receivables	16	**5,141**	–
Trade receivables	21	**40,031**	32,778
Deposits, prepayments and other receivables	22	**289,648**	353,599
Cash and bank balances	23	**6,656**	6,545
		385,453	443,823
Total assets		**399,732**	467,006
CAPITAL AND RESERVES			
Share capital	24	**6,035**	120,709
Reserves	25	**358,033**	303,979
Equity attributable to owners of the Company		**364,068**	424,688
Non-controlling interests		**(23)**	1,318
Total equity		**364,045**	426,006

	Notes	2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Bond payable	29	**14,515**	20,000
Deferred tax liabilities	26	**1,456**	3,117
		15,971	23,117
Current liabilities			
Trade payables	27	**2,215**	2,363
Accruals and other payables	28	**11,713**	11,064
Tax payables		**5,788**	4,456
		19,716	17,883
Total liabilities		**35,687**	41,000
Total equity and liabilities		**399,732**	467,006
Net current assets		**365,737**	425,940
Total assets less current liabilities		**380,016**	449,123
Net assets		**364,045**	426,006

The consolidated financial statements on pages 40 to 103 were approved and authorised for issue by the board of directors of the Company on 31 March 2023 and signed on its behalf by:

Li Jinglong	**Zhang Ligong**
Executive Director	*Executive Director*

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital	Share premium (Note 25(a))	Share-based payment reserve (Note 25(b))	Capital reserve (Note 25(c))	Translation reserve (Note 25(d))	Statutory reserve (Note 25(e))	Accumulated losses	Sub-total	Non-controlling interest	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2021	109,749	2,828,249	34,269	(902)	(38,928)	48	(2,509,946)	422,539	1,649	424,188
Loss for the year	–	–	–	–	–	–	(32,370)	(32,370)	(331)	(32,701)
Other comprehensive loss for the year	–	–	–	–	(5)	–	–	(5)	–	(5)
Total comprehensive loss for the year	–	–	–	–	(5)	–	(32,370)	(32,375)	(331)	(32,706)
Issue of shares upon exercise of share options (Note 33)	10,960	22,769	(10,165)	–	–	–	–	23,564	–	23,564
Grant of share options (Note 33)	–	–	10,960	–	–	–	–	10,960	–	10,960
At 31 December 2021	120,709	2,851,018	35,064	(902)	(38,933)	48	(2,542,316)	424,688	1,318	426,006
At 1 January 2022	**120,709**	**2,851,018**	**35,064**	**(902)**	**(38,933)**	**48**	**(2,542,316)**	**424,688**	**1,318**	**426,006**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(67,462)**	**(67,462)**	**(1,241)**	**(68,703)**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**(56)**	**–**	**–**	**(56)**	**–**	**(56)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(56)**	**–**	**(67,462)**	**(67,518)**	**(1,241)**	**(68,759)**
Capital reorganisation (Note 24)	**(114,674)**	**114,674**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of remaining subsidiary (Note 20)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(100)**	**(100)**
Lapse of share option (Note 33)	**–**	**–**	**(21,162)**	**–**	**–**	**–**	**21,162**	**–**	**–**	**–**
Grant of share options (Note 33)	**–**	**–**	**6,898**	**–**	**–**	**–**	**–**	**6,898**	**–**	**6,898**
At 31 December 2022	**6,035**	**2,965,692**	**20,800**	**(902)**	**(38,989)**	**48**	**(2,588,616)**	**364,068**	**(23)**	**364,045**

Consolidated Statement of Cash Flow

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Operating activities		
Loss before taxation	**(69,032)**	(32,808)
Adjustments for:		
Amortisation of intangible assets	**6,646**	6,646
Depreciation of property, plant and equipment	**278**	1,039
Impairment on property, plant and equipment	**–**	2,196
Allowance for ECLs recognised in respect of trade receivables	**14,257**	10,812
Allowance for ECLs recognised in respect of bond receivables	**40**	57
Allowance for ECLs recognised/(reversed) in respect of deposits and other receivables	**8,771**	(2,062)
Unrealised loss/(gain) on fair value of financial asset at FVTPL, net	**5,704**	(14,406)
Realised loss/(gain) on financial assets at FVTPL, net	**63**	(1,799)
Gain on disposal of PPE	**(9)**	–
Bond interest income	**(745)**	(202)
Bank interest income	**(1)**	(1)
Dividend income	**(5)**	(5)
Share-based payment expenses	**6,898**	10,960
Finance costs	**1,716**	1,956
Operating loss before movements in working capital	**(25,419)**	(17,617)
Change in trade receivables	**(21,510)**	(34,814)
Change in deposits, prepayments and other receivables	**55,180**	47,172
Change in trade payables	**(148)**	1,060
Change in accruals and other payables	**649**	(11,419)
Change in financial assets at FVTPL	**1,157**	(17,233)
Net cash generated from/(used in) operating activities	**9,909**	(32,851)
Investing activities		
Purchase of property, plant and equipment	**–**	(3,993)
Payment for bond subscribed	**(2,448)**	(5,000)
Bank interest income received	**1**	1
Dividend income received	**5**	5
Net cash used in investing activities	**(2,442)**	(8,987)
Financing activities		
Repayment of bond payable	**(5,484)**	–
Payment of purchase the remaining equity of a subsidiary	**(100)**	–
Proceed from bond payable issued	**–**	20,000
Proceed from issue of shares upon exercise of share options	**–**	23,564
Interest paid	**(1,716)**	–
Net cash used in financing activities	**(7,300)**	43,564
Net increase in cash and cash equivalents	**167**	1,726
Cash and cash equivalents at the beginning of the year	**6,545**	4,824
Effect of exchange rate change	**(56)**	(5)
Cash and cash equivalent at the end of the year	**6,656**	6,545

1. GENERAL INFORMATION

China e-Wallet Payment Group Limited (the "**Company**") was incorporated in Bermuda an exempted company with limited liability under Companies Act of Bermuda. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 626-629, Corporation Park, 11 On Lai Street, Siu Lek Yuen, Sha Tin, New Territories, Hong Kong respectively. The Company's shares are listed on the Main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in Note 20 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company and all values are rounded to nearest thousand except otherwise indicated.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"), which in collective term includes all individual International Financial Reporting Standard ("**IFRS**"), International Accounting Standards ("**IASs**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project to IFRS standards 2018-2020	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 2018–2020

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

3. ADOPTION OF NEW AND REVISED IFRSs (CONTINUED)

New and revised IFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 17 – Insurance contracts	1 January 2023
Amendments to IFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless the financial assets at FVTPL carried at fair value and mentioned otherwise in the accounting policies below.

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intra-group transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss.

