力盟科技集團有限公司
Powerwin Tech Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code: 2405

ANNUAL REPORT 2022

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Li Xiang (李翔)
Ms. Yu Lu (余璐)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhao Yan (趙焱)
Mr. Gong Peiyue (公佩鉞)
Mr. Li Kwok Tai James (李國泰)

AUDIT COMMITTEE

Mr. Li Kwok Tai James (李國泰) *(Chairman)*
Ms. Zhao Yan (趙焱)
Mr. Gong Peiyue (公佩鉞)

REMUNERATION COMMITTEE

Mr. Gong Peiyue (公佩鉞) *(Chairman)*
Ms. Yu Lu (余璐)
Ms. Zhao Yan (趙焱)

NOMINATION COMMITTEE

Mr. Li Xiang (李翔) *(Chairman)*
Ms. Zhao Yan (趙焱)
Mr. Gong Peiyue (公佩鉞)

JOINT COMPANY SECRETARIES

Ms. Yu Lu (余璐)
Ms. Lam Wing Chi (林穎芝) *ACG, HKACG*

AUTHORIZED REPRESENTATIVES

Ms. Yu Lu (余璐)
Ms. Lam Wing Chi (林穎芝) *ACG, HKACG*

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

HONG KONG LEGAL ADVISOR

Norton Rose Fulbright Hong Kong
38/F., Jardine House
1 Connaught Place, Central
Hong Kong

COMPLIANCE ADVISOR

Maxa Capital Limited
Unit 1908, Harbour Center
25 Harbour Road, Wanchai
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block B, Building 1
Zhubang 2000 Business Center
Chaoyang District, Beijing
PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

China Merchants Bank (Dongsihuan Sub-branch)
Block A, Yuanyang International Center
56 Dongsihuan Zhonglu
Chaoyang District, Beijing
PRC

DBS Bank (Hong Kong) Limited
G/F, The Center
99 Queen's Road Central
Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1/F, HSBC Centre Tower 2
1 Sham Mong Road
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hill
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

02405

COMPANY WEBSITE

www.empowerwin.com

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

I am pleased to present the business review and prospect of Powerwin Tech Group Limited and its subsidiaries for the year ended December 31, 2022.

RESULTS

In 2022, our Group recorded revenue of US$16.4 million, representing a year-on-year growth of 14.5% from US$14.3 million in 2021. Our profit for the year decreased to US$5.5 million in 2022 from US$5.8 million in 2021. Basic earnings per share for the year was US$0.92 cents as compared to US$0.96 cents in 2021. As of December 31, 2022, we have served more than 1,900 marketers, covering a variety of industry verticals of e-commerce, online games and apps including major and well-known media publishers globally.

Our Group has adopted a prudent financial management approach towards its treasury policies to ensure healthy and safe key financial indicators.

2022 REVIEW

In 2022, challenges and opportunities coexisted in the cross-border digital marketing industry. While the COVID-19 pandemic has demonstrated its long-lasting impact as stores and malls were closed down and face-to-face consumption decreased, with customers gradually shifting to online shopping, the e-commerce industry has thus flourished. Moreover, innovations such as AR, AI, and big data enable cross-border digital marketing services providers to achieve technological changes. Meanwhile, the popularity of social media and short videos promotes the cooperation between cross-border digital marketing providers and social medias operators globally.

In line with the industry situation, our Group adheres to the customer-needs oriented development logic and is committed to diversified marketing solutions for a wide array of industry sector and sizes, with a focus on large-scale China-based e-commerce marketers. Our Group empowers its business with technologies including big data, cloud computing and AI technologies for enhancing the performance of self-developed SaaS-based Adorado and Powershopy platforms, delivering one-stop intelligent cross-border solution to customers. Based on our understanding of the importance of social media, our Group has established collaboration with major and well-known social media operators globally, including Media Publisher A, Google, TikTok, Twitter, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms.

CHAIRMAN'S STATEMENT

2023 OUTLOOK

Going forward, our Group will continue to capitalize on its deep understanding of marketers' evolving needs by cultivating and refining our "digital marketing + online-shop SaaS" dual business model. In particular, we plan to continue to optimize and upgrade our Adorado and Powershopy platforms through investment and innovation. We also intend to constantly expand the business scale and scope of our cross-border digital marketing services and online-shop SaaS solutions.

Our Group will seek to further expand and diversify our marketer base, establish overseas business presence and widen our global coverage of cross-border digital marketing business. Emerging markets such as Southeast Asia are among our top options where local teams or offices will be established. We further propose to seek opportunities to cooperate with or invest in businesses which can align with or strengthen our existing business or service capabilities and are strategically favourable to our long-term objectives.

ACKNOWLEDGEMENT

On behalf of our Board, I would like to express our gratitude to all Shareholders, business partners and customers for their ongoing support and trust to our Group, as well as to our Board members, management team and staff for their dedication and contributions over the year. In 2023, we will continue to expand our business in order to create greater value for our shareholders.

Li Xiang
Chairman, Chief Executive Officer and Executive Director
Hong Kong, April 21, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a cross-border digital marketing service provider in China ranking third by gross billing in 2021 for cross-border e-commerce with a market share of 6.2%. According to Frost & Sullivan, we were also the fourth largest cross-border digital marketing service provider in China with a market share of 2.7% by gross billing in 2021. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities. Our cross-border digital marketing services consist of standardized, customized and SaaS-based solutions to address China-based marketers' needs for cross-border marketing endeavors. We also provide cross-border online-shop SaaS solutions which enables cross-border e-commerce merchants to build, operate, manage and market their own standalone online shops.

By leveraging our strong ties with both marketers and media publishers, our industry insight and caliber and our SaaS and data analytical capabilities, our revenue increased to US$16.4 million in 2022 from US$14.3 million in 2021.

BUSINESS REVIEW

Cross-border Digital Marketing Services

Capitalizing on our deep understanding of marketers' evolving needs and prompted by the cross-border digital marketing spending along with the growing demand of China-based enterprises to expand overseas business, we had served more than 1,900 marketers as of December 31, 2022, covering a variety of industry verticals of e-commerce, online games and apps. We had, as of December 31, 2022, curated and collaborated with 19 major and well-known media publishers globally, including major media publishers such as Media Publisher A, Google, Twitter, TikTok, LinkedIn, YouTube and Snapchat, covering social networking, instant messaging, search engine and short-video media platforms, as well as more than 50 industry-specific media publishers each focusing on a specific niche market.

Depending on marketers' needs and the depths of our services, our cross-border digital marketing services can be categorized into three service types, namely:

- **standardized digital marketing services**, mainly including basic services, such as procurement of media resources (being the ad inventories from the media publishers' platforms), opening and top-up of media accounts and implementation of marketing campaigns (without customized marketing strategies or optimization) on media publishers' platforms;

- **customized digital marketing services**, mainly including targeted marketing strategies and plan, marketing campaign content design, customized marketing campaign optimization, online shops optimization, campaign monitoring and management and execution of overall user acquisition; and

- **SaaS-based digital marketing services**, mainly including optimization and implementation of marketing campaigns in a more intelligent and automated manner through our Adorado SaaS platform, comprising a basic version mainly for SMB marketers and an advanced version mainly for large-scale marketers.

MANAGEMENT DISCUSSION AND ANALYSIS

Cross-border Online-shop SaaS Solutions

We provide cross-border online-shop SaaS solutions to customers through Powershopy, our proprietary SaaS platform launched in November 2021 which serves cross-border e-commerce merchants in China for the set-up, operation and digital marketing of their own standalone online shops as opposed to online shops operated on third-party e-commerce platforms. We generate revenue from cross-border online-shop SaaS solutions by charging our customers: (i) a fixed amount of a monthly subscription fee for the use of our platform; and/or (ii) a commission representing a pre-determined percentage of the GMV generated by our customers through our Powershopy platform.

IMPACT OF COVID-19

The COVID-19 pandemic has already demonstrated its large and long-lasting impact on global economy in general, and it may pose uncertainty to cross-border digital marketing and online-shop SaaS solutions industries in China. However, according to Frost & Sullivan, while COVID-19 has negatively affected the marketers in e-commerce and other sectors by the slowdown of global trade especially in the early periods of the COVID-19 outbreak, the negative effects are expected to be gradually diminishing. In addition, Frost & Sullivan is of the view that COVID-19 has a positive impact on the cross-border digital marketing and online-shop SaaS solutions industries in China. In response to the COVID-19 outbreak, we have taken a series of precautionary measures in compliance with government's requirements and to maintain a safe and hygienic working environment for our employees. We believe the COVID-19 outbreak has not materially affected our business or our financial performance.

OUTLOOK

Since December 31, 2022, both our cross-border digital marketing and cross-border online-shop SaaS solutions businesses continued to grow, and, to the best of our knowledge, there is no change to the overall economic and market condition in China or in the industries in which we operate that may have a material adverse effect on our results of operations and financial position.

Going forward, we plan to implement strategies as follows to further expand our business and strengthen our competitive advantages and industry position:

- continue to optimize and upgrade our Adorado and Powershopy platforms;
- expand marketer coverage, broaden sales channels, and enhance brand reputation;
- establish our global business network and strengthen our capabilities to provide localization services in overseas markets; and
- selectively seek opportunities for strategic cooperation and investment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue increased by 14.5% to US$16.4 million in 2022 from US$14.3 million in 2021, primarily attributable to the increase in our revenue from both cross-border digital marketing services and cross-border online-shop SaaS solutions.

Revenue from cross-border digital marketing

- Standardized digital marketing. Revenue from standardized digital marketing services increased by 17.0% to US$9.1 million in 2022 from US$7.8 million in 2021. Notwithstanding the decrease in our gross billing in 2022 as compared to 2021 primarily due to the resurgence of COVID-19 in China in 2022, we had an increase in revenue of our standardized digital marketing services in 2022 as compared to 2021 as a result of the increase in Average Rebate Rate. The increase in Average Rebate Rate in 2022 as compared to 2021 was primarily attributable to the higher Average Rebate Rate in the fourth quarter of 2022. Our marketers increased their marketing spending in the fourth quarter of 2022 when the PRC government relaxed or eliminated most COVID-19 related protective measures, which subsequently, led to the increase in our gross spending with media publishers and made it easier for us to outperform relevant KPIs and achieve a higher rebate rate in the fourth quarter of 2022.

- Customized digital marketing. Revenue from customized digital marketing services was US$3.9 million in 2022 which remained relatively stable as compared to its revenue of US$3.8 million in 2021.

- SaaS-based digital marketing. Revenue from SaaS-based digital marketing services decreased by 23.2% to US$2.1 million in 2022 from US$2.7 million in 2021. This decrease was mainly due to a decrease in the service fee rate adopted for SaaS-based digital marketing with respect to Marketer A in 2022 as compared to 2021.

Revenue from cross-border online-shop SaaS solutions

Revenue from cross-border online-shop SaaS solutions, which we commenced to provide in November 2021, significantly increased to US$1.4 million in 2022 from US$31,000 in 2021.

Cost of Sales

Our cost of sales increased to US$2.6 million in 2022 from US$2.2 million in 2021, which was in line with our expansion of business scale. This increase was primarily attributable to an increase in our staff cost as a result of the increase in the number of our research and development staff (especially for the development of our cross-border online-shop SaaS solutions business) and an increase in our server cost primarily for cross-border online-shop SaaS solutions business, partially offset by a decrease in outsourcing cost for research and development as we utilized our internal manpower instead.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

Our gross profit increased to US$13.9 million in 2022 from US$12.2 million in 2021. The increase was primarily due to the increase in our revenue from cross-border online-shop SaaS solutions and standardized digital marketing services. Our overall gross profit margin decreased slightly to 84.3% in 2022 from 84.8% in 2021 which was mainly due to the decrease in our gross profit margin of SaaS-based digital marketing services as a result of the decrease in the service fee rate adopted with respect to Marketer A in 2022 as compared to 2021.

Marketing Expenses

Our marketing expenses decreased to US$0.6 million in 2022 from US$0.8 million in 2021. This decrease was primarily due to our sales and marketing personnel structure optimization in 2022.

Administrative Expenses

Our administrative expenses increased to US$4.7 million in 2022 from US$3.2 million in 2021, primarily due to the listing expenses of US$2.1 million incurred in 2022 whilst only US$0.8 million of such expenses were incurred in 2021.

Expected Credit Losses on Trade Receivables

Our expected credit losses on trade receivables increased to US$0.3 million in 2022 from US$0.2 million in 2021.

Finance Costs

Our finance costs increased to US$1.9 million in 2022 from US$1.2 million in 2021. This increase was primarily due to an increase of interest on bank loans of US$0.7 million mainly attributable to an increase in market interest rate in 2022 primarily triggered by a series of interest rate hikes by the Federal Reserve of the United States over the course of 2022.

Income Tax Expense

Our income tax expenses were US$0.9 million in 2022 as compared to US$1.1 million in 2021. Our effective income tax rate was 15.8% and 14.3% in 2021 and 2022, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year decreased to US$5.5 million in 2022 from US$5.8 million in 2021. Despite an increase in revenue and gross profit over the period, our net profit margin decreased to 33.4% in 2022 from 40.3% in 2021 primarily due to an increase in administrative expenses, in particular, the listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade Receivables

Our trade receivables decreased to US$113.2 million as of December 31, 2022 from US$125.6 million as of December 31, 2021, primarily due to our accelerated collection and settlement of trade receivables from our marketers.

Other Receivables

Our other receivables decreased to US$1.5 million as of December 31, 2022 from US$11.6 million as of December 31, 2021, primarily due to the decrease of US$10.9 million in other receivables due from Mr. Li, partially offset by an increase in our capitalized listing expenses.

Trade and Other Payables

Our trade and other payables increased to US$99.8 million as of December 31, 2022 from US$91.1 million as of December 31, 2021, primarily due to an increase in trade payables of US$12.5 million as a result of an increase in our gross spending with media publishers in the fourth quarter of 2022 as compared to the same period in 2021. Such increase in gross spending with media publishers was primarily because our marketers increased their marketing spending in the fourth quarter of 2022 when the PRC government relaxed or eliminated most COVID-19 related protective measures, which subsequently, led to the increase in our gross spending with media publishers.

Liquidity and Financial Resources

As of December 31, 2021 and 2022, we had cash and cash equivalents of US$15.4 million and US$27.7 million, respectively. Such increase in cash and cash equivalents was primarily due to the accelerated settlement of trade receivables from our marketers in 2022.

Our net current assets decreased to US$4.1 million as of December 31, 2022 from US$6.6 million as of December 31, 2021. This decrease was primarily due to a decrease in trade and other receivables of US$22.8 million which was mainly attributable to (i) a decrease in trade receivables which was primarily due to our accelerated collection of payments from customers, and (ii) a decrease in amounts due from related parties as such amounts from Mr. Li were settled by way of a set-off against the dividend payables to Mr. Li pursuant to a set-off arrangement as agreed by our Company and our Controlling Shareholders. Such decrease in trade and other receivables was partially offset by a decrease in bank loans of US$16.6 million which was primarily because our demand for bank loans decreased along with our accelerated settlement of trade receivables from marketers and the decrease in our gross spending with media publishers.

MANAGEMENT DISCUSSION AND ANALYSIS

Our major financing resources are bank loans and equity financing. We had bank loans of US$45.8 million and US$29.0 million as of December 31, 2021 and 2022, respectively, which were primarily used for supporting the growth of our business expansion and development. On March 31, 2023, our Company issued 200,000,000 Shares at HK$0.7 per Offer Share through the initial public offering on the Stock Exchange. As there was no over-allocation of International Placing Shares, the Over-allotment Option has not been exercised, after deducting underwriting fees and commissions and other estimated expenses payable by us, the net proceeds received by our Group from the initial public offering of our Company amounted to approximately HK$96.8 million.

Gearing Ratio

Our gearing ratio decreased from 528.8% as of December 31, 2021 to 459.7% as of December 31, 2022, primarily due to a decrease in balances of bank loans, despite a decrease in total equity as we declared dividend in January 2022. The gearing ratio is calculated by dividing total borrowings by total equity as of the date indicated and multiplied by 100%.

Debt to Equity Ratio

Our debt to equity ratio (being calculated by dividing total borrowings net of cash and cash equivalents by total equity as of the date indicated and multiplied by 100%) significantly decreased from 350.7% as of December 31, 2021 to 20.7% as of December 31, 2022, primarily due to a decrease in balances of bank loans and an increase in cash and cash equivalents as a result of the accelerated settlement of trade receivables from our marketers, despite a decrease in total equity as we declared dividend in January 2022.

Contingent Liabilities

As of December 31, 2021 and 2022, we did not have any material contingent liabilities.

Pledge of Assets

Save as disclosed below, none of our Group's assets were pledged as of December 31, 2021 and 2022.