(b) Business Combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Lease (Continued)

The Group as a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 4(h).

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible Assets

Intangible Assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt Investments

Debt Investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– Fair Value through other comprehensive income ("**FVTOCI**") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– Fair value through profit or loss ("**FVTPL**") if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity Investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade and other receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow. Cash and cash equivalents are assessed for ECL.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition

Revenue from contracts with customers

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance complete to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Sale of goods and service

Revenue from sale of good and service from internet and mobile's application and related accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 to 180 days upon delivery. Payment in advance is required for some contracts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (Continued)

Distribution of computer and mobile related electronic products and accessories

Revenue from the distribution of computer-related and mobile-related electronic products and accessories included mobile payment platform and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience utilities application for mobile platform and mass advertising. are recognised when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment are established.

(p) Employee benefit

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Share-based payments

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(r) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provided key management personal services to the Company or to the parent of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in Note 4(u), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Income taxes

The Group is subject to Hong Kong Profits Tax and Enterprise Income Tax ("**EIT**") of the People's Republic of China (the "**PRC**") and temporary differences for each of the tax jurisdictions in which it operates and for all discrete reportable income streams within those jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

During the year, HK$329,000 (2021: HK$107,000) of income tax was credited to profit or loss based on the estimated assessable profits.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies (Continued)

(b) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the CGU to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than the expected, or change in facts and circumstances which results in downward revision future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets.

The carrying amounts of goodwill and intangible assets were approximately HK$4,686,000 and HK$5,817,000 (2021: HK$4,686,000 and HK$12,463,000) as at 31 December 2022. Details of the impairment assessment of the goodwill and intangible assets are provided in Notes 17 and 18 to the consolidated financial statements.

(c) Impairment of (i) trade receivables, (ii) bond receivable and (iii) deposits and other receivables

The management of the Group estimates the amount of impairment loss for ECL on (i) trade receivables, (ii) bond receivable and (iii) deposits and other receivables based on the credit risk of (i) trade receivables and (ii) deposits and other receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets. The information about the ECL and the Group's (i) trade receivables, (ii) bond receivables and (iii) deposits and other receivables are disclosed in Note 31(b) to these consolidation financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies (Continued)

(c) Impairment of (i) trade receivables, (ii) bond receivables and (iii) deposits and other receivables (Continued)

As at 31 December 2022, the carrying amounts of (i) trade receivables, (ii) bond receivables and (iii) deposits and other receivables are approximately HK$40,031,000 (2021: HK$32,778,000) (net of allowance for doubtful debts of approximately HK$25,551,000 (2021: HK$13,326,000)), HK$8,104,000 (2021: HK$4,943,000) (net of allowance for doubtful debts of approximately HK$97,000 (2021: HK$57,000) and approximately HK$278,593,000 (2021: HK$342,485,000) (net of allowance for doubtful debts of approximately HK$18,845,000 (2021: HK$39,177,000)) respectively.

(d) Valuation of equity-settled share-based payment transactions

The fair value of share options were valued by an independent valuer using the binomial option pricing model. This valuation requires the Company to make estimates about certain key inputs, including the dividend yield, expected volatility, risk-free interest rate and expected life of options. The changes in input assumptions can materially affect the fair value estimate.

During the year ended 31 December 2022, the Company recognised share-based payment expenses of approximately HK$6,898,000 (2021: HK$10,960,000).

6. FAIR VALUE MEASUREMENTS

Fair value estimation

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value estimation (Continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values as at 31 December 2022 and 2021.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value:

	Level 1 HK$'000	Total HK$'000
As at 31 December 2022		
Financial assets at fair value through profit or loss:		
Listed equity securities in Hong Kong		
– quoted bid in an active market	43,977	43,977
As at 31 December 2021		
Financial assets at fair value through profit or loss:		
Listed equity securities in Hong Kong		
– quoted bid in an active market	50,901	50,901

During the years ended 31 December 2022 and 2021, there were no transfers in the fair value hierarchy between Level 1 and Level 2, or transfers into or out of Level 3.

7. REVENUE AND SEGMENT INFORMATION

The directors of the Company, chief operating decision-maker (the "**CODM**") has been identified as the key management of the Group. The CODM reviews the Group's internal reporting process in order to assess performance and allocate resources.

The CODM considers the business from both a business and geographic perspective for the purposes of resource allocation and assessment focuses on revenue analysis. From business perspective, CODM determines that the Group has only one operating and reportable segment, being the internet and mobile's application and related accessories operating segments. No other discrete financial information is provided other than the Group's result and financial position as a whole.

The Group's revenue from its major products and services were as follow:

Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers within the scope of IFRS 15:		
Mobile's application development and settlement application services	**89,094**	100,924
Computer and mobile related electronic products	**–**	1,000
	89,094	101,924
Revenue recognition:		
At a point in time	**89,094**	101,924

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	Revenue		Non-current assets	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Hong Kong	**4,306**	7,313	**13,580**	17,819
The PRC	**84,788**	94,611	**–**	–
Others	**–**	–	**699**	5,364
	89,094	101,924	**14,279**	23,183

	Assets		Liabilities	
	2022 **HK$'000**	2021 HK$'000	**2022** **HK$'000**	2021 HK$'000
Hong Kong	**396,810**	445,492	**24,588**	30,076
The PRC	**700**	696	**238**	269
Others	**2,222**	20,818	**10,861**	10,655
	399,732	467,006	**35,687**	41,000

Information about major customer

Revenue from major customers, accounted for the 10% or more of the Group's revenue, are set out below:

	2022 **HK$'000**	2021 HK$'000
Customer A	**–**	14,656

8. OTHER GAINS

	2022 HK$'000	2021 HK$'000
Bank interest income	**1**	1
Bond interest income	**745**	202
Dividend income	**5**	5
Sundry income	**27**	353
Gain on disposal of property, plant and equipment	**9**	–
Net foreign exchange gain	**1**	–
Total	**788**	561

9. LOSS FROM OPERATIONS

Loss from operations is stated after charging/(crediting):

	2022 HK$'000	2021 HK$'000
Depreciation of property, plant and equipment	**278**	1,039
Amortisation of intangible assets	**6,646**	6,646
Impairment on property, plant and equipment	**–**	2,196
Auditor's remuneration	**630**	630
Short term lease payment	**751**	512
Staff costs, including directors:		
– Share based payment expenses	**6,898**	10,960
– Salaries and allowances, including directors and chief executive officer s remuneration	**2,063**	5,096
– Retirement benefit schemes contribution	**31**	149
	8,992	16,205

10. STAFF COSTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive officer's remuneration

Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong Listing Rules):

	Directors' fees		Salaries and allowances		Retirement scheme contribution		Share-based payment expense		Total	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2020 HK$'000
Chief executive officer and executive director:										
Wang Zhongling	**240**	240	**–**	–	**–**	–	**–**	1,125	**240**	1,365
Executive directors:										
Li Jinglong	**180**	180	**–**	–	**–**	–	**–**	1,125	**180**	1,305
Zhang Ligong	**180**	180	**–**	–	**–**	–	**–**	1,125	**180**	1,305
	360	360	**–**	–	**–**	–	**–**	2,250	**360**	2,610
Independent non-executive directors:										
Kwan King Wah	**180**	180	**–**	–	**–**	–	**–**	–	**180**	180
Lo Suet Lai	**130**	120	**–**	–	**–**	–	**–**	–	**130**	120
Cheng Ruixiong	**130**	120	**–**	–	**–**	–	**–**	–	**130**	120
	440	420	**–**	–	**–**	–	**–**	–	**440**	420
	1,040	1,020	**–**	–	**–**	–	**–**	3,375	**1,040**	4,395

(b) Key management personnel

Remuneration for key management personnel, including directors' and chief executive officer's remuneration, was as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**1,040**	1,200
Share-based payment expense	**–**	3,375
	1,040	4,575

10. STAFF COSTS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(c) Employee

Staff costs, excluding the remuneration for key management personnel and directors' and chief executive officer's remuneration, were as follows:

	2022 HK$'000	2021 HK$'000
Wages, salaries and allowances	**1,023**	3,575
Share-based payment	**6,898**	7,585
Retirement scheme contribution	**31**	149
Welfare	**328**	321
	8,280	11,630

(d) Five highest paid individuals

The five highest paid individuals of the Group include four (2021: three) directors of the Company whose emoluments are disclosed in note 10(a) to the consolidated financial statements.

The aggregate of the emoluments in respect of the other one (2021: two) individuals is as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**600**	997

	2022	2021
Nil to HK$1,000,000	**1**	2

During the years ended 31 December 2022 and 2021, no emoluments were paid by the Group to the executive directors, chief executive officer, or any of the independent non-executive directors, highest paid individuals as the discretionary bonus or an inducement to join or upon joining the Group or as compensation for loss of office nor has any director waived or agreed to waive any emoluments.

10. STAFF COSTS AND THE FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(e) Directors material interest in transaction, arrangement or contract

Save for disclosed in Note 34 to these consolidated financial statements, no other significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

11. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest expense on bond payable	**1,716**	1,956
	1,716	1,956

12. TAXATION

	2022 HK$'000	2021 HK$'000
Current tax:		
– The PRC	**1,332**	1,554
Reversal of temporary differences in the current year (Note 26)	**(1,661)**	(1,661)
	(329)	(107)

12. TAXATION (CONTINUED)

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable income or had sufficient tax losses brought forward to offset against current year's assessable profit for the years ended 31 December 2022 and 2021.

The PRC

The PRC Enterprise Income Tax ("**PRC EIT**") is calculated at the applicable tax rates of 25% (2021: 25%) in accordance with the relevant laws and regulations in the PRC.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The taxation for the years ended 31 December 2022 and 2021 can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2022 HK$'000	2021 HK$'000
Loss before taxation	**(69,032)**	(32,808)
Income tax expense calculated at 25% (2021: 25%)	**(17,258)**	(8,202)
Tax effect of not recognised temporary difference	**820**	790
Tax effect of income not taxable for tax purposes	**(3,294)**	(4,326)
Tax effect of expenses not deductible for tax purposes	**9,234**	5,666
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,020**	2,378
Effect of estimated tax losses not recognised	**9,792**	4,305
Tax effect of utilisation of tax losses not previously recognised	**(643)**	(718)
Taxation	**(329)**	(107)

13. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the Group's loss attributable to owners of the Company of approximately HK$67,462,000 (2021: HK$32,370,000 and weighted average number of ordinary shares in issue during the year ended 31 December 2022 of 1,880,086,969 (2021: 561,025,401 (restated)).

The basic and diluted loss per share are the same for the years ended 31 December 2022 and 2021 as the effect of the share options does not have any dilutive effect. For the year ended 31 December 2021, the weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted to take into effect of the share consolidation with effect from 19 July 2022 and as if it had been effective on 1 January 2021.

14. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2022 (2021: Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
As at 1 January 2021	833	1,807	932	3,572
Additions	–	3,993	–	3,993
As at 31 December 2021 and 1 January 2022	833	5,800	932	7,565
Write off	–	(9)	–	(9)
As at 31 December 2022	**833**	**5,791**	**932**	**7,556**
Accumulated depreciation and impairment				
As at 1 January 2021	742	1,759	738	3,239
Charged for the year	30	843	166	1,039
Impairment for the year	–	2,196	–	2,196
As at 31 December 2021 and 1 January 2022	772	4,798	904	6,474
Charged for the year	30	220	28	278
Write off	–	(9)	–	(9)
As at 31 December 2022	**802**	**5,009**	**932**	**6,743**
Carrying amount				
As at 31 December 2022	**31**	**782**	**–**	**813**
As at 31 December 2021	61	1,002	28	1,091

In 2021, the Group assessed the recoverable amount of the property, plant and equipment and as a result recognised impairment losses of approximately HK$2,196,000 in respect of furniture, fixtures and equipment attributable to that the CGU of settlement application services (the "**Settlement CGU**"), which is classified into the Group's reportable segment of internet and mobile's application development and settlement application services business. In 2022, the Group assessed and concluded no impairment losses were required to make.

The recoverable amounts of the Settlement CGU have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates of 15.3% (2021: 13.1%), growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the Settlement CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The cash flow projections, growth rates and discount rate have been reassessed as at 31 December 2022 taking into consideration higher degree of estimation uncertainties in the current year due to how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's retail operations.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period. The Company did not consider any growth rate in the most recent financial budgets.

16. BOND RECEIVABLES

On 23 March 2022, the Group subscribed an unconvertible bond with a principal amount of HK$3,000,000. The bond is unsecured and interest-bearing at fixed rates of 6.5% per annum. The bond will mature on 22 March 2024. On 19 August 2021, the Group subscribed an unconvertible bond with a principal amount of HK$5,000,000. The bond is unsecured and interest-bearing at fixed rates of 11% per annum. The bond will mature on 18 August 2023. The bond interest is receivable per annum from the issue date. The effective interest rate is 9.02%.