As of December 31, 2022, bank loans of USD635,000 (as of December 31, 2021: USD807,000) were jointly guaranteed by Mr. Li, Ms. Yu and secured by financial assets measured at fair value through profit or loss were pledged for the insurance policy loans. As of December 31, 2022, bank loans of USD22,350,000 (as of December 31, 2021: USD35,474,000) were guaranteed by Mr. Li and Ms. Yu and were secured by trade receivables according to the factoring arrangements. As of 31 December 2022, bank loans of USD6,036,000 (as of December 31, 2021: USD9,508,000) were guaranteed by Mr. Li and Ms. Yu.

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policies

We have adopted a prudent financial management approach towards our treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. Our Board closely monitors our liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

Interest Rate Risks

Our interest rate risks arise primarily from bank loans issued at fixed rates and variable rates, and lease liabilities that expose us to cash flow interest rate risk. For more details, see note 25(c) to the consolidated financial statements.

Foreign Exchange Exposure

Our Group operates in Hong Kong with most of our monetary assets and liabilities and transactions principally denominated in U.S. dollars. We do not have significant exposure to foreign currency risks.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

We did not have any significant investments or material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2022. As of December 31, 2022, we did not have any plans for any material investments or capital assets.

DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Li Xiang (李翔), aged 50, founded our Group on August 26, 2013 and was appointed as a Director on June 7, 2019. He was appointed as the chairman of our Board, the chief executive officer of our Company and was redesignated as an executive Director on January 21, 2022. He is mainly responsible for the overall strategic and direction planning, business development and management of our Group. He is the chairman of the Nomination Committee. Mr. Li is the spouse of Ms. Yu, our executive Director and the deputy chief operating officer of our Company.

Mr. Li currently holds the following positions in the subsidiaries of our Company as set out below:

Name of Company	Position
Able Best	Director and general manager
Beijing Dingli	Chairman of our Board of directors and general manager
Beijing Yingli	Director and general manager
Powerwin E-commerce	Director and general manager
Powerwin Media	Chairman of our Board of directors and general manager
Powerwin Shenzhen	Chairman of our Board of directors and general manager

Mr. Li has over 24 years of business management and information technology-related experience. Prior to founding our Group, from 1997 to August 2009, Mr. Li served as the general sales manager of the Beijing Branch of Intel (China) Co., Ltd.* (英特爾(中國)有限公司北京分公司), a technology company specialized in chip-making. From September 2009 to July 2012, Mr. Li served as the greater China OEM general manager of Microsoft Corporation (China)* (微軟(中國)有限公司), a multinational technology company. Mr. Li is currently the director of Total Best, Wealth Express, Into One and Honest Beauty, all of which are our Controlling Shareholders.

Mr. Li received a bachelor's degree in computer application from the Shenyang University of Technology in the PRC in July 1996. Mr. Li received a master's degree in business administration from the China Europe International Business School in the PRC in September 2006.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yu Lu (余璐), aged 42, was appointed as an executive Director and the deputy chief operating officer of our Company on January 21, 2022. She is also one of the joint company secretaries of our Company. She joined our Group on January 1, 2016. She is mainly responsible for the internal management of our Group and assisting the chief executive officer in the overall strategic and direction planning of our Group. She is a member of the Remuneration Committee. Ms. Yu is the spouse of Mr. Li, the chairman of our Board, the chief executive officer of our Company and our executive Director.

Ms. Yu currently holds the following positions in the subsidiaries of our Company as set out below:

Name of Company	Position
Able Best	Director and deputy general manager
Beijing Dingli	Director and deputy general manager
Powerwin Media	Director and deputy general manager
Powerwin Shenzhen	Director and deputy general manager

Ms. Yu has over 13 years of sales and strategic planning experience. Prior to joining our Group, from March 2008 to June 2015, Ms. Yu last served as the channel account manager of Intel China Ltd.* (英特爾(中國)有限公司), a technology company specializing in chip-making. Mr. Yu is currently the director of Lucky Linkage, Common Excellence and Total Mice, all of which are our Controlling Shareholders.

Ms. Yu received a bachelor's degree in forestry from Shihezi University in the PRC in June 2003. Ms. Yu received a master's degree in business administration in finance from the Chinese University of Hong Kong in December 2011.

Independent Non-executive Directors

Ms. Zhao Yan (趙燚), aged 42, was appointed as our independent non-executive Director on March 3, 2023. Ms. Zhao is mainly responsible for supervising and providing independent judgment to our Board. She is also a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Ms. Zhao has over 14 years of experience in the legal and finance field. Ms. Zhao worked as a solicitor in the Beijing headquarters of King & Wood Mallesons from July 2006 to May 2008, where she was responsible for advising clients on matters relating to corporate finance. From February 2009 to February 2011, Ms. Zhao worked as a lawyer in Beijing Dacheng Law Offices. Ms. Zhao was the managing director of the investment bank department of Caitong Securities Co., LTD. (財通證券股份有限公司), a securities company from February 2011 to January 2019. Ms. Zhao is now serving as the senior partner of Zhengxin Law Firm.

Ms. Zhao received a bachelor's degree in laws from Yanshan University in the PRC in July 2003. Ms. Zhao received a master's degree in litigation law from the China University of Political Science and Law in the PRC in June 2006. Ms. Zhao received a master's degree in business administration in finance from the Chinese University of Hong Kong in December 2011. Ms. Zhao is admitted to the Doctoral of Professional Studies in Business program at the Gabelli School of Business, Fordham University in the United States. Ms. Zhao is a qualified lawyer in the PRC and she also holds securities qualification in the PRC.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Gong Peiyue (公佩鉞), aged 46, was appointed as our independent non-executive Director on March 3, 2023. Mr. Gong is mainly responsible for supervising and providing independent judgment to our Board. He is the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee.

Mr. Gong has over 22 years of experience in auditing, business consulting and asset management. Mr. Gong was a senior consultant, project manager and senior project manager of BMI Consulting (Shenzhen) Co., Ltd.* (邦盟匯駿顧問(深圳)有限公司) from May 2002 to September 2009. From December 2009 to July 2013, Mr. Gong was an executive director of BMI Management Advisory (Xiamen) Limited* (邦盟匯駿管理諮詢(廈門)有限公司). Mr. Gong was a vice president of Sichuan Haocaitou Co., Ltd* (四川好彩頭實業股份有限公司) from April 2015 to January 2017. Mr. Gong now serves as a legal representative and an executive director in Huifu Taige (Xiamen) Asset Management Co., Ltd* (慧富泰格(廈門)資產管理有限公司), where he was responsible for the overall management of that company.

Mr. Gong received his bachelor's degree of accounting from the Chang'an University (長安大學) (formerly known as Xi'an Highway Jiaotong University* (西安公路交通大學)) in the PRC in July 1998. Mr. Gong has been a member of The Hong Kong Independent Non-Executive Director Association since 2020.

Mr. Gong currently serves as an independent non-executive director of Universal Star (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2346) since July 2021.

Mr. Li Kwok Tai James (李國泰), aged 55, was appointed as our independent non-executive Director on March 3, 2023. Mr. Li is mainly responsible for supervising and providing independent judgment to our Board. He is the chairman of the Audit Committee.

Mr. Li served as a staff accountant in the audit department of Ernst & Young from May 1994 to January 1997; a senior accountant in the global corporate finance division of Arthur Andersen & Co. from May 1998 to January 2000; a senior associate of DBS Asia Capital Limited from January 2000 to January 2001; a manager in the listing division of Hong Kong Exchanges and Clearing Limited, a company listed on the Stock Exchange (stock code: 388), from September 2002 to June 2006; a senior manager in the corporate finance execution department of BNP Paribas Capital (Asia Pacific) Limited from June 2006 to May 2007; a vice president in the investment banking coverage department of J.P. Morgan Securities (Asia Pacific) Limited from May 2007 to December 2008; a vice president of New World Strategic Investment Limited, a wholly-owned subsidiary of New World Development Company Limited, a company listed on the Stock Exchange (stock code: 17), from April 2009 to April 2010; a director in the investment banking department of CGS-CIMB Securities (Hong Kong) Limited (formerly known as CIMB Securities Limited, a wholly-owned subsidiary of CIMB Group Sdn Bhd) from April 2010 to January 2017 and a managing director of Futec International Holdings Limited (previously known as HeungKong Financial Group Limited) from July 2017 to May 2018. Mr. Li has served as a managing director in the investment banking department of Shanggu Securities Limited since June 2018. Mr. Li has been an independent non-executive director of Huasheng International Holding Limited, a company listed on the Stock Exchange (stock code: 1323), since September 2020; as well as in C&D Property Management Group Co., Ltd, a company listed on the Stock Exchange (stock code: 2156), since December 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li obtained a bachelor's degree in engineering from the University of Liverpool in the United Kingdom in July 1990; a master's degree in science from the Victoria University of Manchester in the United Kingdom in December 1991; and a bachelor of laws degree from the University of London in the United Kingdom in August 2005. Mr. Li has been a member of the American Institute of Certified Public Accountants since September 1999 and an associate member of the Hong Kong Institute of Certified Public Accountants since March 2000.

SENIOR MANAGEMENT

Mr. Fan Qiyao (范啟堯), aged 35, was appointed as our head of marketing, e-commerce, on January 21, 2022 and is responsible for the overall management of the sale and operation of the e-commerce business of our Group.

Prior to joining our Group, from August 2013 to January 2016, Mr. Fan served as the information maintenance officer of Deutsche Bahn AG, the national railway company of Germany, where he was responsible for the maintenance of the information system. Mr. Fan then worked in Beijing Social E-Commerce Co., Ltd. (北京搜秀電子商務有限公司), an internet e-commerce company. From July 2019 to August 2020, Mr. Fan served as the overseas advertisement deployment manager of Beijing Zhongtian Hexin Information Technology Co., Ltd.* (北京中天和信資訊技術有限公司), a technology development and consulting company.

Mr. Fan received a bachelor's degree in international finance and commerce from the Shanxi Agricultural University in the PRC in June 2011. Mr. Fan received a bachelor's degree in business management from the Anhalt University of Applied Sciences in Germany in June 2013. Mr. Fan received a master's degree in online communications from the Anhalt University of Applied Sciences in Germany in March 2019.

Mr. Cao Xin (曹鑫), aged 36, was appointed as our head of technology on January 21, 2022 and is responsible for providing technical support to business technology and the development and maintenance of products.

Prior to joining our Group, from October 2013 to December 2014, Mr. Cao worked for Zanbo Hengan Health Technology Development (Beijing) Co., Ltd.* (贊博恒安健康科技發展(北京)有限公司), formerly known as Beijing Ganmeng Technology Co., Ltd.* (北京甘蒙科技有限公司), an internet company hosting a website specializing in medical and healthcare education. From April 2016 to October 2017, Mr. Cao worked for Beijing Yiqilian Technology Co., Ltd.* (北京億起聯科技有限公司), a big data marketing company. Mr. Cao served as the technical director for Tianjin Xiakexing Technology Co., Ltd.* (天津俠客行科技有限公司), a big data marketing company, where he was responsible for software development, up to June 2018.

Mr. Cao completed his studies in a bachelor's degree in computer science and technology from the School of Distance Learning and Continuing Education of the Beijing Jiaotong University through distant learning in the PRC in July 2014.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. Yu (余璐) was appointed as one of the joint company secretaries of our Company on January 21, 2022. For details of Ms. Yu's biography, see "– Directors – Executive Directors".

Ms. Lam Wing Chi (林穎芝) was appointed as another joint company secretary of our Company on January 21, 2022, to assist Ms. Yu in discharging her duties as a joint company secretary, including compliance matters relating to the Listing Rules and other Hong Kong regulatory requirements for a period of three years commencing from the Listing Date.

Ms. Lam Wing Chi is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lam has over nine years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lam is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

REPORT OF DIRECTORS

Our Board is pleased to present its report together with the audited consolidated financial statements of our Group for the year ended December 31, 2022.

GENERAL INFORMATION

Our Company was incorporated in the Cayman Islands on June 7, 2019 as an exempted company with limited liability under the laws of the Cayman Islands. Our Shares were listed on the Main Board of the Stock Exchange on March 31, 2023.

PRINCIPAL ACTIVITIES

We are a cross-border digital marketing service provider in China. Over the years, we have been dedicated to empowering China-based marketers in user acquisition to better promote and connect themselves to customers worldwide while collaborating with major and well-known media publishers in helping them explore monetization opportunities. The activities of the subsidiaries of our Company during the year ended December 31, 2022 is set out in note 14 to the consolidated financial statements.

RESULTS

The results of our Group for the year ended December 31, 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 88 of this annual report.

FINAL DIVIDEND

Our Board did not recommend the payment of a final dividend for the year ended December 31, 2022 (for the year ended December 31, 2021: Nil).

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

DIVIDEND POLICY

Our Company considers stable and sustainable returns to the Shareholders to be its goal.

The declaration and payment of dividend is subject to the financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans of our Group, among other things, and will be at the sole discretion of our Board, subject to the approval of the Shareholders (if applicable).

FINANCIAL SUMMARY

A summary of our Group's results, assets and liabilities for the last four financial years are set out on page 153 of this annual report.

REPORT OF DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by our Group. Such factors are not exhaustive and therefore other risks and uncertainties may also exist.

– changes in China's economic, political and social conditions, as well as government policies;

– changes in government policies and regulations;

– changes in the supply and demand for cross-border digital marketing services;

– the ability to general sufficient liquidity internally and obtain external financing;

– the ability to adapt to new markets where our Group has no prior experience and in particular, whether our Group can adapt to the administrative, regulatory, cultural and tax environments in such markets;

– the ability to leverage our brand name and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than our Group; and

– the ability to improve administrative, technical, operational and financial infrastructure.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as our Board and management are aware, our Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of our Group. During the year ended December 31, 2022, there was no material breach of, or non-compliance with, applicable laws and regulations by our Group.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Our Company was listed on the Stock Exchange on March 31, 2023 and issued 200,000,000 new Shares at HK$0.7 each under the Global Offering.

After deducting the underwriting fees and commissions and other estimated expenses payable by our Company in connection with the Global Offering, as the over-allotment option is not exercised, the net proceeds of the Global Offering are estimated to be approximately HK$96.8 million (the "**Net Proceeds**").

REPORT OF DIRECTORS

As of the date of this annual report, the Net Proceeds has not been applied and utilized. The Directors are not aware of any material change to the planned use of the Net Proceeds as of the date of this annual report. It is expected that our Group will utilize the Net Proceeds in the manner consistent with the purposes as stated in "Future Plans and Use of Proceeds" in the Prospectus as follows:

Purpose	Approximate percentage of Net Proceeds	Allocation of Net Proceeds *(HK$ million)*	Utilised Net Proceeds since the Listing Date and up to the date of this annual report	Unutilised Net Proceeds as at the date of this annual report	Expected timeline for the use of unutilised Net Proceeds
Strengthen the search and development capabilities of our Group	41.7%	40.3	–	40.3	end of 2025
Market our cross-border online-shop SaaS solutions business	13.3%	12.9	–	12.9	end of 2025
Upgrade our business and internal management systems to cater to our increasing business scale	10.0%	9.7	–	9.7	end of 2024
Strengthen our capabilities in providing localized services in overseas countries and regions to meet customers' growing demand for overseas presence and expansion and deepen our global footprint	15.0%	14.5	–	14.5	end of 2025
Pursue strategic cooperation or investment opportunities from upstream and downstream industry participants that will complement or enhance our existing business and product functions and have synergy with us	10.0%	9.7	–	9.7	end of 2024
Working capital and general corporate purposes	10.0%	9.7	–	9.7	end of 2024
Total		96.8	–	96.8	

For the expected timeline of the intended use of proceeds, see "Future Plans and Use of Proceeds" in the Prospectus. The unutilized Net Proceeds are held by way of bank deposits with licensed banks or authorized financial institutions in Hong Kong.

REPORT OF DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

For the year ended December 31, 2022, our Group's sales to its five largest customers accounted for approximately 47.4% (2021: approximately 57.4%) of our Group's total revenue and our single largest customer accounted for approximately 17.3% (2021: approximately 23.2%) of our Group's total revenue.

Major suppliers

For the year ended December 31, 2022, our Group's five largest suppliers accounted for 100.0% (2021: 100.0%) of our Group's total purchases and our single largest supplier accounted for 56.9% (2021: 71.0%) of our Group's total purchase amount.

During the Reporting Period, none of the Directors or any of their close associates or any Shareholders which, to the best knowledge of our Directors, owns more than 5% of the number of issued Shares, had any interest in any of our Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of our Group during the Reporting Report are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of our Company during the Reporting Period are set out in note 24 to the consolidated financial statements.

DEBENTURES

Our Group did not issue any debentures during the Reporting Period.

RESERVES

Details of movements in the reserves of our Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 91 of this annual report. Details of moments in the reserves of our Company during the Reporting Period are set out in note 24(b) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2022, we did not have any the distributable reserves under the Companies Act of the Cayman Islands (as of December 31, 2021, nil).

REPORT OF DIRECTORS

TAX RELIEF

Our Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

BANK LOANS

Particulars of bank loans of our Group as of December 31, 2022 are set out in note 20 to the consolidated financial statements.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors

Mr. Li Xiang
Ms. Yu Lu

Independent Non-executive Directors

Ms. Zhao Yan
Mr. Gong Peiyue
Mr. Li Kwok Tai James

In accordance with article 26.4 of the Articles of Association, at every annual general meeting of our Company one-third of the Directors for the time being (or, if their number is not three or multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Accordingly, Ms. Zhao Yan and Mr. Gong Peiyue will retire and, being eligible, have offered themselves for re-election as Directors as the forthcoming AGM to be held on Friday, June 9, 2023.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated April 28, 2023.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of our Company are set out on pages 13 to 17 of this annual report.

REPORT OF DIRECTORS

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Our Company has received a confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and our Company considers such Directors to be independent during the period from the Listing Date and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the applicable Listing Rules.

None of the Directors has a service contract which is not determinable by our Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of our Group to which our Company, or any of its subsidiaries or fellow subsidiaries was a party from the Listing Date and up to the date of this annual report.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance was entered into between our Company or any of its subsidiaries and the controlling shareholders of our Company or any of its subsidiaries during the Reporting Period or subsisted at the end of the year and up to the date of this annual report, and no contract of significance for the provision of services to our Company or any of its subsidiaries by a controlling shareholder of our Company or any of its subsidiaries was entered into during the Reporting Period or subsisted at the end of the year and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Company were entered into or existed from the Reporting Period and up to the date of this annual report.

REPORT OF DIRECTORS

EMPLOYEES AND REMUNERATION POLICY

Our Group had 83 full-time employees as of December 31, 2022 (as of December 31, 2021: 107). The total staff cost for the Reporting Period was approximately US$4.0 million. Employees' remuneration package includes salary, performance bonus and other welfare subsidies. The remuneration of employees is determined in accordance with our Group's remuneration policy, the employees' position, performance, company profitability, industry level and market environment.

A remuneration committee was set up for reviewing and making recommendations to the Directors on the structure concerning remuneration of the Directors and senior management, having regard to our Group's operating results, individual performance of the directors and senior management and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals during the Reporting Period are set out in note 7 and note 8 to the consolidated financial statements, respectively.

PENSION AND EMPLOYEE BENEFITS SCHEME

Our Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of our Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which our Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. Other than the monthly contributions, our Group has no further obligation for the payment of retirement and other post-retirement benefits of its employee.

During the Reporting Period, our Group had no forfeited contribution available to reduce its contribution to the pension schemes in future years.

CHANGE TO INFORMATION IN RESPECT OF DIRECTORS

Saved as disclosed in "Directors and Senior Management" in this annual report, since the date of the Prospectus, there was no change to information which is required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ITS ASSOCIATED CORPORATIONS

As of the Listing Date, the interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares/ Underlying Shares	Approximately Percentage of Shareholding in our Company[1]	Long Position/Short Position/Lending Pool
Mr. Li	Interest in a controlled corporation[2]	96,000,000	12.00%	Long Position
	Settlor of a discretionary trust[3]	144,000,000	18.00%	Long Position
	Interest of spouse[4]	360,000,000	45.00%	Long Position
Ms. Yu	Interest in a controlled corporation[5]	6,000,000	0.75%	Long Position
	Settlor of a discretionary trust	354,000,000	44.25%	Long Position
	Interest of spouse[4]	240,000,000	30.00%	Long Position

Notes:

(1) The percentage of shareholding was calculated based on our Company's total number of issued shares as of the Listing Date (i.e. 800,000,000 Shares).

(2) Our Company is held directly by Total Best and Wealth Express as to 0.75% and 11.25%, respectively. Each of Total Best and Wealth Express is wholly owned by Mr. Li. Mr. Li is deemed to be, or taken to be, interested in all the Shares held by Total Best and Wealth Express for the purpose of the SFO.

(3) The Imperial Trust is a discretionary trust established by Mr. Li (as the settlor) and the beneficiaries of which include Ms. Yu and Mr. Li's family members. Our Company is held directly by Into One as to 18.00%. As such, Mr. Li is deemed to be interested in the Shares held by Into One for the purpose of the SFO.

(4) Mr. Li and Ms. Yu are spouses. Therefore, each of them is deemed to be interested in all the Shares the other party is interested in for the purpose of the SFO.

(5) Our Company is held directly by Lucky Linkage as to 0.75%. Lucky Linkage is wholly owned by Ms. Yu. Ms. Yu is deemed to be, or taken to be, interested in all the Shares held by Lucky Linkage for the purpose of the SFO.

(6) The Tranquil Trust is a discretionary trust established by Ms. Yu (as the settlor) and the beneficiaries of which include Mr. Li and Ms. Yu's family members. Our Company is held directly by Common Excellence as to 44.25%. As such, Ms. Yu is deemed to be interested in the Shares held by Common Excellence for the purpose of the SFO.

REPORT OF DIRECTORS

(ii) Interest in associated corporations of our Company

As of the Listing Date, none of the Directors or the chief executive of our Company had an interest or short position in the shares, underlying shares and debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, as of the Listing Date, none of the Directors or the chief executive of our Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was our Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, our Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of our Company or any other body corporate or had exercised any such right.

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

As of the Listing Date, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of our Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by our Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares/ Underlying Shares	Approximately Percentage of Shareholding in our Company[1]	Long Position/Short Position/Lending Pool
Common Excellence	Beneficial owner[2]	354,000,000	44.25%	Long Position
Total Mice	Interest in controlled corporation[2]	354,000,000	44.25%	Long Position
Into One	Beneficial owner[3]	144,000,000	18.00%	Long Position
Honest Beauty	Interest in controlled corporation[3]	144,000,000	18.00%	Long Position
Wealth Express	Beneficial owner[4]	90,000,000	11.25%	Long Position
Trustee	Trustee of the Tranquil Trust[2]	354,000,000	44.25%	Long Position
	Trustee of the Imperial Trust[3]	144,000,000	18.00%	Long Position

Notes:

(1) The percentage of shareholding was calculated based on our Company's total number of issued shares as of the Listing Date (i.e. 800,000,000 Shares).

(2) The Trustee, acting as the trustee of the Tranquil Trust, holds the entire issued share capital of Total Mice, which in turn holds the entire issued share capital of Common Excellence. The Tranquil Trust is a discretionary trust established by Ms. Yu (as the settlor) and the beneficiaries of which include Mr. Li and Ms. Yu's family members. Our Company is held directly by Common Excellence as to 44.25%. As such, Ms. Yu is deemed to be interested in the Shares held by Common Excellence for the purpose of the SFO.

(3) The Trustee, acting as the trustee of the Imperial Trust, holds the entire issued share capital of Honest Beauty, which in turn holds the entire issued share capital of Into One. The Imperial Trust is a discretionary trust established by Mr. Li (as the settlor) and the beneficiaries of which include Ms. Yu and Mr. Li's family members. Our Company is held directly by Into One as to 18.00%. As such, Mr. Li is deemed to be interested in the Shares held by Into One for the purpose of the SFO.

(4) Wealth Express is wholly owned by Mr. Li. Mr. Li is deemed to be, or taken to be, interested in all the Shares held by Total Best and Wealth Express for the purpose of the SFO.

Save as disclosed above, as of the Listing Date, the Directors were not aware of any persons (who were not Directors or chief executive of our Company) who had an interest or short position in the Shares or underlying Shares of our Company which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EQUITY-LINKED AGREEMENTS

There was no equity-linked agreement entered into by our Company or any of its subsidiaries during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Shares were not listed during the year ended December 31, 2022. Neither our Company nor any of its subsidiaries had purchased, sold or redeemed any of our Company's listed securities since the Listing Date and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige our Company to offer new Shares on a pro rata basis to existing Shareholders.

REPORT OF DIRECTORS

DEED OF NON-COMPETITION

Each of the Controlling Shareholders has unconditionally and irrevocably undertaken to our Company (for itself and as trustee for each of its subsidiaries) in the deed of non-competition dated March 6, 2023 ("**Deed of Non-Competition**") that with effect from the Listing Date, he/she/it will not, and shall use their best endeavors to procure that his/her/its close associates (save for members of our Group) not to, directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, participate, hold, engage, acquire or operate, or provide any form of assistance to any person, firm or company (except in or through any members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the principal business of our Group in Hong Kong or such other places as our Group may conduct or carry on business from time to time including but not limited to the cross-border digital marketing business and the cross-border online-shop SaaS solutions business (the "**Restricted Activity**"), except where the Controlling Shareholders and their respective associates hold less than 5% of the total issued share capital of any company that engages in the Restricted Activity whose shares are listed on a recognized stock exchange provided that (i) there is a holder (together where appropriate, with its associates) with a larger shareholding in that company than the aggregate shareholding held by our Controlling Shareholders and/or their respective associates at all times; and (ii) the total number of the relevant Controlling Shareholders' representatives on our Board of directors of that company is not significantly disproportionate in relation to their shareholding in that company.

Each of our Controlling Shareholders has further undertaken to our Company (for itself and as trustee for each of its subsidiaries our subsidiaries) that among others, with effect from the Listing Date, in the event that any of them and/or any of their associates (except any members of our Group) is offered or becomes aware of any future business opportunity relating to the Restricted Activity (the "**Business Opportunity**");

(a) he/she/it shall within 10 days notify our Company of such Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable our Company to make an informed assessment of such opportunity and whether it is in the interest of our Company and our Shareholders as a whole to pursue such Business Opportunity, including but not limited to the nature of the Business Opportunity and the details of the relevant costs;

(b) he/she/it shall not, and shall procure their associates (except any members of our Group) not to, invest or participate in any Business Opportunity, unless such Business Opportunity shall have been rejected by our Company and the principal terms of which our Controlling Shareholders or any of their associates invest or participate in are no more favourable than those made available to our Company; and

(c) he/she/it may only engage in the Business Opportunity if (i) a notice is received by him/her/it from our Company confirming that the Business Opportunity is not accepted and/or does not constitute competition with the Restricted Activity (the "**Non-acceptance Notice**"); or (ii) the Non-acceptance Notice is not received by him/her/it within 30 days after the proposal of the Business Opportunity is received by our Company.

For details of the Deed of Non-Competition, please refer to the Prospectus. Our Company will make appropriate disclosure regarding the compliance of the Deed of Non-Competition in its subsequent annual reports.

REPORT OF DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESS

Since the Listing date and up to the date of this annual report, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

RELATED PARTY TRANSACTIONS

None of the related party transactions as disclosed in note 26 to the consolidated financial statements constituted connected transactions or continuing connected transactions of our Company as defined in Chapter 14A of the Listing Rules for the year ended December 31, 2022.

DONATIONS

During the Reporting Period, we did not make any charitable and other donations.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period, our Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against our Company.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of our Company acting in relation to any of the affairs of our Company shall be entitled to be indemnified out of the assets of our Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default.

Our Company is in the process of arranging appropriate insurance coverage in respect of legal action against its Directors and officers.

Our Group is in the process of taking out and maintaining directors' liability insurance, which is expected to provide appropriate coverage for the Directors.

SUBSEQUENT EVENTS

Our Company was listed on the Stock Exchange on March 31, 2023. Details of important events subsequent to the end of the Reporting Period and up to the date of this annual report are disclosed in note 27 to the consolidated financial statements.

REPORT OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee had, together with the management and external auditor of our Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by our Group and the consolidated financial statements for the year ended December 31, 2023.

CORPORATE GOVERNANCE

Our Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by our Company is set out in the Corporate Governance Report on pages 31 to 47 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to our Company and within knowledge of the Directors, our Company has maintained a sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of our Company will be closed from Tuesday, June 6, 2023 to Friday, June 9, 2023, both days inclusive, in order to determine the eligibility of shareholders to attend the AGM to be hold on Friday, June 9, 2023, during which period no share transfers will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged for registration with our Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, June 5, 2023.

AUDITOR

KPMG was appointed as the Auditor for the year ended December 31, 2022. There was no change in Auditor for the preceding three years. The accompanying financial statements prepared in accordance with HKFRSs have been audited by KPMG.

KPMG shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Auditor will be proposed at the AGM.

On behalf of our Board
Li Xiang
Chairman, Chief Executive Officer and Executive Director
Hong Kong, April 21, 2023

CORPORATE GOVERNANCE REPORT

Our Board is pleased to present the corporate governance report of our Company for the year ended December 31, 2022.

CORPORATE GOVERNANCE CULTURE

Our Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects our belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, we believe that shareholder wealth will be maximised in the long term and that our employees, those with whom it does business and the communities in which it operates will all benefit.

Our Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with our Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers;

– that high standards of ethics are maintained.

We will continuously review and adjust, if necessary, our business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of our Group.

CORPORATE GOVERNANCE PRACTICES

Our Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Our Company has adopted and, save as disclosed below, complied with the CG Code as set out in Part 2 of Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date. Our Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Pursuant to paragraph C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

CORPORATE GOVERNANCE REPORT

Mr. Li is the chairman of our Board and the chief executive officer our Company. With extensive experience in business management, Mr. Li is responsible for the overall strategic and direction planning, business development and management of our Group and is instrumental to our growth and business expansion since our establishment. Our Board considers that vesting the roles of joint chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our senior management and our Board, which comprises experienced and high-caliber individuals. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

OUR BOARD

Responsibilities

Our Board is responsible for the overall leadership of our Group, oversees our Group's strategic decisions and monitors business and performance. To oversee particular aspects of our Company's affairs, our Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. Our Board has delegated to our Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of our Company and the Shareholders at all times.

Our Company understands the importance of having liability insurance in respect of legal action against the Directors and is in the process of arranging appropriate liability insurance. The insurance coverage will be reviewed on an annual basis.

Board Composition

As of the date of this annual report, our Board comprises two executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Li Xiang *(Chairman and Chief Executive Officer)*
Ms. Yu Lu *(Deputy Chief Operating Officer)*

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

Ms. Zhao Yan
Mr. Gong Peiyue
Mr. Li Kwok Tai James

The biographies of the Directors are set out under "Directors and Senior Management" of this annual report.

The term of appointment of independent non-executive Directors are set out in "Report of Directors – Directors' Service Contracts and Letters of Appointment" of this annual report.

Since the Listing Date and up to the date this annual report, our Board has met at all times the requirements under rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Since the Listing Date and up to the date of this annual report, our Company has also complied with rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of our Board.

Save as disclosed in the Directors' biographies set out in "Directors and Senior Management" in this annual report, none of the Directors and senior management have any relationship (including financial, business, family or other material or relevant relationship) with any other Directors, senior management, president and chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to our Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity of the public companies or organizations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to our Company in a timely manner.

CORPORATE GOVERNANCE REPORT

Independent Views and Input

In order to ensure independent views and input are available to our Board, our Board has developed the following mechanisms, including but not limited to:

(i) at least one-third of Board members are independent non-executive Directors;

(ii) every independent non-executive Director is appointed for a specific term and subject to retirement by rotation at least once every three years;

(iii) independent non-executive Directors possess professional knowledge and broad experience;

(iv) no independent non-executive Director has served our Company for more than nine years;

(v) no independent non-executive Director holds more than six listed company directorships to make sure that each of independent non-executive Directors has sufficient time to make contributions to the Board;

(vi) every independent non-executive Director has made an annual confirmation of his independence to our Company; and

(vii) our Board, each of its Board committees or every Director is able to seek professional advice in appropriate circumstances at our Company's expenses.

The implementation and effectiveness of relevant mechanisms have been reviewed by our Board and will further be reviewed annually.

Board Diversity Policy

Our Company recognizes the benefits of having a diversified Board. Our Company has adopted a board diversity policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of our Group from time to time. In summary, our board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of our Nomination Committee, our Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to our Board, in order to better serve the needs and development of our Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board.

CORPORATE GOVERNANCE REPORT

The Directors have a balanced mix of experiences, including business management, finance, auditing and accounting experiences. They obtained degrees in various majors. With respect to gender diversity, our executive Director Ms. Yu and our independent non-executive Director Ms. Zhao Yan, having extensive experience in their respective fields, contribute to gender diversity of our Board. Our Company has taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. The gender ratio in the workforce (including our senior management is approximately 1:1.5 (male : female). Taking into account our Group's business model and specific needs as well as the presence of two female Directors out of a total of five Board members, our Company considers that the composition of our Board satisfies our Board diversity policy and our Company has not set any measurable objectives.

The Nomination Committee is responsible for ensuring the diversity of our Board members. The Nomination Committee is responsible for reviewing our board diversity policy and its implementation from time to time to ensure its continued effectiveness.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of our Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. Our Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on our Company's performance, position and prospects to enable our Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of our Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

Before the Listing, a training session was provided to each of the Directors with topics of legal and regulatory duties of directors and the Listing Rules.

CORPORATE GOVERNANCE REPORT

Board Meetings

Our Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries of our Company with copies circulated to all Directors for information and records.

Minutes of our Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by our Board and our Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of our Board meetings are open for inspection by Directors.

As our Company was just listed on March 31, 2023, the attendance record of the Directors at Board meetings and general meetings will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Model Code for Securities Transactions

Our Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date and up to the date of this annual report.