	2022 HK$'000	2021 HK$'000
Unlisted debt instrument, at amortised cost	**8,201**	5,000
Less: Allowance for ECLs	**(97)**	(57)
	8,104	4,943
Represented by:		
– Non-current	**2,963**	4,943
– Current	**5,141**	–

17. GOODWILL

	2022 HK$'000	2021 HK$'000
Cost		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	**187,566**	187,566
Accumulated impairment losses		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	**182,880**	182,880
Carrying amount		
As at end of the year	**4,686**	4,686

For the years ended 31 December 2022 and 2021, goodwill has been allocated for impairment testing purposes to the CGU of mobile's application development internet and the Mobile CGU by the Group, which is classified into the Group's reportable segment of mobile's application development and settlement application services business.

17. GOODWILL (CONTINUED)

Particular of impairment assessment on goodwill are disclosed below:

The carrying amount of goodwill was allocated to CGU as follows:

	2022 HK$'000	2021 HK$'000
The Mobile CGU	**4,686**	4,686

At the end of each reporting periods, the goodwill and brand name and distribution network included in intangible assets were allocated to the Mobile CGU for impairment assessment and based on which, no additional impairment loss on goodwill and brand name and distribution network included in intangible assets recognised for the year ended 31 December 2022 (2021: Nil). Details of impairment assessment is set out in note 18 to the consolidated financial statements.

18. INTANGIBLE ASSETS

The movement of intangible assets during the year was as follows:

	Logo HK$'000	Product development and design HK$'000	Contract rights HK$'000	Mobile application software and technology HK$'000	Brand name and distribution network HK$'000	Total HK$'000
Cost						
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	**148**	**629,637**	**1,199,321**	**98,000**	**89,932**	**2,017,038**
Accumulated amortisation and impairment						
As at 1 January 2021	148	629,637	1,199,321	98,000	70,823	1,997,929
Amortisation for the year	–	–	–	–	6,646	6,646
As at 31 December 2021 and 1 January 2022	148	629,637	1,199,321	98,000	77,469	2,004,575
Amortisation for the year	–	–	–	–	6,646	6,646
As at 31 December 2022	**148**	**629,637**	**1,199,321**	**98,000**	**84,115**	**2,011,221**
Carrying amount						
As at 31 December 2022	**–**	**–**	**–**	**–**	**5,817**	**5,817**
As at 31 December 2021	–	–	–	–	12,463	12,463

Amortisation charge of approximately HK$6,646,000 (2021: HK$6,646,000) for the year ended 31 December 2022 is included in selling and administrative expenses in the profit or loss.

18. INTANGIBLE ASSETS (CONTINUED)

The intangible assets "logo", "product development and design", "contract rights", "mobile application software and technology" and "brand name and distribution network" as disclosed above are amortised over its estimated useful lives, which are 5, 5, 10, 5 and 5 years respectively.

Impairment of intangible assets (brand name and distribution network) and goodwill

During the year ended 31 December 2022, the directors of the Company assessed the recoverable amount of the Mobile CGU to which the intangible asset of approximately HK$5,817,000 (2021: HK$12,463,000) and goodwill of approximately HK$4,686,000 (2021: HK$4,686,000) (Note 17) were allocated. The recoverable amount of the Mobile CGU has been determined on the basis of value in use calculation and is based on certain key assumptions. The value in use calculation is based on cash flow projections prepared from financial budgets approved by the directors of the Company and valued by the independent professional valuer covering a 5 year period and pre-tax discount rate, ranging from 13.1% to 15.3%. Cash flows beyond the 5th year period are extrapolated using the estimated growth rate stated below and this growth rate does not exceed the average long-term growth rate for the industry.

Particular of impairment assessment on intangible assets and goodwill are disclosed below:

The net carrying amount of intangible assets and goodwill were allocated to CGU as follows:

	2022 HK$'000	2021 HK$'000
The Mobile CGU		
– Intangible assets	**5,817**	12,463
– Goodwill	**4,686**	4,686
	10,503	17,149

The key assumption used in value in use calculation at 31 December 2022 and 2021 are as follows:

	2022	2021
EBITDA margin (average of next five years)	**60.51%**	66.62%
Long term growth rate	**2%**	0%
Discount rate	**15.30%**	13.07%

Management determined the earning before income tax, finance costs, depreciation and amortisation ("**EBITDA**") margin based on past performance and its expectations regarding market development. The long-term growth rate does not exceed the long-term average growth rate for the industry and the country in which the Mobile CGU currently operates. The discount rate used is pre-tax and reflects specific risks relating to the Mobile CGU.

Based on the above assessment, the management of the Group have assessed the recoverable amount of the Mobile CGU amounting to approximately HK$32,140,000 (2021: HK$40,391,000) which is higher than its carrying value as at 31 December 2022. Accordingly, no impairment loss was recognised on the goodwill and intangible assets relating to the Mobile CGU for the year ended 31 December 2022 (2021: Nil).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Listed investments		
Listed equity securities in Hong Kong	**43,977**	50,901

All financial assets at fair value through profit or loss for trading purpose are stated at fair value. The fair value of listed securities in Hong Kong is determined based on quoted market bid price available on the Stock Exchange.

20. PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 December 2022 and 2021 are set out below:

Name	Place and date of incorporation or establishment	Ordinary share/ registered capital	Percentage of equity attributable to the Company	Principal activities
RCG Hong Kong Holdings Limited	BVI 20 October 1999	US$200	100% (2021: 100%)	Investment holding
Sharp Asia International Limited	BVI 18 April 2005	US$1,000	100% (2021: 100%)	Investment holding
RCG Corporation Limited	Hong Kong 26 November 1999	HK$2	100% (2021: 100%)	Development of Internet and web software mobile application business
Most Ideas Limited	BVI 3 January 2012	US$50,000	55% (2021: 55%)	Investment holding
MG Interactive Limited	Hong Kong 21 June 2016	HK$1,000	55% (2021: 55%)	Development of Internet and web software mobile application business
MG Interactive Entertainment Limited	Hong Kong 6 March 2007	HK$980,000	55% (2021: 55%)	Development of Internet and web software

20. PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation or establishment	Ordinary share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Goodwill Alliance International Limited	BVI 5 September 2018	US$50,000	100% (2021: 100%)	Investment holdings
Easy Ideas Limited (Note)	BVI 3 January 2012	US$2	100% (2021: 74%)	Investment holdings
Techno Vision Limited	Hong Kong 14 February 2012	HK$10,000	74% (2021: 74%)	Computer system developments
盈科創見科技(深圳)有限公司*	PRC 9 August 2012	RMB1,000,000	74% (2021: 74%)	Computer system developments
華付通聯科技(深圳)有限公司*	PRC 15 May 2018	RMB1,000,000	100% (2021: 100%)	Settlement application service

* Foreign wholly-owned enterprises in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of directors of the Company, principally affected the results or assets of the Group. To give the details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Note: During the year ended 31 December 2022, the Group acquired remaining interest for a non-wholly owned subsidiary, East Ideas Limited, with a consideration of HK$100,000. After the completion of the acquisition, the Easy Ideas Limited become a wholly owned subsidiary by the Group with effective on 31 March 2022.

21. TRADE RECEIVABLES

An aged analysis of the trade receivables, arising from contracts with customers within the scope of IFRS 15 as at the end of the reporting period, based on the invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**16,538**	18,483
31 to 60 days	**5,532**	6,320
61 to 90 days	**4,574**	3,117
91 to 180 days	**3,935**	3,728
Over 180 days	**35,003**	14,456
	65,582	46,104
Less: Allowance for ECLs	**(25,551)**	(13,326)
	40,031	32,778

The credit terms of trade receivables are generally on 30-180 days (2021: 30-180 days) during the year ended 31 December 2022.

Movement in lifetime ECL has been recognised for trade receivables for the years ended 31 December 2022 and 2021 as follows.

	Total HK$000
At 1 January 2021	2,514
Allowance for ECLs	10,812
At 31 December 2021 and 1 January 2022	13,326
Written off	(2,032)
Allowance for ECLs	14,257
At 31 December 2022	25,551

Details of assessment of ECLs are set out in Note 31(b).

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Prepayments	**11,055**	11,114
Other deposits	**293,603**	370,210
Other receivables	**3,090**	11,250
Interest receivable	**745**	202
	308,493	392,776
Less: Allowance for ECLs (except for prepayments)	**(18,845)**	(39,177)
	289,648	353,599

As at 31 December 2022, included in other deposits of approximately HK$293,470,000 (2021: HK$351,005,000) was deposit paid to induce merchants for the use of settlement application services.

Details of assessment of ECLs is set out in Note 31(b).

23. CASH AND BANK BALANCES

	2022 HK$'000	2021 HK$'000
Cash at bank and on hand	**6,656**	6,545

Included in cash at bank and on hand are the following amounts denominated in a currency other than the functional currency of the Company to which they relate:

	2022 HK$'000	2021 HK$'000
Japanese Yen	**284**	1
Renminbi	**672**	683
European Dollars	**–**	1
United States Dollars	**13**	340

As at 31 December 2022 and 2021, cash and bank balances carry interest at floating rates based on daily bank deposit rate. Included in cash at bank and on hand of the Group, Renminbi is not a freely convertible currency. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

24. SHARE CAPITAL

The following movements in the Company's authorised and issued share capital took place during the years ended 31 December 2022 and 2021:

	2022 '000	2021 '000	2022 '000	2021 HK$'000
Authorised:				
As at 1 January ordinary shares of HK$0.04 (2021: HK$0.04) each	**50,000,000**	50,000,000	**2,000,000**	2,000,000
Capital reorganisation on 15 August 2022	**150,000,000**	–	**–**	–
As at 31 December ordinary shares of HK$0.01 (2021: HK$0.04) each	**200,000,000**	50,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
As at 1 January ordinary shares of HK$0.04 (2021: HK$0.04) each	**3,017,730**	2,743,730	**120,709**	109,749
Issue of shares upon exercise of share options	**–**	274,000	**–**	10,960
Share Consolidation	**(2,414,184)**	–	**(114,674)**	–
As at 31 December, ordinary shares of HK$0.01 (2021: HK$0.04) each	**603,546**	3,017,730	**6,035**	120,709

On 15 August 2022, every five issued and unissued shares were consolidated into one share ("**consolidated shares**") of HK$0.2 each ("**share consolidation**"). Immediately upon the share consolidation, the issued share capital will be reduced whereby:

i) where applicable, any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled;

ii) the issued share capital of the Company of HK$120,709,189.60 divided into 603,545,948 Consolidated Shares shall be reduced to HK$6,035,459.48 divided into 603,545,948 New Shares by cancelling the paid-up capital of the Company to the extent of HK$0.19 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK$0.20 to HK$0.01; and

iii) the credit arising from the Capital Reduction in the approximately HK$114,673,730 will be credited to the Contributed Surplus account up to the Effective Date by the Directors in any manner permitted by the Companies Act and Bye-laws.

Details is disclosed in the announcement dated 15 August 2022.

On 17 May 2021, 274,000,000 ordinary shares of HK$0.04 each were issued in relation to share options exercised under the share option scheme of the Company at the exercise price of HK$0.086 for a total cash consideration of HK$23,564,000.

25. RESERVES

The amounts of the Group's reserve and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Share premium reserves

Under the Company's Bye-Laws or the laws of Bermuda, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(b) Share-based payment reserve

It represents value of employee services in respect of share options granted to directors, employees and eligible participants of the Group recognised.

(c) Capital reserves

It represents the difference between the paid-in capital/share capital and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of group reorganisation prior to its listing on the Stock Exchange.

(d) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4(c) to the consolidated financial statements.

(e) Statutory reserve

In accordance with the PRC Company Law and the Group's PRC subsidiaries' articles of association, the Group's PRC subsidiaries are required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC companies to the statutory reserve until such reserve reaches 50% of the registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory reserve can be used to offset previous years' losses, if any, and part of the legal reserve can be capitalised as paid-in capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the paid-in capital of the Group's subsidiaries.

26. DEFERRED TAX

The following is the deferred tax liabilities of the Group and movements thereon:

	Intangible assets HK$'000
As at 1 January 2021	4,778
Credited to consolidated statement of profit or loss (Note 12)	(1,661)
As at 31 December 2021 and 1 January 2022	3,117
Credited to consolidated statement of profit or loss (Note 12)	(1,661)
As at 31 December 2022	**1,456**

26. DEFERRED TAX LIABILITIES (CONTINUED)

Under the Law of the PRC on EIT, a withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

As at 31 December 2022 and 2021, deferred taxation has not been provided in the financial statements in respect of temporary difference attributable to profits earned by the Group's PRC subsidiaries since 1 January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

27. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**196**	258
31 to 60 days	**–**	560
61 to 90 days	**13**	686
Over 90 days	**2,006**	859
	2,215	2,363

The credit terms of trade payables are generally 0-60 days (2021: 0-60 days).

28. ACCRUALS AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Accruals	**3,813**	3,965
Other payables	**5,944**	5,143
Interest payable	**1,956**	1,956
	11,713	11,064

29. BOND PAYABLE

On 8 January 2021, the Company issued an unconvertible bond with the principal amount of HK$20,000,000 to an independent third-party of the Group, giving rise to a total proceed of HK$20,000,000, to provide working capital of the Group. The interest rate of the bond is 10% and payable per annum from the issue date. The bond will mature on 7 January 2026. During the year ended 2022, the Company early repaid HK$5,000,000.