Our Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of our Company in respect of their dealings in our Company's securities.

Delegation by our Board

Our Board reserves for its decision all major matters of our Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at our Company's expense and are encouraged to access and to consult with our Company's senior management independently.

Corporate Governance Function

Our Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor our Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review our Company's policies and practices on corporate governance and make recommendations to our Board and report to our Board on matters;

(e) to review our Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor our Company's compliance with our Company's whistleblowing policy.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members and is chaired by an independent non-executive Director, Mr. Li Kwok Tai James, and consists of another two independent non-executive Directors, Ms. Zhao Yan and Mr. Gong Peiyue.

The principal duties of the Audit Committee include the following:

(a) to be primarily responsible for making recommendations to our Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to our Board, identifying and making recommendations on any matters where action or improvement is needed; and

(d) to monitor the integrity of our Company's financial statements, annual reports, accounts, half yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and our Company.

The attendance record of the Audit Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Nomination Committee

The Nomination Committee comprises three members and is chaired by an executive Director, Mr. Li, and consists of two independent non-executive Directors, Ms. Zhao Yan and Mr. Gong Peiyue.

The principal duties of the Nomination Committee include the following:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and to make recommendations on any proposed changes to our Board to complement our Company's corporate strategy;

(b) to develop the criteria, process and procedures for identifying and assessing the qualifications of and evaluating candidates for directorship, including standards for determining Director independence and criteria for the evaluation of Director performance;

(c) to identify individuals who are suitably qualified to become a member of our Board and to select or make recommendations to our Board on the selection of individuals nominated for directorships;

(d) to make recommendations to our Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman of our Board and the chief executive of our Company; and

(e) to develop a policy concerning diversity of Board members, and disclose the policy or a summary of the policy in the corporate governance report.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to our Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and our Company.

The attendance record of the Nomination Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Director Nomination Policy

Our Board has adopted a nomination policy which sets out the selection criteria and process in relation to the selection, appointment and re-appointment of the Directors and aims to ensure that our Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to our Company's business.

CORPORATE GOVERNANCE REPORT

The nomination policy sets out the factors for assessing the suitability and the potential contribution to our Board of a proposed candidate, including but not limited to the following:

(a) character and integrity;

(b) qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under our board diversity policy that are relevant to our Company's business and corporate strategy;

(c) requirement for our Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules;

(d) potential contributions the candidate can bring to our Board in terms of qualifications, skills, experience, independence and gender diversity; and

(e) the willingness and ability to devote adequate time to discharge duties as a member of our Board of our Company.

Nomination Procedure and Process

The nomination procedure and process adopted by the Nomination Committee to select and recommend candidates for directorship are as follows:

(i) the Nomination Committee shall formulate a selection criteria list of candidates for directorship, the list will consider the Board's existing structure, scale, the Board Diversity Policy and the needs of talent groups and the Board, the candidates shall equip with the characteristics of coordinating with the expansion of the overall talent groups, experiences and expertise of the Board;

(ii) our Company shall identify suitable candidates for directorship through various channels, including the recommendations from the Directors, the Shareholders, the management or external head hunting companies;

(iii) the joint company secretaries of the Company must obtain the personal information of the nominated candidates in accordance with the regulations of rule 13.51(2) of the Listing Rules;

(iv) the Nomination Committee shall perform sufficient due diligence on the individual candidate for directorship and make recommendations to the Board for the consideration and approval;

(v) to ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out the expectation in terms of time commitment, committee service and involvement outside meetings of the Board;

(vi) in the context of re-appointment of any existing members of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at the annual general meeting;

(vii) the Board shall have the final decision on matters related to the selection and appointment of directorship; and

(viii) the Board shall recommend the retiring Director to stand for re-election at the annual general meeting in accordance with the recommendations from the Nomination Committee. The appointment of retiring Director is subject to the approval at the annual general meeting.

Remuneration Committee

The Remuneration Committee comprises three members and is chaired by an independent non-executive Director, Mr. Gong Peiyue, and consists of one executive Director, Ms. Yu, and one independent non-executive Director, Ms. Zhao Yan.

The principal duties of the Remuneration Committee include the following:

(a) to make recommendations to our Board on our Company's policy and structure for the remuneration of all the directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by our Board from time to time;

(c) to either: (i) determine, with delegated responsibility, the remuneration packages of executive directors and senior management; or (ii) make recommendations to our Board on the remuneration packages of executive directors and senior management, including benefits in kind, pension rights and compensation payments, and including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to our Board on the remuneration of non-executive directors of our Company;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Company;

CORPORATE GOVERNANCE REPORT

(f) to consider the level of remuneration required to attract and retain directors to manage our Company successfully; to ensure that no director or any of his/her associates is involved in deciding his or her own remuneration. For the avoidance of doubt, members of the Remuneration Committee must not be involved in deciding his or her own remuneration;

(g) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

(h) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(i) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(j) to advise Shareholders on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules, and as to whether the terms are fair and reasonable, and whether such contracts are in the interests of our Company and the Shareholders as a whole.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and our Company.

The attendance record of the Remuneration Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Remuneration of Directors and Senior Management

Our Directors and senior management of our Company receive compensation in the form of fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of our Directors and senior management, as well as the performance of our Group.

Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of our Directors and senior management and performance of our Group.

The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

Details of the remuneration by band of the members of the senior management of our Company, whose biographies are set out on page 16 of this annual report, for the year ended December 31, 2022 are set out below:

Remuneration band	**Number of individual**
Nil – HK$1,000,000	2

The remuneration of each Director and the chief executive are set out in note 7 to the consolidated financial statements.

For the Reporting Period, no emolument was paid by our Group to any Directors or any of the five highest paid individuals as inducement to join or upon joining our Group as compensation for loss of office.

For the Reporting Period, none of the Directors has waived or agreed to waive any emoluments.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2022 which give a true and fair view of the affairs of our Company and our Group and of our Group's results and cash flows.

Our Board has been provided such explanation and information as are necessary to enable our Board to carry out an informed assessment of our Company's financial statements, which are put to our Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon our Group's ability to continue as a going concern.

The statement by the auditor of our Company regarding their reporting responsibilities on the consolidated financial statements of our Company is set out in the Independent Auditor's Report on pages 82 to 87 of this annual report.

Internal audit function

Based on the risk-based approach, the internal audit department continuously review and monitor the adequacy and effectiveness of the risk control measures of every business unit of the Group and to examine if relevant measures have been implemented. The senior executives of the internal audit function will attend Audit Committee meeting to explain the results of the internal audit and responded to the questions of the members of the Audit Committee.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is responsible for our Company's risk management and internal control systems and for reviewing their effectiveness at least annually. Such systems are designed to manage rather than eliminate risks of failure to achieve the business objectives of our Group and to only provide reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period, our Board supervised the design, implementation and monitoring of the risk management and internal control systems, and reviewed the adequacy and effectiveness of the risk management and internal control systems of our Group on an ongoing basis; such review covered all major control aspects of our Group, including financial, operational and compliance controls. Our Board is of the view that the risk management and internal control systems of our Company for the year ended December 31, 2022 is effective and adequate.

Our Group's risk management and internal control systems covered each operation department, to ensure that our Group could effectively manage the key factors that might affect our Group in achieving its strategic objectives, such factors including events, accidents or behaviors with a material impact on our Group's reputation, assets, capital, profit or liquidity.

Our Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our audit committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors. We have adopted or will continue to adopt, among other things, the following principles:

(a) establish an audit committee to review and supervise our financial reporting process and internal control system. Our audit committee consists of Mr. Li Kwok Tai James, chairman of the committee, Ms. Zhao Yan and Mr. Gong Peiyue. For the qualifications and experiences of these members, see "Directors and Senior Management";

(b) adopt various policies to ensure the compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;

(c) appoint Ms. Yu and Ms. Lam Wing Chi as our joint company secretaries to ensure the compliance of our operation with applicable laws and regulations. For their biographical details, see "Directors and Senior Management";

(d) appoint Maxa Capital Limited as our compliance advisors upon the Listing to advise us on compliance with the Listing Rules;

(e) engage external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary;

(f) provide regular anti-corruption, anti-bribery, anti-money laundering and sanctions related compliance training for senior management and employees in order to enhance their knowledge of and compliance with applicable laws and regulations, our Company's anti-corruption policy, whistleblowing policy and other relevant policies; and

(g) arrange our Directors and senior management to attend training seminars on the Listing Rules requirements and the responsibilities as directors and senior management of a Hong Kong-listed company.

In accordance with the requirements of the SFO and the Listing Rules, our Group shall disclose to the public any insider information as soon as possible after such information comes to the attention of our Group, unless such information is within the scope under any safe harbours provision in the SFO. Our Group will ensure such information will be kept confidential before it is fully announced to the public. If our Group considers that the confidentiality required cannot be kept, or such information may have leaked already, such information will be disclosed to the public immediately. We also endeavour to ensure that the information contained in the announcement shall not be deceptive or misleading in all material aspects, and there are no other material matters the omission of which would make the information contained therein to be deceptive or misleading, such that the insider information disclosed can be made available to the public in an equal, timely and effective manner. In addition, if there is any significant risk events, the related information will be disclosed to appropriate authorities and personnel, so that appropriate decisions and measures can be made and implemented by our Group to deal with such risk events. Meanwhile, in order to further develop the risks management culture of the enterprise, as well as to enhance the risk awareness of our staff, our Group has already rolled out training programs to enhance the risk awareness of our staff, so that we can assure to maintain the balance between business expansion and risks management in our operation.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to our Group during the Reporting Period was approximately as follows:

Type of Services	Amount US$'000
Audit services	
– audit services on the financial statements of our Group for the Reporting Period	487
– audit services related to the listing of the Shares on the Main Board of the Stock Exchange	164
Non-audit services in relation to listing	22
Total	673

CORPORATE GOVERNANCE REPORT

JOINT COMPANY SECRETARIES

Ms. Yu, executive Director, deputy chief operating officer and one of the joint company secretaries of our Company, is responsible for advising our Board on corporate governance matters and ensuring that our Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

We have appointed Ms. Lam Wing Chi as another joint company secretary of our Company to assist Ms. Yu in discharging her duties as a joint company secretary, including compliance matters relating to the Listing Rules and other Hong Kong regulatory requirements for a period of three years commencing from the Listing Date. For Ms. Lam's biographic details, see "Directors and Senior Management" of this annual report. Ms. Yu is the primary contact of Ms. Lam in our Company.

For the Reporting Period, each of Ms. Yu and Ms. Lam Wing Chi has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Our Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of our Group's business, performance and strategies. Our Company also recognizes the importance of timely and nonselective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM of our Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of our Company and the chairmen of our Board committees of our Company will attend the AGM to answer Shareholders' questions. The Auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, our Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between our Company and the Shareholders and maintains a website of our Company at www.empowerwin.com, where up-to-date information on our Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Our Board has reviewed the implementation of the shareholders' communication policy and considers its implementation as effective.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of our Company and the Stock Exchange in a timely manner after each general meeting.

CORPORATE GOVERNANCE REPORT

Convening of extraordinary general meeting and putting forward proposals

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Acts of the Cayman Islands. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisition convene an extraordinary general meeting following the procedures set out below.

Shareholders may put forward proposals for consideration at a general meeting of our Company according to the Articles of Association. Any one or more member(s) holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of our Company carrying the right of voting at general meetings of our Company shall at all times have the right, by written requisition to our Board or any one of the joint company secretary of our Company, to require an extraordinary general meeting of our Company to be called by our 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 21 days of such deposit our Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

As regards proposing a person for election as a Director, the procedures are available on the website of our Company.

Enquiries to our Board

Shareholders who intend to put forward their enquiries about our Company to our Board could send their enquiries to the principal place of business of our Company in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong (email address: ir@empowerwin.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

Our Company adopted amended and restated Memorandum and Articles of Association on March 3, 2023, which has been effective from the Listing Date. There was no change in the said Memorandum and Articles of Association since the Listing Date and up to the date of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. Overview

Reporting Scope and Period

Powerwin Tech Group Limited (hereinafter referred to as "**Powerwin**," "**we**" or "**the Company**") released the 2022 Environmental, Social, and Governance (ESG) Report. The report describes the overall performance of the Company and its subsidiaries (collectively referred to as "**the Group**") on sustainable development relating to its core business, and the fulfilment of our ESG strategies performance of the Group for the fiscal year from 1 January 2022 to 31 December 2022 (hereinafter referred to as "**the Reporting Period**" or "**Year**").

Reporting Standards

This report is prepared in compliance with the "ESG Reporting Guide" in Appendix 27 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("**HKEx**"). Unless otherwise stated, this report covers the major subsidiaries of Powerwin Tech Group Limited. Key Performance Indicators ("**KPIs**") in environmental area cover the offices of the Group in China and Hong Kong.

Assurance on the Reliability of Data

The data and cases cited herein mainly come from statistical reports and relevant documents of the Group. The Board of Directors of the Company (the "**Board**") pledges that the report does not contain any false records or misleading statements, and is liable for the truthfulness, accuracy, and completeness of the report.

Report Confirmation and Approval

This report was approved by the Board of Directors upon confirmation from the management on 21 April 2023.

Reporting Principles

During its preparation, the Group adhered to the reporting principles of materiality, quantitative, balance, and consistency in the ESG Reporting Guide. For details, please refer to the following table.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. Overview (Continued)

Reporting Principles (Continued)

Materiality:

Key ESG issues are identified through materiality assessment and relevant information on the key issues are disclosed in the ESG report.

Quantitative:

The Group has disclosed the statistical standards, methodologies, calculation tools, and sources of conversion factors used to generate all the data in the Report. We summarize and calculate the key performance indicators ("**KPIs**") based on standardized methodologies.

Consistency:

This is our first ESG report and we will use consistent methodologies to disclose ESG information in the following years for meaningful comparison.

Balance:

The Report impartially describes the Group's performance during the Reporting Period to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Feedback

The Report is published in electronic format and can be viewed in the "Environmental, Social and Governance Report" section included in the Annual Report 2022 available on the Company's website (www.empowerwin.com). We value the opinions of our stakeholders, hence we welcome your feedback on our sustainability report and sustainability performance. Please share with us your views via email to ir@empowerwin.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy

The Statement of the Board of Directors

The Group understands that the leadership and participation of the Board are crucial to the implementation of sustainable development strategies. Therefore, the Board shoulders the responsibility for our strategy and reporting on ESG matters and we have not established any sub-committee for ESG issues. and is responsible for leading the Group to seize the opportunities and respond to the risks brought by sustainable development. The Board regularly decides on and monitors ESG policies and strategies, including the approval and consideration of ESG-related goals, progress review of the goals, evaluation, prioritization of the materiality, etc. We have been striving to integrate the concept of sustainable development with the Group's overall strategy, policies, and business plans, to further guide the Group in its pursuit of value chain excellence while achieving its sustainability vision.

ESG Strategy

Powerwin Tech Group Limited is a leading professional cross-border digital marketing group in China. It provides cross-border online shop SaaS solutions for China-based enterprises to establish overseas presence through the digital media aggregation advertising platform Adorado and the intelligent online shop solutions platform Powershopy, combined with big data and optimization algorithms.

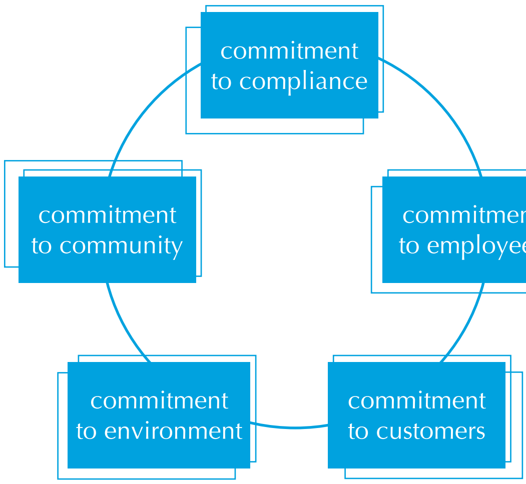
Adhering to the vision of "Stay At Home. Marketing Worldwide", we provide high-quality service to achieve customer satisfaction. We will continue to place a higher premium on ESG management and invite key stakeholders to implement our ESG strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy (Continued)

ESG Strategy (Continued)

The Group strives to achieve sustainable development and is committed to communicating with all stakeholders honestly, openly, and responsibly, and incorporating ESG considerations into business development and daily operations. The Group is dedicated to striking a balance among good corporate governance, environmental management, and corporate social responsibility, to create value for all stakeholders including shareholders, investors, customers, suppliers, employees, government, and the community. Our sustainable development strategy is based on five strategic pillars:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy (Continued)

ESG Management

The Group adheres to the sustainable development strategy and the Board is the highest decision-making body of the ESG management of the Group. The Board is responsible for formulating the Group's ESG strategy and objectives and consistently evaluates, prioritizes, and manages material ESG-related issues and risks. The Board also regularly reviews the performances of ESG and the progress of achieving ESG objectives. To help carry out ESG work effectively, we adopt various strategies and measures to identify, assess and manage ESG risks under our ESG Policy, including but not limited to:

- reviewing and assessing ESG reports of similar companies in our industries to ensure relevant ESG-related risks are identified on a timely basis;
- referring, where applicable, to the local and international guidelines such as those issued by the International Sustainability Standards Board for the industry-specific ESG risks;
- discussing with the senior management from time to time to ensure material ESG-related issues are addressed and reported;
- establishing communication channels and discussing with key stakeholders on an ongoing basis to understand ESG-related concerns and monitor how our environmental, social, and climate-related performance has impacted key stakeholders; and
- engaging professional advisors to advise on compliance with ESG matters where needed.

II. ESG Strategy (Continued)

Sustainability Governance

Aside from pursuing business development, the Group assumes its corporate social responsibilities and bears in mind its environmental and social interests. The Board has overall responsibility for the Group's sustainability strategy and reporting. Our Directors support our commitment to fulfilling environmental and social responsibilities which include but are not limited to the following:

- formulating and adopting policies on environmental, social and corporate governance responsibilities (the "**ESG Policy**");
- keeping abreast of the latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, and updating our ESG Policy in accordance with the latest regulatory updates;
- identifying our Group's key stakeholders based on our business operations and establishing the communication channels to engage with them with respect to ESG matters;
- assessing ESG-related risks and opportunities regularly according to applicable laws, regulations and policies, especially risks about climate changes, to ensure our responsibilities with respect to ESG matters are met;
- monitoring the effectiveness and ensuring the implementation of our ESG Policy;
- preparing and reviewing the ESG report; and
- following and monitoring the latest requirements regarding ESG disclosure and regulatory compliance.

Our administration staff serves a supportive role to our Directors in monitoring the implementation of the agreed ESG Policy and strategies, reporting to our Directors on an annual basis on the implementation and effectiveness of our ESG Policy, and assisting in the preparation of ESG reports. Our ESG strategies would be adjusted as needed to align with the long-term business strategy of the Group.

In short, the Group has established a comprehensive management system for ESG elements and a risk management system to constantly sort out and examine the risks faced during its own business operations and adopts corresponding management and control measures according to the consequences of different risks. The Group has implemented measures to mitigate the impacts in due course to meet its commitment to sustainable and responsible operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy (Continued)

Sustainability Governance (Continued)

In addition, the Group has established the Audit Committee, Remuneration Committee and Nomination Committee under the supervision of the Board to conduct annual assessments of existing and potential risks faced by the Group as a whole, review the effectiveness and suitability of the Group's internal control system, and give full play to the supporting role of laws, auditing, and discipline supervision, to ensure legal and compliant operations of the Group. In addition, the Group has also established an internal audit department, which is responsible for the construction, operation, and maintenance of the Group's risk prevention and control system.

We have incorporated ESG risks into the Group's risk assessment and management system, including risks related to ESG matters. The response measures are set out in the corresponding sections of this report.

The Board has also engaged an external advisor in relation to ESG matters. These measures shall ensure the sustainable and responsible growth and operation of the Group.

The Group's Future Development and Commitments

The Group is committed to sustainable development, actively promotes green culture, establishes a green supply chain, promotes environmental protection projects for public welfare, and puts into practice the concept of environmental protection for corporate citizens. The Group attaches great importance to ESG governance, and we expect to work together with our stakeholders, including but not limited to employees, investors, shareholders, customers, suppliers, government and regulators, NGOs, and community groups for mutual benefits, to contribute to social progress, economic growth and environmental governance. We have all along been committed to promoting sustainable business practices and discharging corporate social responsibilities, to better capture the opportunities from the development of the industry and create overall value for stakeholders. In the future, the Group will continue to proactively assume corporate social responsibilities for achieving sustainable development. The Group will actively respond to and implement relevant government policies and requirements in place, actively support the society-wide low-carbon development, and actively engage in society-wide actions of energy conservation and emission reduction.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy (Continued)

Identification, Management, and Assessment Approaches

Our board will adopt the following approaches to identify, assess and manage material ESG issues:

Identification: Our Directors discuss with key stakeholders, including our major customers, major suppliers, management team and employees, the ESG issues and collect their views and opinions on our ESG measures and practices, which, help us better identify and prioritise the ESG issues and risks inherent in our business operations and formulate effective ESG measures to mitigate those risks. Our Directors believe that this open dialogue with stakeholders plays a crucial role in maintaining our business sustainability.

Management: Attributed to the above efforts, we have implemented ESG measures that provide guidelines for managing our ESG issues. In this connection, our Board will review ESG issues arising from our business operations including climate-related issues when reviewing our ESG measures, major plans of action, risk management policies, annual budget in implementing these ESG measures and our business plans as well as setting our performance objectives.

Assessment: Apart from assessing the performance of our ESG measures through discussion among our Directors and our stakeholders, our Board would engage Independent Third Party inspection and assessment institutions to identify and assess our level of compliance in respect to environmental protection covering emission of wastewater, noise control, and air pollution control and climate changes.

Stakeholder Engagement and Materiality Assessment

In order to effectively promote our sustainable development and bring a positive impact to the long-term development of the environment and community, we continuously communicate and exchange opinions with our internal and external stakeholders (including shareholders, investors, employees, customers, business partners, suppliers, regulatory authorities, community, and non-governmental organizations, etc.) to understand their views and expectations. We also incorporate the opinions of various stakeholders as far as possible when assessing and determining ESG risks and formulating relevant risk management and business strategies. Through the following communication channels, we hear their advice and feedback on the sustainable development of the Group, to improve our operations and practices accordingly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

Major Stakeholder	Expectations	Key Channels of Communication	Our Responses
Shareholders/ Investors	– Safeguarding shareholders' rights and interests – Disclosing information accurately and timely – Improving corporate governance – Compliance with the operation – Business and financial strategies	– Annual general meetings and other general meetings – Annual Reports and interim reports – Corporate communications (such as letters/circulars and meeting notices) – Results announcements – Investor meetings – Interviews – Investor relations emails	– Improve transparency of information disclosure – Promote healthy and sustainable development of the Group – Strengthen risk management and control
Frontline Employees	– Safeguarding employees' rights and interests – Competitive salary and welfare – Labour protection at the workplace – Training and career development – Employee involvement and policy democracy – Corporate culture – Personal physical and mental health	– Performance appraisals – Interviews – Seminars/workshops/ speeches – Staff intranet	– Comply with labour regulations – Provide competitive salaries and welfare – Implement health and safety management system – Optimize career development and training system – Establish a smooth and transparent communication mechanism to understand employees' opinions – Organize employee activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ESG Strategy (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

Major Stakeholder	Expectations	Key Channels of Communication	Our Responses
Customers	– Customer service – Product quality – Privacy protection	– Visits by customer relationship managers – Daily operation/ communication – Telephone – Mailbox – Mobile communication applications	– Higher quality service – Strengthen customer communication mechanisms – Enhance network security and permission settings
Suppliers	– Supplier access management – Supplier assessment – Safeguarding suppliers' rights and interests – Supplier cooperation – Complying with business ethics and national laws and regulations	– Management procedures for suppliers – Assessment system for suppliers – Video conferences – Site inspections – Mobile communication applications	– Reviews, selections, and inspections – Establish Code of Conduct – Strengthen cooperation and communication
Regulators	– Compliance with operation – Workplace safety and health – Creating economic benefits, promoting employment – Creating welfare for the community – Assuming environmental responsibilities – Responding to national policies – Fulfilling tax obligations in accordance with the laws	– Mailbox	– Enhance the building of anti-corruption and integrity – Enhance corporate governance – Ensure operation compliance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

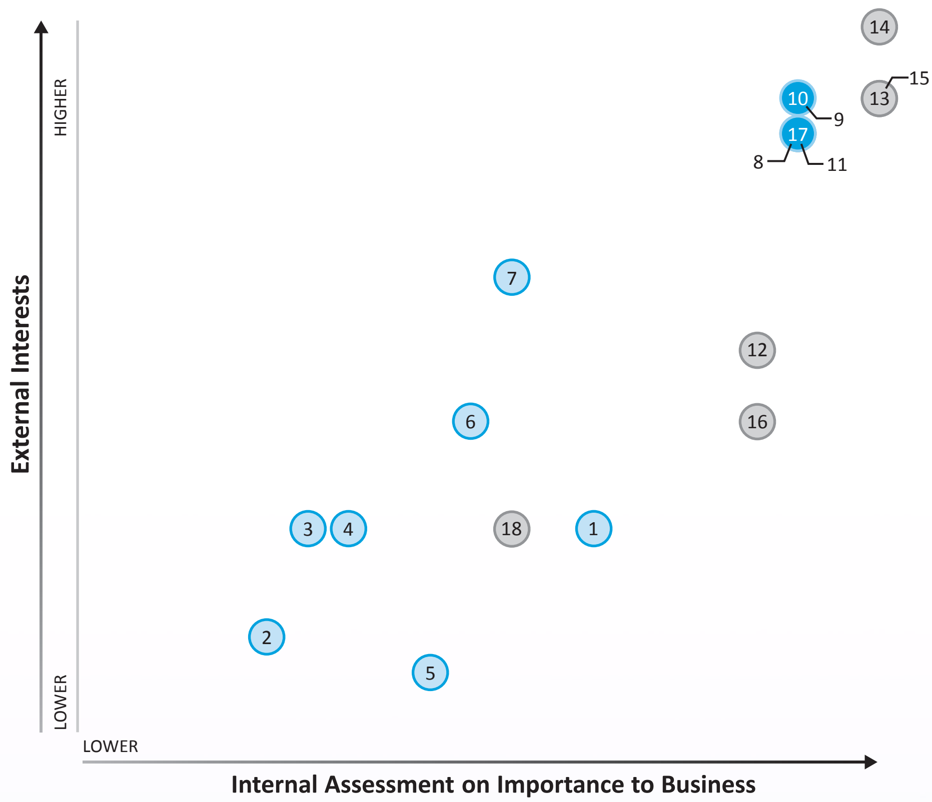
II. ESG Strategy (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

During the Year, the Group has specifically engaged its Board, senior management, shareholders, suppliers, frontline employees, customers, and third-party professionals to gain further insights on ESG aspects they find material and relevant challenges that they may induce. We conducted online questionnaires with internal and external stakeholders for the materiality assessment.

We identified 5 ESG issues after analyzing the importance of the issues to the Group's operations and stakeholders, considering the industry background, development status, and strategic planning. We ranked these issues to reflect our impact on the environment and society to better respond to stakeholders' expectations and requirements. These issues will also be key areas of concern during the Group's sustainable development. A materiality assessment has then been produced according to the engagement as follows.

Materiality of Different Topics from Stakeholder Engagement



II. ESG Strategy (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

Environmental		Labour Practices		Operational Practices	
1	Energy	8	Employment	12	Supply Chain Management
2	Water	9	Occupational Health and Safety	13	Intellectual Property
3	Air Emission	10	Development and Training	14	Data Protection
4	Waste and Effluent	11	Labour Standards	15	Customer Service
5	Other Raw Materials Consumption			16	Product/Service Quality
6	Environmental Protection Measures			17	Anti-corruption
7	Climate Change			18	Community Investment

According to the assessment, the five most material topics to the Group are therefore,

1. Data Protection

2. Intellectual Property

3. Customer Service

4. Occupational Health and Safety

5. Development and Training

The Group aims to keep close communication with its stakeholders for the identified aspects and continues to improve its ESG performance. The Group also hopes to have better management of ESG-related risks for future business development. In alignment with the Group's vision of sustainability, the business will continue to operate with high ethical standards and provide sustainable returns to stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. Strengthening the Brand

Business Ethics

All employees of the Group strictly adhere to the anti-bribery, anti-corruption and anti-money laundering laws such as Criminal Law of the People's Republic of China《中華人民共和國刑法》, Interim Provisions on Banning Commercial Bribery《關於禁止商業賄賂行為的暫行規定》, and other applicable anti-corruption and bribery laws and regulations. We formulated the Code of Business Conduct and Ethics《商業行為及道德規範》and Anti-money laundering management system《反洗錢管理規定制度》, to lay out the reporting, prevention and control, and investigation mechanisms against any unethical behaviors.

We have developed a sound governance structure for business ethics management:

- The Board has the responsibility to supervise and guide the anti-fraud and establish an anti-fraud cultural environment within the Group and establish an internal control system preventing fraudulent activities.

- The management is responsible for maintaining the internal control system, setting up reporting channels, implementing control measures, and taking remedial measures to reduce the chance of fraudulent activities within the Group.

- All staff shall abide by the Group's code of conduct and relevant national and industrial laws and regulations, and report fraudulent activities to anti-fraud through proper channels.

Our internal employees and external stakeholders can use e-mail, suggestion boxes, and other channels to report unethical behaviors. Our anti-fraud office conducts investigations on relevant reports and submits investigation results to the Board. Any discrimination or retaliation against reporters will not be tolerated, and the reporters will be protected in assisting the investigation. If fraud cases are identified, we will take remedial measures to rectify the internal control of the affected business units. For the employees who are confirmed to have fraud, we will punish them according to our internal regulations; for those who violate the law, we will transfer them to the judicial organs for further handling. We carried out anti-fraud training for our staff aiming to eliminate phenomenon harmful to our business such as abusing power for personal gain, dereliction of duty, and taking bribes. During the Year, all of the directors and employees of the Company received anti-corruption training, with an average training hour of 0.36 hours per employee.

In 2022, we were not involved in any violation incidents related to corruption, bribery, extortion, fraud, or money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. Strengthening the Brand (Continued)

Intellectual Property (IP)

Intellectual property rights are important to our success and competitiveness. Our strong R&D and innovation efforts build the strong foundation of our business success. Protecting our IPs is essential for us to maintain competitiveness in the market. Thus, while being committed to technological innovation, we also regard intellectual property protection such as patent application and trademark registration as vital and conducive to the Group's healthy and sustainable long-term development. We rely on a combination of trademarks, copyrights, domain names as well we employee and third-party confidentiality agreements to protect our intellectual property.

We strictly abide by the Patent Law of the People's Republic of China《中華人民共國專利法》, the Copyright Law of the PRC (《中華人民共和國著作權法》), Measures on Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》), Regulations on the Protection of Computer Software (《計算機軟件保護條例》), the Trademark Law of the People's Republic of China《中華人民共和國商標法》and other laws and regulations. We formulated the Intellectual Property Management Regulations《知識產權管理規定》with the intent to develop a culture that protects our IPs from growing external threats and organize IP protection training for the staff. As of 31 December 2022, we had registered three, eight, thirteen, one, two and one trademarks in the PRC, Hong Kong, Singapore, the United States, the European Union and the United Kingdom, respectively. As of 31 December 2022, we had registered 24 software copyrights in the PRC in connection with our Adorado and Powershopy platforms. We had also registered nine domain names.

We are committed to protecting the intellectual properties of the Group as well as other parties, including patents, trademarks, and copyrights. Use of all such properties must be in accordance with applicable laws and regulations. Any forms of infringement of intellectual property rights are forbidden. During the Year, there was no reported incident of any of material breach of our intellectual property rights and we were not engaged in or threatened with any claim for any material infringement of any intellectual property rights, whether as a claimant or as a defendant.

Product Responsibility

Quality management

We have established a quality management system, including field audit records, procedure documents, quality control documents, forms, and records. A dedicated team was established to be responsible for quality assurance. In order to verify the compliance and effectiveness of the Group's quality management system, we hold internal and external audits annually to find out the weaknesses of the system and urge us for continuous improvement. In 2022, we held one external audit and zero internal audit meeting.

We provide internal and external education and training, covering key post skills, current regulatory requirements, product knowledge, etc., to all our employees who have responsibilities for product quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. Strengthening the Brand (Continued)

Product Responsibility (Continued)

Quality control

The Group's primary focus is on personalized and customer-oriented services. Employees maintain a continual connection with clients and modify plans at various levels of service until the customer is satisfied. The Group requires its employees to follow up on customer needs in real time throughout the closed-loop process from pre-sales to post-sales to ensure that customer feedback is returned in a timely manner. In addition, we attach great importance to customer experience by analyzing customers' behavioral preferences and habits to drive product and operational improvements. We check the potential problems of the products regularly to explore defense optimization, improve the product functions, and make iterative updates promptly. Additionally, to improve its services, the Group launched a satisfaction questionnaire specifically targeted at customers. To enhance new employees' understanding of products and services, the Group regularly organizes trainings for new employees to improve business capabilities. Besides, the Group has developed a subscription page so that it can provide customers with the latest product and service information in a timely manner. Additionally, the Group undertakes internal audit and evaluation of plans prior to presenting them to clients for quality assurance purposes.

Our quality control and regulatory team is involved in every aspect of our daily operations to ensure the quality control of our products. During the Year, as the group is mainly providing cross-border digital marketing services, there had been no products sold or shipped subject to recalls for safety and health reasons.