	2022 HK$'000	2021 HK$'000
Bond payable	**14,515**	20,000
Represented by		
– Non-current	**14,515**	20,000

30. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below show the details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss attributable to non-controlling interests		Accumulated non-controlling interests	
		As at 31 December 2022	As at 31 December 2021	**For the year ended 31 December 2022 HK$'000**	For the year ended 31 December 2021 HK$'000	**For the year ended 31 December 2022 HK$'000**	For the year ended 31 December 2021 HK$'000
Most Ideas Group (note a)	BVI/Hong Kong	**45%**	45%	**(1,213)**	(183)	**137**	1,350
Easy Ideas Group (note b)	Hong Kong	**–**	26%	**–**	(15)	**–**	(377)
Individual immaterial subsidiaries with non-controlling interests						**(160)**	345
						(23)	1,318

Notes:

(a) MG Interactive Limited and MG Interactive Entertainment Limited are wholly-owned subsidiaries of Most Ideas Limited (Most Ideas Limited and its subsidiaries are thereafter referred as the "**Most Ideas Group**") as at 31 December 2022 and 2021.

(b) 盈科創見科技（深圳）有限公司 and Techno Vision Limited are wholly-owned subsidiaries of Easy Ideas Limited (Easy Ideas Limited and its subsidiaries are thereafter referred as the "**Easy Ideas Group**") as at 31 December 2022 and 2021.

30. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of each Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below presents amounts before intra-group eliminations.

Most Ideas Group

	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
Non-current assets	**61**	61
Current assets	**3,367**	6,374
Current liabilities	**(3,123)**	(3,434)
Equity attributable to owners of the Company	**168**	1,651
Non-controlling interests	**137**	1,350

	For the year ended 31 December 2022 HK$'000	For the year ended 31 December 2021 HK$'000
Revenue	**206**	6,313
Expenses	**(2,902)**	(6,719)
Loss for the year	**(2,696)**	(406)
Loss and total comprehensive loss for the year	**(2,696)**	(406)
Loss and total comprehensive loss attributable to owners of the Company	**(1,483)**	(223)
Loss and total comprehensive loss attributable to the non-controlling interest	**(1,213)**	(183)
Loss and total comprehensive loss for the year	**(2,696)**	(406)

30. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Most Ideas Group (Continued)

	For the year ended 31 December 2022 HK$'000	For the year ended 31 December 2021 HK$'000
Net cash used in operating activities	**(1,044)**	(420)
Net decrease in cash and cash equivalents	**(1,044)**	(420)

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**43,977**	50,901
Financial assets at amortised cost (including cash and bank balances)	**333,385**	386,751
Financial liabilities		
Financial liabilities at amortised cost	**28,443**	33,427

(b) Financial risk management objective and policies

Market Risk

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, deposits, bond receivables, bond payable trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Price Risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The directors of the Company manage this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated in equity securities listed in the Stock of Exchange for the years ended 31 December 2022 and 2021. The directors of the Company will monitor the risks and consider hedging the risk exposure should the need arise.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (Continued)

Market Risk (Continued)

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If the equity prices had been 15% higher/lower (2021: 15% higher/lower):

- loss before taxation for the year ended 31 December 2022 would decrease/increase by approximately HK$6,597,000 (2021: approximately HK$7,635,000) as a result of change in fair value of financial assets at fair value through profit or loss.

Foreign currency risk

The Group mainly operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("**RMB**") and Hong Kong dollars ("**HKD**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Company's management do not expect the net foreign currency risk from these activities to be significant and hence, the Group do not presently hedge the foreign exchange risks. The Group periodically review liquid assets and liabilities held in currencies other than the functional currencies of the respective subsidiaries to evaluate its foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's bond receivables and bond payable bear interests at fixed interest rates which expose the Group to fair value interest rate risks.

The Group's exposure to cash flow interest rate risk mainly arises from its bank deposits. These bank deposits bear interests at floating rates varied with the prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, and its income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, bond receivable, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (Continued)

Credit risk (Continued)

It is the risk that a counterparty is unable to pay amount in full when due. It arises primarily from the Group's receivables. The Group limits its exposure to credit risk by rigorously selecting counterparties. The Group mitigates its exposure to risk relating to receivables by dealing with customers with sound financial standing. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. In addition, all receivables balances are monitored on an ongoing basis and overdue balances are followed up by management of the Group. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables, if any, estimated by the management of the Group based on prior experience and the current economic environment. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company believe that the credit risk is significantly reduced. The Group has a concentration of credit risk in certain individual customers. At the end of each reporting period, the five largest receivable balances accounted for 33.1% as at 31 December 2022 (2021: 40%) of the trade receivables and the largest trade receivable was 16.2% (2021: 20%) of the Group's total trade receivables. The Group seeks to minimise its risk by dealing with counterparties which have a good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

In assessing whether the credit risk of financial assets have increased significantly since initial recognition, the Group compares the risk of default occurring on the financial assets assessed at the end of the reporting period with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is past due for more than 90 days. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in a financial assets' external or internal credit rating (if available);

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group; and

- the financial asset is past due.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (Continued)

Credit risk (Continued)

Trade receivables

The Group applies with simplified approach to provide for expected credit losses presented by IFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and expected credit loss. This considers available reasonable and supportive forwarding-looking.

As at 31 December 2021	0 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Expected credit loss rate	10%	2%	41%	47%	58%	
Gross carrying amount (HK$'000)	18,483	6,320	3,117	3,728	14,456	46,104
Lifetime ECL (HK$'000)	(1,797)	(153)	(1,287)	(1,744)	(8,345)	(13,326)
	16,686	6,167	1,830	1,984	6,111	32,778

As at 31 December 2022	0 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days	Total
Expected credit loss rate	**1%**	**4%**	**7%**	**12%**	**69%**	
Gross carrying amount (HK$'000)	**16,538**	**5,532**	**4,574**	**3,935**	**35,003**	**65,582**
Lifetime ECL (HK$'000)	**(232)**	**(228)**	**(313)**	**(483)**	**(24,295)**	**(25,551)**
	16,306	**5,304**	**4,261**	**3,452**	**10,708**	**40,031**

Bond receivable and Deposits, and other receivables

The Group applies general approach and uses three categories for ECL on bond receivable, other receivables and other deposits which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the ECL rates, the Group considers historical loss rates for each category, the prevailing economic conditions, value of collateral and adjusts for forward looking data.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (Continued)

Credit risk (Continued)

Bond receivable and Deposits, and other receivables (Continued)

The movement of loss allowance for bond receivables during the years ended 31 December 2022 and 2021 are as follows:

	Bond receivable (Stage 1 12-months ECL) HK$'000
At 1 January 2021, 31 December 2021 and 1 January 2022	57
Allowance for ECLs	40
At 31 December 2022	97

The movement of loss allowances for other receivables and other deposits during the years ended 31 December 2022 and 2021 are as follows:

	Deposits and other receivables (Stage 1 12-months ECL) HK$'000
At 1 January 2021	41,239
Allowance of ECLs	(2,062)
At 31 December 2021 and 1 January 2022	39,177
Written off	(29,103)
Allowance of ECLs	8,771
At 31 December 2022	18,845

The Group deposited bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to bank balances held to be delayed or limited. The directors of the Company monitor the credit rating of these banks on an ongoing basis, and consider that the Group's exposure to credit risk at 31 December 2022 and 2021 were minimal.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturity for its non-derivate financial liabilities based on the agreed repayment terms as at 31 December 2022 and 2021. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Contractual undiscounted cash flow				
	On demand and within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Total carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2022					
Non-derivative financial liabilities					
Trade payables	**2,215**	**–**	**–**	**2,215**	**2,215**
Accruals and other payables	**11,783**	**–**	**–**	**11,783**	**11,713**
Bond payable	**1,500**	**1,500**	**18,000**	**21,000**	**14,515**
	13,472	**1,500**	**18,000**	**32,972**	**28,443**
As at 31 December 2021					
Non-derivative financial liabilities					
Trade payables	2,363	–	–	2,363	2,363
Accruals and other payables	9,108	–	–	9,108	11,064
Bond payable	2,000	2,000	26,000	30,000	20,000
	13,471	2,000	26,000	41,471	33,427

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance.

The Group's overall strategy remains unchanged from 2021 to 2022.

The capital structure of the Group consists of net debts and equity of the Group (comprising issued capital and all reserves as stated in consolidated statement of changes in equity).

The gearing ratio at end of the reporting period was as follows.

	2022 HK$'000	2021 HK$'000
Debt	**14,515**	20,000
Less: cash and bank balances (Note 23)	**(6,656)**	(6,545)
Net debt	**7,859**	13,455
Equity	**364,045**	426,006
Net debt to equity ratio	**2.16%**	3.16%

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. As at 31 December 2022 and 2021, the Group has maintained a public float of at least 25% of the shares.

(d) Fair value of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values as at 31 December 2022 and 2021.

32. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Bond receivables		**8,107**	4,943
Investments in subsidiaries		**60,928**	60,928
		69,035	65,871
Current assets			
Amounts due from subsidiaries	i	**404**	254
Interest receivable		**745**	202
Cash and bank balances		**3,110**	1,069
		4,259	1,525
Total assets		**73,294**	67,396
CAPITAL AND RESERVES			
Share capital	24	**6,035**	120,709
Reserves	ii	**14,535**	(96,294)
Equity attributable to owners of the Company		**20,570**	24,415
Current liabilities			
Amounts due to subsidiaries	i	**35,327**	20,128
Accruals and other payable		**2,882**	2,853
		38,209	22,981
Non-current liability			
Bond payable		**14,515**	20,000
Total liabilities		**52,724**	42,981
Total equity and liabilities		**73,294**	67,396
Net current liabilities		**(33,950)**	(21,456)
Total assets less current liabilities		**35,085**	44,415
Net assets		**20,570**	24,415

The financial statements were approved and authorised for issue by the board of directors of the Company on 31 March 2023 and signed on its behalf by:

Li Jinglong	**Zhang Ligong**
Executive Director	*Executive Director*

32. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Note:

(i) The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(ii) Reserves of the Company:

	Share premium (Note 25(a)) HK$'000	Share-based payment reserve (Note 25(b)) HK$'000	Capital reserve (Note 25(c)) HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2021	2,828,249	34,269	8,877	(2,574,932)	296,463
Loss and total comprehensive loss for the year	–	–	–	(416,321)	(416,321)
Issue of shares upon exercise	22,769	(10,165)	–	–	12,604
Grant of share options (Note 33)	–	10,960	–	–	10,960
As at 31 December 2021 and 1 January 2022	2,851,018	35,064	8,877	(2,991,253)	(96,294)
Loss and total comprehensive loss for the year	–	–	–	(10,743)	(10,743)
Grant of share options (Note 33)	–	6,898	–	–	6,898
Lapse of share options (Note 33)	–	(21,162)	–	21,162	–
Capital reorganisation (Note 24)	114,674	–	–	–	114,674
As at 31 December 2022	**2,965,692**	**20,800**	**8,877**	**(2,980,834)**	**14,535**

33. SHARE-BASED COMPENSATION RESERVE

	2022 HK$'000	2021 HK$'000
As at the beginning of the year	**35,064**	34,269
Exercise/cancellation/lapse of share options	**(21,162)**	(10,165)
Grant of share options	**6,898**	10,960
As at the end of the year	**20,800**	35,064

(a) The Company has adopted the option scheme on 28 June 2013 (the "**Option Scheme**") whereby the directors of the Company are authorised, at their discretion, to invite eligible participants of the Group, including the employees and directors of any company in the Group, to take up options at HK$1 consideration to subscribe for shares of the Company. The Option Scheme will remain in force for a period of 10 years commencing from 28 June 2013. Options granted must be accepted within 21 days from the date of the grant. The exercise period of the share options granted is determined by the directors of the Company but not later than 10 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares of the Company.

The purpose of the Option Scheme is to provide incentives and/or rewards to eligible participants for their contributions to, and continuing efforts to promote the interests of the Company.

The maximum number of shares in respect of which share options may be granted under the Option Scheme and any other share option scheme of the Company shall be 10% of the shares in issue as at 28 June 2013. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company, must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The exercise price must be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares on the date of the grant.

33. SHARE-BASED COMPENSATION RESERVE (CONTINUED)

(a) (Continued)

During the year ended 31 December 2022, the Company granted 301,700,000 (2021: 274,100,000) share options to eligible participants and nil (2021: 274,000,000) share options exercised under the share option scheme of the Company.

All options are to be settled in cash. Staff who had resigned from the Group would forfeit their respective granted share options.