Stakeholder Communication

Our main stakeholders include government and regulatory bodies, shareholders, customers, suppliers, employees, media, community residents, and the public. We attach great importance to daily communication with stakeholders and have established a sound stakeholder communication mechanism through regular and continuous communication in various channels, in hope of soliciting and responding to their expectations and concerns. We timely disclose our information on production, operation, and development strategy to enhance stakeholders' understanding and recognition of the Group.

Commitment to Customers

Powerwin leverages the strong ties with both marketers and media publishers, our industry insights and caliber and our SaaS and data analytical capabilities, we are committed to providing high quality services to our customers and let our customers can "Stay at Home. Marketing Worldwide".

III. Strengthening the Brand (Continued)

Commitment to Customers (Continued)

Customer Service

As a company that places a strong emphasis on its customers, Powerwin is dedicated to creating positive interactions with its clients while fostering long-lasting customer relationships. We stay abreast of emerging technologies and market development trends so that we may offer clients the greatest customer care across the whole life cycle while comprehending their needs.

Customers are entitled to file a complaint through our standardized complaint system if they believe the content of our advertising material infringes on their legal rights and interests, or involves illegal activities, such as fraud, violence, harassment, or pornography. We handle the complaint request according to our internal guidelines for complaints. Necessary measures will be arranged promptly in compliance with the applicable laws or regulations if the accusation is found true, valid and legitimate. We inform our customers of such measures through meetings to maintain excellent customer satisfaction. During the Year, we have received one complaint from the customers, which were resolved successfully by timely replies and communications with customer.

When facing customer complaints, we handle them according to the following three principles:

1. Emphasize the voice of customers. Set up an independent complaint page and accept user feedback frankly.

2. Think about customer needs. Customize clear processing mechanisms for different types of complaints to ensure that customers get the best solutions.

3. Solve user problems. Aim to solve complaints within 24 hours and respond to customers' complaints in a timely manner. Our reputation for service excellence stems from our deep understanding of our clients' needs. We actively collect customer opinions to enhance our service quality. During the Year, the Group did not receive any cases of product or service-related complaints.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. Strengthening the Brand (Continued)

Commitment to Compliance

We are committed to build a culture of compliance at our Group that engages all our employees and business partners for ethical behaviors. We recognise that breaches of laws and regulations may seriously affect the Group's performance, business operations, financial position, and reputation. Therefore, we have developed ESG Policy, to keep abreast of the latest regulatory developments, ensures its business is governed by various laws and regulations in China, and provides relevant training to relevant employees.

Compliance marketing

Fair dealing and truthful advertising are essential for preserving the reputation of the Group. We use trademarks, images, labels, and other information properly, and strictly manage the authenticity, accuracy, and compliance of the marketing information applied in the whole marketing process. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations having a significant impact on the Group relating to marketing.

Data security and privacy protection

The Group adheres to laws and regulations such as the PRC National Security Law《中華人民共和國國家安全法》, Cybersecurity Law of the People's Republic of China《中華人民共和國網絡安全法》, the Data Security Law of the PRC (《中華人民共和國數據安全法》, Regulations on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) and Personal Information Protection Law (《個人信息保護法》). We undertake serious measures for protecting the IT resources and data privacy of the Group and its stakeholders, including employees, business partners, and customers. Our privacy policy and IT policy stipulate the principles and responsibilities of personal data protection, as well as preventive mechanisms for checking information leakage. Employees in high-risk positions are required to sign confidentiality agreements. Disciplinary actions are taken against individuals who have violated the policy. The Group takes the responsibility to ensure that no unauthorized person can access confidential information.

The Group keeps an eye on the updates and revisions of information security laws and regulations, we arrange internal trainings and communicate with relevant departments in a timely manner when updates in laws and regulations occurs to ensure compliant operations.

We also respect the privacy of customers, suppliers and employees and ensure that individual information will not be leaked and abused. We sign a confidentiality agreement with our business partners to avoid leakage of privacy. During the Year, the Group was not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to customer privacy matters.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. Strengthening the Brand (Continued)

Commitment to Compliance (Continued)

Supply chain management

We focus on the sustainable development of the supply chain, strictly abide by the Law of the People's Republic of China on Tenders and Bids《中華人民共和國招投標法》, and other laws and regulations. We have established internal documents and procedures such as Administrative Procurement System《行政採購制度》, Media Provider Management System《媒體供應商管理制度》and IT Supplier Management System《IT供應商管理制度》so as to standardize the processes of supplier selection, evaluation, and elimination to ensure the quality of our products and services. We search for suitable suppliers according to the demand for products and services in different channels.

In addition to factors like price, quality, and supply stability, the Group also put emphasis to ensure suppliers meet admission standards and align with our ESG targets. Building appropriate control on the long-term and stable supplier relations can ensure the Group purchases from suppliers meet specified requirements.

Through document audit, sample approval, on-site audit, and other methods, we review suppliers from perspectives of business qualification, quality management, registration documents, production environment, production process, etc. Suppliers that successfully pass the review will be added to the Approved Supplier List (ASL)《合格供方清單》. To further ensure the quality of suppliers, even after they passed the assessment, they must go through a trial process and if they fail to meet the requirement, they will be removed from the "Qualified Supplier List".

In 2022, there are total of 9 approved suppliers. Among the suppliers, 8 are in China (including Hong Kong), 1 is in Singapore. We conduct the comprehensive evaluation for suppliers under ASL quarterly and manage the suppliers by categories (1st to 4th) according to the evaluation results. Suppliers with low scores are required to take measures to make rectifications and get re-evaluated within a specified period. We will terminate the cooperation relationship for the suppliers who fail to pass the re-evaluation and those who cannot meet our minimum score requirements. We attach great importance to communication with suppliers and maintain interaction with them through the hotline, business negotiations, irregular field visits, etc.

Embracing the green partner management concept, the Group also considers the involvement of suppliers in fulfilling social responsibilities and environmental protection. The Group request suppliers to manage energy conservation and reduce emissions and urge them to get used to adopting more eco-friendly products and services, so as to contribute to society and the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. Employee Care

Employment Standards

Upholding the "people first" policy, the Group is of the view personnel management is an important key to achieving sustainable business development. Our innovative solutions to address the unmet needs of customers are supported by our dedicated and talented employees. We have put in place a set of social policies to promote health and safety of our employees. The Group values the opinions of employees and believes good employee relations are crucial to the long-term development of its business. Therefore, effective communication channels have been set up for employees in different age groups and assistance appropriate to their needs is offered, to maintain a harmonious workplace, and ultimately enhancing work efficiency and productivity.

Compliance employment

The Group strictly abides by the Labour Law of the People's Republic of China《中華人民共和國勞動法》, the Labour Contract Law of the People's Republic of China《中華人民共和國勞動合同法》and other laws and regulations, and has established the Employee Handbook《員工手冊》which details standards covering remuneration and packages, compensation and dismissal, recruitment, and promotion, working hours and rest periods, labor standards and diversity and other benefits and welfare for our employees.

IV. Employee Care (Continued)

Employment Standards (Continued)

Compliance employment (Continued)

As of 31 December 2022, we had 84 employees and overall employee turnover rate is 48.81%. We strictly follow relevant laws and regulations to implement the dismissal process. See below for detailed breakdown of the workforce and turnover rate:

Total Workforce as of 31 December 2022		**Total Number of Employees**	**Employee Turnover Rate**
Gender	Female	51	50.98%
	Male	33	45.45%
Employment Type	Full-time	83	49.40%
	Part-time	1	0.00%
Employee Category	Senior Management	2	0.00%
	Middle Management	11	18.18%
	Frontline and Other Employees	71	54.93%
Age Group	18-25	8	112.50%
	26-35	64	43.75%
	36-45	9	44.44%
	46-55	2	0.00%
	56 or above	1	0.00%
Geographical Location	Mainland China	84	47.62%
	Foreign countries	0	N/A
Total		84	48.81%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. Employee Care (Continued)

Employment Standards (Continued)

Employee and Board Diversity

The Group has established a fair and reasonable employment system, with clear management procedures and a code of conduct, to advocate the concepts of workforce diversity for all employees. We believe board diversity is one of the key elements of good corporate governance. To achieve sustainable and balanced development, the Group sees increasing diversity at the Board level as an essential element in supporting. Our Board comprises five members, including three executive Directors, two non-executive Directors, and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including management and strategic development, finance and investment, legal and accounting experiences in addition to information technology-related experience. Furthermore, our Board has a wide range of ages, ranging from 41 years old to 50 years old, and comprises both female and male members. We also have a good mix of new and experienced Directors to bring in fresh ideas and new perspectives to our Group.

Recruitment and promotion

The Group encourages and advocates equal opportunities and diversity. We recruit talents through the talent market, online platforms, on-campus job fairs, internal referrals, and other channels to build our employer brand that can meet the needs of our business. It forbids engagement in or supports discrimination based on ethnicity, social class, gender, etc. in such areas as recruitment, salary, and promotion. To hire the most suitable talent, the Group will arrange interviews based on job requirements, making sure it is best capable of identifying and retaining the right talent.

We have set up different career paths for the management, general and technical personnel with corresponding different promotion channels. We assess each talent according to the performance appraisal result and skill sets, combined with measures such as talent review, and various training programs to provide equal and consistent opportunities for them to achieve career ambitions.

We have a performance appraisal system and regularly conduct comprehensive appraisal assessments on the staff's work performance, workability, and work attitude. Through a set of closed-loop performance management systems, employees can continuously improve their work performance, workability, and professional skills. The assessment results will affect the promotion, salary adjustment, and dismissal arrangements of employees. We regularly conduct comprehensive talent reviews, from dimensions of "Performance" and "Ability", to understand the current situation of talents, identify high potential talents in enterprises, and establish a perfect talent development system, which provides sufficient decision-making basis for the selection, recruitment, education, and retention of talents.

IV. Employee Care (Continued)

Compensation and Benefits

We provide market-competitive compensation, the level of which our employees receive will be driven by their qualifications, experience, potential, and performance. The Group's employees in the PRC will be entitled to five national statutory social insurances (including basic pension insurance, basic medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance) as well as commercial and accident insurance under the statutory Employment Ordinance of the PRC. In addition to local statutory holidays such as basic paid annual leave and maternity leave, female employees are also entitled to prenatal leave.

Working hours and holidays

We implement the standard working hours system requiring employees to work forty hours every week and eight hours a day. We encourage our employees to make best use of their working time and increase their efficiencies, they need to complete their work within 8 hours every day. Employees who need to work overtime should apply in the OA system, which will take effect after being approved by the department head and copy to the Human Resources Department for record. In addition to legal holidays, employees are entitled to annual leave, personal leave, sick leave, marriage leave, maternity leave, parental leave, nursing leave, bereavement leave, work-related injury leave, etc.

Employee well-being

We are committed to providing our employees with a warm and safe working environment and take a holistic approach to employee well-being. We continue to promote work-life balance and create a positive workplace for all of employees. We offer full-range welfare programs that support healthy work-life harmony that go above and beyond the legal requirement, such as employee's recognition programs, afternoon tea, holiday benefits and workplace celebrations, provide a green working environment with ergonomic office chairs. We also promote employee communication and encourage employees to make suggestions for the improvement of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Christmas Gifts

Christmas Party

Afternoon Tea

Mother's Day Gift

Chinese New Year Gift

Organizing Sight-seeing Tour

IV. Employee Care (Continued)

Compensation and Benefits (Continued)

Labour standards and diversity inclusion

We strictly abide by the Labour Law of the People's Republic of China《中華人民共和國勞動法》, Provisions on the Prohibition of Using Child Labour《禁止使用童工規定》 and other laws and regulations, and prohibit any forms of child labour and forced labour. All works are voluntarily performed and shall not involve forced labour, debt repayment or contractually bound labour, or involuntary prison labour. The Group prohibits the recruitment of child labour, or workers aged below 15 (or at a legally forbidden age). The HR Department also checks identity documents and conducts interviews to verify the age of candidates before hiring. Should the Group discover any child labour, it would rectify the situation according to the "Child Labour Rescue and Help Procedures", terminate the employment and arrange a physical examination to check the health of the child, and the expenses would be borne by the Group.

We do not tolerate forced labour through violence, threats, coercion, or unlawful restraint. The Group does not tolerate any physical, sexual, psychological, or verbal harassment or abuse of employees. We have procedures in place to ensure relevant policies are properly implemented throughout the Group. These include giving relevant training, employee interviews and surveys, and conducting onsite visits and audits regularly. Issues or inquiries raised by employees via different channels will be handled and investigated by the Group carefully and in strict confidence.

In 2022, we do not have any cases of child and forced labour. We treat every employee equally in recruitment, promotion, training, etc., and have zero tolerance for any discrimination and unfair treatment in the workplace due to gender, nationality, race, marital status, age, or religious belief.

Health and Safety

The health and safety of our employees is a priority for us. To provide a safe working environment, we provide our employees with occupational health and safety training and updates to enhance their awareness of health and safety issues. We strictly follow relevant laws and regulations on occupational health and safety to manage work safety and occupational health of our employees. We have followed health and work safety requirements in all material aspects during the Year, and do not have any work-related injuries and fatalities that occurred in each of the past three years including 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. Employee Care (Continued)

Health and Safety (Continued)

Occupational Health and Safety Data in 2022 and 2021

	2022	2021
Work related fatality	**0**	0
Fatality rate	**0.00%**	0.00%
Work injury cases >3 days	**0**	0
Work injury cases ≤3 days	**0**	0
Lost days due to work injury	**0**	0

We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures. We conduct regular safety inspections and maintenance for our equipment and facilities.

In response to the COVID-19 outbreak, we have taken a series of precautionary measures in compliance with government's requirements and to maintain a safe and hygienic working environment for our employees, including (i) distribution of free hand sanitizers and facemasks regularly to employees, (ii) implementing remote working policies and arrangements and, where necessary, switching offline meetings with marketers and media publishers to online meetings to reduce the risk of COVID-19 exposure, (iii) conducting a complete clean up and disinfection of our offices regularly, (iv) keeping all employees informed of our COVID-19 precautions and handling measures, and (v) closely following up with and requiring any employees who have been to the outbreak area or in contact with any suspicious case to promptly notify us, conduct COVID test or quarantine as required by the government. During the Year, we did not experience material business disruptions or operating difficulties due to the COVID-19 outbreak, evidencing the effectiveness of its preventive measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. Employee Care (Continued)

Development and Training

Talents are one of the most important assets of the Group, the Group has staff development and training policies designed to help employees realize their potential. We will continue to promote work-life balance and create a positive workplace for all our employees.

We place a high value on the professional development of our employees. The company insists on continuous human resource development as the realization of the goal of human capital appreciation in order to raise the calibre of our employees, broaden their knowledge to meet the business and personal development needs of the company, and foster a sense of common development between the company and the employees. It combines self-improvement and educational growth, as well as on-the-job and off-the-job training. We have standardized employee training in the Employee Handbook《員工手冊》and developed the learning platform for employees》and business needs. In 2022, the training status of our employees was as follows:

Total Training hours as of 31 December 2022		**Percentage of trained employees**	**Average training hours**
Gender	Female	100%	1.11 hrs
	Male	100%	0.89 hrs
Employee Category	Senior Management	100%	3.00 hrs
	Middle Management	100%	1.82 hrs
	Frontline and Other Employees	100%	0.79 hrs
Total		100%	0.98 hrs

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. Employee Care (Continued)

Development and Training (Continued)

We have developed diversified training programs to help our employees improve their working abilities and experience:

- New employee training: carried out by the Human Resource Department during the process of new employee onboarding, to provide employees basic knowledge such as company culture, post responsibility, company business, etc. necessary to start their work;

- Management skills training: designed for management-level employees, to deepen the management's understanding of corporate culture, and improve leadership, promoting sustainable development of the Group;

- Professional skills training: cover areas including special operations, procurement, marketing, finance, etc. to build employees' professional capacities;

- General skills training: intended to improve general knowledge, such as time management, communication skills, office skills, etc;

- Management System training: cover areas including On Job Training, job transfer, SOP, internal policies, legal training, etc.

Training on Customer Service Techniques

Human Resources Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. Green Operation

Powerwin regard environment protection as an important corporate responsibility and are committed to promoting corporate social responsibility and sustainable development as well as integrating it into all major aspects of our business operations.

We strictly abides by the Environmental Protection Law of the People's Republic of China《中華人民共和國環境保護法》, the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China《中華人民共和國固體廢物污染環境防治法》and other relevant environmental laws and regulations in our daily operation. We advocate the concept of "green and sustainability" and are committed to making progress towards a sustainable future by proactively addressing carbon emissions, waste management and energy usage. Due to the business nature, the usage of oil, gas and water, as well as the emission of noise, solid waste, exhaust gas and waste water is immaterial. We endeavour to reduce negative impact on the environment through our commitment to energy saving and sustainable development. The internal environmental policies are formulated to reduce the impacts on the environment arising from our operations.

Emissions

The venue for our daily operations is our offices and the most significant resource consumption thereof is the use of electricity and paper. The Group has established the internal guidelines to enhance employees' awareness to reduce emissions in our daily operational processes, consistently improve production methods and efficiency, and ensure that wastes are properly handled and treated. We evaluate our electricity consumption in accordance with relevant regulations and policies and endeavour to proactively conserve energy in response to the government's initiatives.

Electricity

Electricity usage is also the major source of our greenhouse gas ("**GHG**") emissions mainly due to the use of electricity during our daily operation. We monitor our electricity consumption levels regularly and implement measures to reduce emissions. The domestic wastes generated in the office areas are collected, classified, and finally treated by the Municipal Sanitation Department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. Green Operation (Continued)

Emissions (Continued)

Greenhouse gases

Greenhouse gas emissions (GHG emissions) are mainly from indirect greenhouse gas emissions generated by purchased electricity (Scope 2). The calculation scope of the GHG emission (Scope 3) mainly includes indirect GHG emissions from the Group's paper waste and business travels. Therefore, energy-saving measures are taken to reduce GHG emissions.

In 2022, our offices in the PRC used in total 56,599.6 kilowatt-hours of electricity, which accounted for around 32.9 tons of carbon equivalent emission under scope 2 indirect GHG emissions for electricity purchased.

Scope of GHG	Emission sources	GHG emission in 2022 (in tCO_2e)	Total GHG emission in 2022 (in %)
Scope 1 Direct emissions	Combustion of Fuel in stationary and mobile Sources, release of refrigerants from the operation of equipment and Systems	0.00	0.00
Scope 2 Energy indirect emission	Purchased electricity	32.90	92.00
Scope 3 Other indirect emissions	Paper waste disposal	0.85	2.38
	Business air travels	2.01	5.62
Total		35.76	100

The overall intensity was 0.42 tCO_2e per employee, we endeavor to reduce the intensity of carbon emission by 5% of our current discharge for the next five years.

V. Green Operation (Continued)

Emissions (Continued)

Scope 3 Emissions from Third-party Server Services

We utilize an increasing amount of third-party cloud storage and server services to operate, in particular, our cross-border online-shop SaaS solutions business. Energy consumption becomes a major component of the environmental footprint of a data center. Emissions from suppliers, such as our server service providers, are counted as scope 3 emissions in ESG disclosures, which tends to be reported voluntarily to avoid double counting.

To mitigate our indirect impact through third-party server service providers, we plan to strengthen our ESG practices and actively research the carbon footprint of our third-party service providers and enlist environmental protection capability as one of our assessment elements when evaluating such service providers to ensure that our service providers are fully competent in carrying out sustainable operations and exert continuous effort to minimize environmental impact. When screening server service providers in the future, low carbon will be our top priority criteria with evaluation metrics emphasizing environmental impact, energy and resource utilization, use of renewable energy and other innovative means for producing a smaller carbon footprint.

Hazardous waste

Due to the nature of our business, we do not generate any hazardous waste during our operations. In order to reduce the impact of our disposal of non-hazardous waste on the environment, we monitor our waste discharge level on a regular basis. Proper guidelines are provided to our employees on waste classification and disposal. We target to maintain a 100% compliance rate in relation to waste disposal.

We mainly monitor the number of pieces of paper used in our offices to assess the effect of our paperless operation. During the Year, we used around 35,500 pieces of paper in total, and we aim to reduce the number of pieces of paper by around 20% per year over the next three years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. Green Operation (Continued)

Resource Management

We advocate efficient energy management in our operation to reduce the carbon footprint. In accordance with relevant laws including the Law of the People's Republic of China on Energy Conservation and the Energy Policy, we have set up a taskforce to manage Energy Conservation, continuously reducing energy consumption and improving energy efficiency by optimizing energy structure and applying advanced energy management technologies.

We adopt different measures to reduce energy usage in our operations:

- reducing the use of electronic light when the natural lighting is sufficient;
- not using air-conditioners when the natural room temperature is suitable for office work;
- turning off air-conditioners, computers, and other electronic equipment during non-working hours to enhance our staff's awareness of the efficient use of electricity and the importance of energy conservation and reduction of GHG emissions;
- nominated five staff as responsible personnel, each of them being responsible for daily overseeing the implementation of relevant measures to save energy and reduce carbon emissions within their designated areas; and
- adoption of the internal policy to encourage paperless operation to reduce the use of paper and carbon emissions;
- adoption of various online systems to support our daily business operations;
- target to deepen the degree of paperless operation by further developing our business and internal management systems such as CRM systems to include more functions to be realized through them.

V. Green Operation (Continued)

Climate Change Risk Management

As natural resources have been consumed, used, and collected excessively, the frequency and intensity of incidents such as extreme weather have kept increasing. Climate change has become a global issue that we all need to tackle nowadays. The Group is very much alive to the urgency of the issue and has actively responded to the call of the international society by doing its utmost best to realize low-carbon green development in different areas. The climate-related issues also pose a certain level of impact on us. Climate-related risks are classified into two major categories: physical risks and transitional risks.

Physical risks

Physical risks are risks that potentially cause a physical impact on us. The climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms and typhoons. The equipment and facilities for our events, such as more frequent storms and typhoons. The equipment and facilities for our business operations may encounter disruptions. Extreme weather may also cause a threat to the health and safety of our employees. We may potentially be impacted by an increased operation and maintenance cost and an increased labour cost.

Transitional risks

Transitioning to a lower-carbon economy, extensive policy, legal, technology and market changes may also take place to address mitigation and adaptation requirements related to climate change. Transitional risks related to policy change include any risk that the environmental laws and regulations may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs to comply with the more stringent rules. For example, due to climate change and climate-related issues, regulators may require increasing disclosure of emission. Such transitional risks which require us to move towards a sustainable business model may potentially lead to impacts such as the increased operational cost from change of operational practices. Specifically, we may need to switch to energy-efficient lighting or increase greenery areas on our operational premises.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. Green Operation (Continued)

Climate Change Risk Management (Continued)

Measures to manage and mitigate ESG risks

The Group has devoted effort to climate risk management work during the Year in order to reduce energy consumption and lowered carbon emissions, and thus mitigate climate change.

To combat the climate change, we have implemented internal policies including Energy Saving Appointment Letter (《節能任命書》) to reduce our carbon footprint such as reducing energy consumption through a number of measures, such as (1) switching off lights and powers for electronic devices when not used, (2) using double-sided printing of documents, and (3) reducing the use of disposable products including wooden chopsticks, paper cups, paper towels, and advocating for proper waste separation. Suppliers in neighbouring regions of our operations are preferred to avoid carbon emissions from transportation, especially air pollution. During the Year, most of our suppliers are in China, bringing a significant impact on reducing our carbon footprint resulting from transportation.

Responding to network and data security emergencies caused by human causes, software and hardware failures as well as natural disasters and extreme weather including strong winds, super typhoons, flooding due to climate change and earthquakes, fire, toxic chemical leak explosions, etc., the Group has laid down the Network and Data Security Incident Emergency Plan《網絡與數據安全事件應急預案》 to improve the handling of all kinds of accidents, disasters, and health events. The Group has set up the Network and Data Security Emergency Command Team (the "**Command Team**") which comprises the Head of Network Security, Vice President, Administrative and Human Resources Manager, Legal Director, Finance Manager and Sales Director. Each department selects 1-2 members as alternates to participate in the Command Team. The Command Team is responsible for coordinating the emergency response of related departments. We want to ensure that corresponding rescue work can be conducted quickly and effectively in any kind of safety emergency to minimize casualties and property losses. We have also incorporated the safety emergency knowledge into our training plan and hold at least one safety emergency drill per year to increase the capacity of emergency rescue and handling.

During the Year, the Group is not aware of any actual climate-related risks or damages that could negatively impact our businesses, strategies, and financial performance. In the future, our Directors will continue to exert their efforts on environmental protection and mitigation of climate-related risks in operating our business.

VI. Community Service

We believe that the well-being of the community is an important factor in the long-term development of our Group. Despite the impact of the epidemic, we try our best to participate in the construction and development of local communities and fulfill our corporate citizenship responsibility. During the Year, the Group continues to contribute to the community through increasing investment while organising cultural and recreational activities for employees with an aim to relieve work pressure and help them to achieve work-life balance, and to enhance employees' sense of social responsibility and dedication to society. The Group has also participated in the "Earth Hour" event on March 26 at the Hangzhou office.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Powerwin Tech Group Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Powerwin Tech Group Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 88 to 152, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") 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 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**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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.

INDEPENDENT AUDITOR'S REPORT

Revenue recognition	
Refer to note 3 to the consolidated financial statements and the accounting policies note 1(o)(i).	
The Key Audit Matter	**How the matter was addressed in our audit**
The principal activities of the Group are rendering cross-border digital marketing services and cross-border online-shop SaaS solutions. Revenue from different types of contracts have different contract terms and revenue recognition criteria. In addition, as the Group handles individual transactions manually, there is an increased risk of that error may be made in the timing of recognition of revenue. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of revenue recognition by management to meet specific targets or expectations.	Our audit procedures to assess the recognition of revenue included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls over recognition of revenue; • inspecting the Group's contracts with marketers, media publishers and customers on a sample basis and discussing with the management on the nature of each major type of services to evaluate the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; • confirming with the marketers and customers directly on transaction records and balances of trade receivables as at the year end on a sample basis and performing alternative procedures on unreturned confirmations; • on a sample basis, reconciling transaction records to the monthly statements and rebates earned from the media publishers to the relevant underlying documents, including service contracts, quarterly statements and bank-in slips; • performing re-calculation of revenue on selected marketers and customers based on annual transaction volume data and the service fee rate stipulated in the contracts, and comparing it with the revenue recorded by the Group; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the relevant underlying documents including service contracts and monthly statements, to assess if revenue had been recognised in the appropriate financial period; and • inspecting sales journals during the financial year that met certain risk-based criteria and comparing details of these journals with the relevant underlying documents, including service contracts and monthly statements.

INDEPENDENT AUDITOR'S REPORT

<table>
<tr><td colspan="2">Expected credit loss allowance of trade receivables</td></tr>
<tr><td colspan="2">Refer to note 16 to the consolidated financial statements and the accounting policies note 1(g).</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The net carrying value of the Group's trade receivables amounted to approximately US dollars ("USD") 108,023,000 after netting off an expected credit loss ("ECL") allowance of USD5,189,000, representing approximately 77% of the Group's total assets as at 31 December 2022.

Trade receivables are generally due within 30 to 90 days from the date of billing. The Group measures the loss allowance at an amount equal to lifetime ECLs.

For trade receivables without customer specific information other than overdue data, the Group segmented the trade receivables based on shared credit risk characteristics and estimated the loss rates for each group. The estimated loss rates take into account ageing of trade receivables, customers' repayment history, current market conditions and forward-looking information. For trade receivables with customer specific information, the Group determined the ECL allowance based on shortfalls between the contractual cash flows and cash flows expected to be received. We identified assessing the ECL allowance for trade receivables as a key audit matter because trade receivables including the associated loss allowances are material to the Group and determining the level of the loss allowance is inherently subjective.</td><td>Our audit procedures to assess the ECL allowance for trade receivables included the following:

• understanding and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, segmentation of trade receivables and estimation of the ECL allowance;

• evaluating the Group's policy for estimating the ECL allowance with reference to the requirements of the prevailing accounting standards;

• assessing, on a sample basis, whether items in the trade receivables ageing report were categorised in the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices and the credit term;

• assessing the appropriateness of management's estimates of the loss rates, including testing the accuracy of the historical default data; evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information;

• for specific allowance, assessing the appropriateness of the cash flows expected to be received based on the debtor's financial conditions and the repayment plan; and

• performing re-calculation of the ECL allowances as at 31 December 2022 based on the Group's ECL allowance policies.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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 are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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. This report is made solely to you, as a body, 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 scepticism 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

- 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Liu Hin Pan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in US dollars ("**USD**"))

	Note	2022 USD'000	2021 USD'000
Revenue	3	**16,429**	14,346
Cost of sales		**(2,574)**	(2,177)
Gross profit		**13,855**	12,169
Marketing expenses		**(605)**	(785)
Administrative expenses		**(4,712)**	(3,222)
Expected credit losses on trade receivables	25(a)	**(295)**	(158)
Other income/(losses)	4	**20**	(11)
Profit from operations		**8,263**	7,993
Finance costs	5(a)	**(1,909)**	(1,188)
Changes in fair value of financial assets		**57**	56
Profit before taxation	5	**6,411**	6,861
Income tax	6(a)	**(917)**	(1,086)
Profit for the year		**5,494**	5,775
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial information of entities not using USD as functional currency		**(40)**	20
Other comprehensive income for the year	9	**(40)**	20
Total comprehensive income for the year attributable to equity shareholders of the Company		**5,454**	5,795
Earnings per share			
Basic and diluted (cents)	10	**0.92**	0.96

The notes on pages 93 to 152 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 24(d).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022
(EXPRESSED IN US DOLLARS)

	Note	31 December 2022 USD'000	31 December 2021 USD'000
Non-current assets			
Property, plant and equipment	11	30	51
Right-of-use assets	12	320	411
Intangible assets	13	41	7
Financial assets measured at fair value through profit or loss	15	1,527	1,487
Deferred tax assets	22(b)	859	811
		2,777	2,767
Current assets			
Trade and other receivables	16	109,545	132,309
Cash and cash equivalents	17	27,716	15,422
		137,261	147,731
Current liabilities			
Trade and other payables	18	99,773	91,075
Contract liabilities	19	4,332	4,025
Bank loans	20	28,560	45,156
Lease liabilities	21	224	312
Current taxation	22(a)	290	533
		133,179	141,101
Net current assets		4,082	6,630
Total assets less current liabilities		6,859	9,397
Non-current liabilities			
Bank loans	20	461	633
Lease liabilities	21	85	105
		546	738
Net assets		6,313	8,659

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022
(EXPRESSED IN US DOLLARS)

	Note	31 December 2022 USD'000	31 December 2021 USD'000
CAPITAL AND RESERVES	24		
Share capital		**10**	10
Reserves		**6,303**	8,649
TOTAL EQUITY		**6,313**	8,659

Approved and authorised for issue by the board of directors on 21 April 2023.

Mr. Li Xiang
Chairman, Chief Executive Officer
and Executive Director

Ms. Yu Lu
Executive Director

The notes on pages 93 to 152 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022
(EXPRESSED IN US DOLLARS)

	Note	Share capital USD'000	Share premium USD'000	Capital reserve USD'000	Exchange reserve USD'000	Retained profits USD'000	Total equity USD'000
Balance at 1 January 2021		10	–	–	(110)	8,964	8,864
Changes in equity for 2021							
Profit for the year		–	–	–	–	5,775	5,775
Other comprehensive income	9	–	–	–	20	–	20
Total comprehensive income		–	–	–	20	5,775	5,795
Dividends declared in respect of the current year	24(d)	–	–	–	–	(6,000)	(6,000)
Balance at 31 December 2021 and 1 January 2022		10	–	–	(90)	8,739	8,659
Changes in equity for 2022							
Profit for the year		–	–	–	–	5,494	5,494
Other comprehensive income	9	–	–	–	(40)	–	(40)
Total comprehensive income		–	–	–	(40)	5,494	5,454
Dividends declared in respect of the current year	24(d)	–	–	–	–	(7,800)	(7,800)
Balance at 31 December 2022		10	–	–	(130)	6,433	6,313

The notes on pages 93 to 152 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022
(EXPRESSED IN US DOLLARS)

	Note	2022 USD'000	2021 USD'000
Operating activities			
Cash generated from/(used in) operations	17(b)	**34,698**	(25,571)
Income tax paid	22(a)	**(1,208)**	(2,571)
Net cash generated from/(used in) operating activities		**33,490**	(28,142)
Investing activities			
Payment for the purchase of property, plant, and equipment		**(2)**	(44)
Payment for the purchase of intangible assets		**(41)**	(10)
Net cash used in investing activities		**(43)**	(54)
Financing activities			
Capital element of lease rentals paid	17(c)	**(367)**	(282)
Proceeds from new bank loans	17(c)	**462,761**	500,854
Repayment of bank loans	17(c)	**(479,532)**	(480,024)
Payment of listing expenses		**(474)**	(187)
Interest expense paid	17(c)	**(1,891)**	(1,160)
Interest element of lease rentals paid	17(c)	**(15)**	(19)
Dividends paid to equity shareholders of the Company	24(d)	**(1,600)**	–
Net cash (used in)/generated from financing activities		**(21,118)**	19,182
Net increase/(decrease) in cash and cash equivalents		**12,329**	(9,014)
Cash and cash equivalents at 1 January	17(a)	**15,422**	24,434
Effect of foreign exchange rate changes		**(35)**	2
Cash and cash equivalents at 31 December	17(a)	**27,716**	15,422

The notes on pages 93 to 152 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing these consolidated financial statements, the Group has adopted all applicable new and revised HKFRSs for the accounting period beginning on 1 January 2022.The Group has not early adopted any other new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2022. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2022 are set out in note 29.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "**Group**").