(b) Movements in the number of share options outstanding and the related weighted average exercise prices are as follows:

	2022		2021	
	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options
Outstanding as at the beginning of the year	**HK$0.162**	**545,863,000**	HK$0.149	545,763,000
Exercise of share options	**–**	**–**	HK$0.086	(274,000,000)
Lapse of share options	**HK$1.067**	**(246,933,000)**	–	–
Grant of share options	**HK$0.33**	**301,700,000**	HK$0.113	274,100,000
Consolidation of share options upon capital reorganisation	**HK$0.465**	**(480,504,000)**	–	–
Outstanding as at the end of the year	**HK$0.261**	**120,126,000**	HK$0.162	545,863,000

33. SHARE-BASED COMPENSATION RESERVE (CONTINUED)

(b) (Continued)

	Date of grant	Exercise price HK$	Outstanding as at 1 January 2022	Granted	Exercised	Lapsed	Cancelled upon capital reorganisation	Outstanding as at 31 December 2022
Employees								
	28.07.2017	0.9950	24,830,000	–	–	–	(19,864,000)	4,966,000
	15.04.2019	1.0670	246,933,000	–	–	(246,933,000)	–	–
	18.05.2021	0.5650	184,100,000	–	–	–	(147,280,000)	36,820,000
	10.05.2022	0.3300	–	301,700,000	–	–	(241,360,000)	60,340,000
Sub-total			455,863,000	301,700,000	–	(246,933,000)	(408,504,000))	102,126,000
Directors								
Li Jinglong	18.05.2021	0.5650	30,000,000	–	–	–	(24,000,000)	6,000,000
Zhang Ligong	18.05.2021	0.5650	30,000,000	–	–	–	(24,000,000)	6,000,000
Wang Zhongling	18.05.2021	0.5650	30,000,000	–	–	–	(24,000,000)	6,000,000
Sub-total			90,000,000	–	–	–	(72,000,000)	18,000,000
Total			545,863,000	301,700,000	–	(246,933,000)	(480,504,000)	120,126,000
Weighted average exercise price (HK$)			0.601	0.330	–	1.0670	0.465	0.465

	Date of grant	Exercise price HK$	Outstanding as at 1 January 2021	Granted	Exercised	Lapsed	Cancelled	Outstanding as at 31 December 2021
Employees								
	28.07.2017	0.1990	24,830,000	–	–	–	–	24,830,000
	15.04.2019	0.2134	246,933,000	–	–	–	–	246,933,000
	11.05.2020	0.0860	137,000,000	–	(137,000,000)	–	–	–
	18.05.2021	0.1130	–	184,100,000	–	–	–	184,100,000
Sub-total			408,763,000	184,100,000	(137,000,000)	–	–	455,863,000
Directors								
Li Jinglong	11.05.2020	0.0860	27,400,000	–	(27,400,000)	–	–	–
	18.05.2021	0.1130	–	30,000,000	–	–	–	30,000,000
Zhang Ligong	11.05.2020	0.0860	27,400,000	–	(27,400,000)	–	–	–
	18.05.2021	0.1130	–	30,000,000	–	–	–	30,000,000
Wang Zhongling	11.05.2020	0.0860	27,400,000	–	(27,400,000)	–	–	–
	18.05.2021	0.1130	–	30,000,000	–	–	–	30,000,000
Cheng Ruixiong	11.05.2020	0.0860	27,400,000	–	(27,400,000)	–	–	–
Lo Suet Lai	11.05.2020	0.0860	27,400,000	–	(27,400,000)	–	–	–
Sub-total			137,000,000	90,000,000	(137,000,000)	–	–	90,000,000
Total			545,763,000	274,100,000	(274,000,000)	–	–	545,863,000
Weighted average exercise price (HK$)			0.149	0.113	0.086	–	–	0.162

33. SHARE-BASED COMPENSATION RESERVE (CONTINUED)

(c) As at 31 December 2022 and 2021, outstanding share options have the following remaining contractual lives and exercise prices:

	2022		2021	
Share Options granted on	Remaining contractual life	Number of options	Remaining contractual life	Number of options
28 July 2017	**4.6 years**	**4,966,000**	5.6 years	24,830,000
15 April 2019	**–**	**–**	7.3 years	246,933,000
18 May 2021	**1.4 years**	**53,020,000**	2.4 years	274,100,000
10 May 2022	**2.4 years**	**60,340,000**	–	–

(d) According to the Binomial option pricing model, the values and adjusted values of the options granted are as follows:

Fair value of share options granted during the years ended 31 December 2022 and 2021 and assumptions

	2022	2021
Fair value of each share option at grant date	**HK$0.02**	HK$0.04
Share price of each share at grant date	**HK$0.066**	HK$0.113
Exercise price of each share option	**HK$0.33**	HK$0.113
Expected volatility	**75%**	75%
Option life	**3 years**	3 years
Expected dividend yield	**–**	–
Risk-free interest rate	**2.546%**	0.278%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Based on the fair values derived from the above pricing model, the fair value of the share options granted on 10 May 2022 was approximately HK$6,898,000 (2021: HK$10,960,000), of which approximately HK$6,898,000 (2021: HK$10,960,000) have been charged as share-based compensation payment to profit or loss for the year ended 31 December 2022.

There was no market vesting condition or non-market performance condition associated with the options granted.

At 31 December 2022, the Company had 120,126,000 (2021: 545,863,000) share options outstanding under the Option Schemes, which represented approximately 19.9% (2021: 18.1%) of the Company's shares in issue at that date.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant related party transactions:

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 10, is as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**1,040**	1,200
Share-based payment expense	**–**	3,375
	1,040	4,575

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Bond payable HK$'000
At 1 January 2021	–
Cash items:	
Issue of bond payable	20,000
Non-cash items:	
Interest expenses	1,956
Transfer to interest payables	(1,956)
At 31 December 2021 and 1 January 2022	20,000
Cash items:	
Early settlement of bond payable	(5,485)
Non-cash items:	
Interest expenses	1,715
Transfer to interest payables	(1,715)
At 31 December 2022	14,515

36. NON-CASH TRANSACTIONS

During the year ended 31 December 2022, the equity-settled share-based payment were approximately HK$6,898,000 (2021: HK$10,960,000).

37. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("**the MPF scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap monthly relevant income of HK$30,000. Contributions to the scheme vest immediately.

Under the above schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

The employees in the PRC are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries operating in the PRC is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contribution under the scheme.

During the years ended 31 December 2022 and 2021, the Group had no forfeited contributions under the MPF Scheme and the retirement benefit scheme in the PRC that might be used by the Group to reduce the existing level of contributions.

For the year ended 31 December 2022, the aggregate amount of the Group's contributions to the aforementioned schemes was approximately HK$31,000 (2021: approximately HK$149,000) which was included in the staff costs.

38. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2023.

Corporate Information

DIRECTORS

Executive Directors:

Mr. Li Jinglong
Mr. Zhang Ligong
Mr. Wang Zhongling *(Chief Executive Officer)*

Independent Non-executive Directors:

Mr. Cheng Ruixiong
Mr. Kwan King Wah
Ms. Lo Suet Lai

COMPANY SECRETARY

Mr. Tang Man Hin

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Chong Hing Bank Limited

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

** For purpose of identification only*