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "**functional currency**"). The functional currency of the Company and its subsidiaries outside Chinese mainland is US dollars ("**USD**") and the functional currency of the subsidiaries in Chinese mainland is Renminbi.

As the major operations of the Group were denominated in USD, the consolidated financial statements are presented in USD, rounded to the nearest thousand unless otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets measured at fair value through profit or loss ("**FVPL**") is stated at their fair value as explained in note 15.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(g)(ii)).

1 Significant accounting policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(g)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Office equipment 3 – 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(g)(ii)). Expenditure on research and development, and on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Software 3 – 10 years

The useful life of software was assessed based on the expected period of technological or commercial usability of the software.

Both the period and method of amortisation are reviewed annually.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(f) Leased assets

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.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

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. 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.

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 (see note 1(g)(ii)).

1 Significant accounting policies (Continued)

(f) Leased assets (Continued)

As a lessee (Continued)

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 1(o)(ii)(a) and 1(g)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the unexpired term of leases as follows:

– Leased properties	2 – 4 years

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 rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position. The current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(g) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for fixed-rate financial assets and trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

1 Significant accounting policies (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial assets (Continued)

Measurement of ECLs (Continued)

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the reporting date 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 90 days past due. 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:

– failure to make payments of principal or interest on their contractually due dates;

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

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

– 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.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial assets (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 1(o)(ii)(a) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

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

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

1 Significant accounting policies (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– intangible assets; and

– investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(g) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(h) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(o) (i)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(i)).

(i) Trade and other receivables

Trade and other receivables are 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.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(g)(i)).

1 Significant accounting policies (Continued)

(j) Cash and cash equivalents

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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(g)(i).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(q)).

(m) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(n) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 Significant accounting policies (Continued)

(n) Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

1 Significant accounting policies (Continued)

(o) Revenue and other income (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group principally derives revenue from the provision of cross-border digital marketing services and cross-border online-shop software as a service ("**SaaS**") solutions.

(a) Cross-border digital marketing services

The Group use CPM, or cost per mille (based on per one thousand impressions of the advertisement) and CPC, or cost per click (based on the number of clicks of the advertisement), as pricing models. The Group recognizes revenue on the CPM or CPC basis, when the related services are delivered. Revenue is measured at the fair value of the consideration received or receivable and represents the expected amounts receivable for services performed, net of discounts, returns and value-added taxes ("**VAT**").

(i) Standardized digital marketing services

The Group acts as an intermediary by connecting marketers with media publishers and facilitating their transactions. The Group recognizes revenue mainly based on the agreed amounts of rebates earned from the media publishers, net of the incentives granted to the marketers.

(ii) Customized and SaaS-based digital marketing services

On top of standardized digital marketing services, the Group also generates revenue from providing customized and SaaS-based services to marketers. Revenue from such services is recognized at the agreed amount charged to the marketers, which is generally based on a certain percentage of the billing to the marketers on the specific media platform.

In both standardized digital marketing services and customized and SaaS-based digital marketing services, the Group neither makes promises to marketers about the effectiveness of marketing campaigns nor control the underlying advertising space before it is transferred to marketers. Therefore, the Group determines that it acts as an agent in both arrangements and does not include in revenue any payments from the marketers that are collected on behalf of the media publishers.

1 Significant accounting policies (Continued)

(o) Revenue and other income (Continued)

(i) Revenue from contracts with customers (Continued)

(b) Cross-border online-shop SaaS solutions

Revenue deriving from cross-border online-shop SaaS solutions consists of subscription fees and commission. During the subscription period, customers can access the SaaS platform but cannot take possession of the SaaS platform or transfer the proprietary rights pertaining to such a platform.

Subscription fees are charged monthly for customers to sell their products and process transactions on the standalone online-shops established through the SaaS platform. Subscription fees are generally charged per online store and are based on the store's subscription plan. The subscription fees are amortized on a straight-line basis over the term of the subscription.

Commission consists of sharing of gross merchandise volume ("**GMV**") earned by the customers from selling their products via the SaaS platform and is recognised when the transaction is completed.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost 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 (see note 1(g)(i)).

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(o) Revenue and other income (Continued)

(ii) Revenue from other sources and other income (Continued)

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses 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 Group or the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of entities not using USD as functional currency are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

1 Significant accounting policies (Continued)

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(r) 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 Group or the Group's parent.

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

(i) The entity and the Group 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 of 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.

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

1 Significant accounting policies (Continued)

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Accounting judgements and estimates

The methods, estimates and judgements the management used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements and significant accounting estimates in applying the Group's accounting policies are described below.

(a) Revenue recognition – Principal versus agent considerations

The Group provides cross-border digital marketing services to its customers using different business models, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which include but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices from the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

2 Accounting judgements and estimates (Continued)

(b) Loss allowance for trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

(c) Income tax and deferred tax assets

The Group is subject to income taxes in different jurisdictions. During the year, certain subsidiaries in Chinese mainland provide intragroup research and development service and commercial support service to Powerwin Media Group Co., Limited ("**Powerwin Media**"). The evaluation of uncertain tax positions associated with such type of transactions involves significant judgment as to the ultimate outcome, the interpretation and application of the relevant tax laws, and the determination of the appropriate transfer pricing that reflects the location of value creation. Although the Group believes that it has made its best estimate of the tax position in accordance with the relevant tax laws in respect of the intra-group transactions, the final tax outcome of these matters may be different from that which is reflected in the Group's financial statements. Changes in facts and circumstances or new information becoming available may cause the Group to reassess its judgement or estimate in determining the transfer pricing policy and terms applied in the intra-group transactions, the adequacy of existing tax liabilities and eligible application for refund of the overpaid Hong Kong Profit Tax, if any. Such reassessment may result in changes to tax liabilities or tax refund which will impact tax expense in the period that such a determination is made.

Deferred tax assets are recognised for deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the deductible temporary differences can be utilised, management's judgement is required to assess the probability of future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

3 Revenue and segment information

(a) Revenue

The principal activities of the Group are the provisions of cross-border digital marketing services and cross-border online-shop SaaS solutions.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by major services is as follows:

	2022 USD'000	2021 USD'000
Cross-border digital marketing services		
Standardized digital marketing	9,084	7,764
Customized digital marketing	3,883	3,827
SaaS-based digital marketing	2,093	2,724
	15,060	14,315
Cross-border online-shop SaaS solutions	1,369	31
	16,429	14,346

	2022 USD'000	2021 USD'000
Disaggregated by timing of revenue recognition		
– Point in time	15,060	14,315
– Over time	1,369	31
	16,429	14,346

3 Revenue and segment information (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

There are three and two customers with whom transactions have exceeded 10% of the Group's revenues for the years ended 31 December 2022 and 2021, respectively. Revenue from these customers are set out below:

	2022 USD'000	2021 USD'000
Customer I	1,760	3,325
Customer II	1,727	2,553
Customer III	2,837	N/A*

* This represents that the revenue from that customer is less than 10% of the Group's revenue of that year.

(ii) Revenue expected to be recognised in the future arising from contracts in existence at each reporting date

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts that had an original expected duration of one year or less and does not disclose the transaction price allocated to the unsatisfied performance obligations.

(b) Segment information

For the years ended 31 December 2022 and 2021, the geographical information on the total revenue based on the location of the respective entities of the Group rendering of the services is as follows:

	2022 USD'000	2021 USD'000
Hong Kong	16,415	14,294
Chinese mainland	14	52
	16,429	14,346

Non-current assets excluding financial assets measured at fair value through profit or loss and deferred tax assets are mainly located in Chinese mainland.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

4 Other income/(losses)

	2022 USD'000	2021 USD'000
Interest income	20	1
Foreign exchange loss	(10)	(12)
Other income	10	–
	20	(11)

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2022 USD'000	2021 USD'000
Interest on bank loans	1,894	1,169
Interest on lease liabilities	15	19
	1,909	1,188

(b) Staff costs (including directors' emoluments):

	2022 USD'000	2021 USD'000
Salaries, wages and other benefits	3,744	3,451
Retirement scheme contributions	225	176
	3,969	3,627

5 Profit before taxation (Continued)

(b) Staff costs (including directors' emoluments): (Continued)

The Group's subsidiaries in the People's Republic of China ("**PRC**") participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

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

The Group has no other material obligations for payments of pension benefits beyond the contributions described above.

(c) Other items:

	2022 **USD'000**	2021 USD'000
Changes in fair value of financial assets (note 25(e))	**(57)**	(56)
Auditors' remuneration	**164**	20
Listing expenses	**2,137**	775
Research and development costs (note (a))	**1,246**	1,013
Amortisation cost of intangible assets (note 13)	**6**	3
Depreciation		
– property, plant and equipment (note 11)	**19**	14
– right-of-use assets (note 12)	**350**	299

Note:

(a) Research and development costs include staff costs of employees in the research and development department, of which USD 1,243,000 (2021: USD 773,000) are included in the staff costs as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

6 Income tax in the consolidated statement of profit or loss and other comprehensive income

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 USD'000	2021 USD'000
Current tax		
Provision for the year	965	1,114
	965	1,114
Deferred tax		
Origination and reversal of temporary differences (note 22(b))	(48)	(28)
	917	1,086

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022 USD'000	2021 USD'000
Profit before taxation	6,411	6,861
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	1,000	1,146
Tax effect of non-deductible expenses	14	26
Tax effect of non-taxable income	(13)	(9)
Statutory tax concession	(84)	(77)
Actual tax expense	917	1,086

6 Income tax in the consolidated statement of profit or loss and other comprehensive income (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (Continued)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021:16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong Profits Tax for 2022 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021/22 subject to a maximum reduction of HKD10,000 for each business (2021: a maximum reduction of HKD10,000 was granted for the year of assessment 2020/21 and was taken into account in calculating the provision for 2021).

The statutory income tax rate for the subsidiaries in the PRC is 25%.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees USD'000	Salaries, and benefits USD'000	Discretionary bonuses USD'000	Retirement scheme contributions USD'000	2022 Total USD'000
Executive directors					
Mr. Li Xiang ("**Mr. Li**")	–	293	46	12	351
Ms. Yu Lu ("**Ms. Yu**")	–	277	31	11	319
	–	570	77	23	670

	Directors' fees USD'000	Salaries, and benefits USD'000	Discretionary bonuses USD'000	Retirement scheme contributions USD'000	2021 Total USD'000
Executive directors					
Mr. Li	–	281	46	12	339
Ms. Yu	–	244	31	11	286
	–	525	77	23	625

Ms. Yu was appointed as director of the Company on 21 January 2022. She is key management personnel of the Group for the years ended 31 December 2022 and 2021 and her emolument disclosed above include those for services rendered by as key management personnel.

Ms. Zhao Yan, Mr. Gong Peiyue and Mr. Li Kwok Tai James were appointed as independent non-executive directors on 3 March 2023.

For the years ended 31 December 2022 and 2021, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2022 and 2021.

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2021: two) of them are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the remaining three (2021: three) individuals are as follows:

	2022 USD'000	2021 USD'000
Salaries and other emoluments	**237**	238
Discretionary bonuses	**–**	11
Retirement scheme contributions	**11**	8
	248	257

The emoluments of the three (2021: three) individuals with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 Number of individuals
Nil – HKD1,000,000	**3**	3

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

9 Other comprehensive income

Tax effects relating to each component of other comprehensive income:

	2022			2021		
	Before-tax amount USD'000	Tax benefit USD'000	Net-of-tax amount USD'000	Before-tax amount USD'000	Tax benefit USD'000	Net-of-tax amount USD'000
Exchange differences on translation of financial information of entities not using USD as functional currency	(40)	–	(40)	20	–	20

10 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of USD5,454,000 (2021: USD5,795,000) and the weighted average of 600,000,000 shares (2021: 600,000,000 shares after adjusting for the share subdivision in 2022 as disclosed in note 24(a) ("**Share Subdivision**") and the capitalisation issue in 2023 as disclosed in note 27(a) ("**Capitalisation Issue**")) in issue during the year, calculated as follows:

Weighted average number of shares

	2022 USD'000	2021 USD'000
Issued shares at 1 January	10,000	10,000
Effect of the Share Subdivision	990,000	990,000
Effect of the Capitalisation Issue	599,000,000	599,000,000
Weighted average number of shares at 31 December	600,000,000	600,000,000

There were no dilutive potential ordinary shares for the years ended 31 December 2022 and 2021; therefore, diluted earnings per share are equivalent to basic earnings per share.

11 Property, plant and equipment

	Office equipment USD'000
Cost:	
At 1 January 2021	26
Additions	44
Exchange adjustments	–*
At 31 December 2021 and 1 January 2022	70
Additions	2
Exchange adjustments	(6)
At 31 December 2022	66
Accumulated depreciation:	
At 1 January 2021	(5)
Charge for the year	(14)
Exchange adjustments	–*
At 31 December 2021 and 1 January 2022	(19)
Charge for the year	(19)
Exchange adjustments	2
At 31 December 2022	(36)
Net book value:	
At 31 December 2022	30
At 31 December 2021	51

* The balance represents amount less than USD1,000.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

12 Right-of-use assets

	Leased properties USD'000
Cost:	
At 1 January 2021	413
Additions	378
Exchange adjustments	14
At 31 December 2021 and 1 January 2022	805
Additions	292
Exchange adjustments	(78)
At 31 December 2022	1,019
Accumulated depreciation:	
At 1 January 2021	(89)
Charge for the year	(299)
Exchange adjustments	(6)
At 31 December 2021 and 1 January 2022	(394)
Charge for the year	(350)
Exchange adjustments	45
At 31 December 2022	(699)
Net book value:	
At 31 December 2022	320
At 31 December 2021	411

The Group leases various offices. The lease terms of lease contracts vary from 2 years to 4 years.

13 Intangible assets

	Software USD'000
Cost:	
At January 2021	–
Additions	10
Exchange adjustments	–*
At 31 December 2021 and 1 January 2022	10
Additions	41
Exchange adjustments	(1)
At 31 December 2022	50
Accumulated amortisation:	
At 1 January 2021	–
Charge for the year	(3)
Exchange adjustments	–*
At 31 December 2021 and 1 January 2022	(3)
Charge for the year	(6)
Exchange adjustments	–*
At 31 December 2022	(9)
Net book value:	
At 31 December 2022	41
At 31 December 2021	7

* The balance represents amount less than USD1,000.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

14 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest		
Company name	**Place of incorporation and operation and date of incorporation/ establishment**	**Particulars of registered/issued and paid-up capital**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Directly held					
Able Best Investment Group Limited	BVI and Hong Kong/ 8 July 2019	USD50,000/USD1	100%	–	Investment holding
Indirectly held					
Powerwin E-commerce Group Limited	Hong Kong/ 9 November 2021	HKD10,000/ HKD10,000	–	100%	cross-border online-shop SaaS solutions business
Powerwin Media	Hong Kong/ 26 August 2013	HKD1,000,000/ HKD1,000,000	–	100%	Cross-border digital marketing and online-shop SaaS solutions business
Beijing Yingli Information ConsultingCo., Ltd. (北京赢力信息諮詢有限公司, "**Beijing Yingli**") (notes (a)(c))	PRC/ 9 December 2021	Renminbi ("**RMB**") 1,000,000/-	–	100%	Cross-border digital marketing and online-shop SaaS solutions business
Powerwin Media (Shenzhen) Co., Ltd.(力盟傳媒(深圳)有限公司, "**Powerwin Shenzhen**") (notes (b)(c))	PRC/9 July 2018	RMB5,000,000/-	–	100%	Cross-border digital marketing business
Beijing Dingli Information Technology Co., Ltd. (北京鼎勵信息技術有限公司, "**Beijing Dingli**") (notes (b)(c))	PRC/ 12 December 2018	RMB1,000,000/-	–	100%	Cross-border digital marketing business

Notes:

(a) The entity is wholly foreign-owned enterprise established in the PRC.

(b) These entities are limited liability companies established in the PRC.

(c) The English translation of the company names is for reference only. The official names of these entities are in Chinese. These entities are limited liability companies established in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

15 Financial assets measured at fair value through profit or loss

	2022 USD'000	2021 USD'000
Financial assets measured at fair value through profit or loss:		
– Deposit component of the insurance contracts	1,527	1,487

The Group, as the policyholder and beneficiary owner, held some life insurance contracts, which contained not only an insurance component, but also a deposit component. The Group applies HKFRS 4 Insurance Contracts (by analogy) to unbundle the insurance component and the deposit component upon initial recognition. The one-off initial charges paid upfront for the insurance coverage were booked as prepaid expenses and would be amortised to expenses, during the period in which the Group expected to hold the insurance contracts. The remaining upfront policy fee paid after deducting the upfront charges was regarded as the deposit component and was accounted for under HKFRS 9 Financial Instruments. As the Group was entitled to a guaranteed minimum return as well as an unguaranteed investment return, the deposit component did not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. In accordance with HKFRS 9.4.1.4, the deposit component was measured at fair value through profit or loss. Please see note 25(e) for the measurement of the fair value of the deposit component.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

16 Trade and other receivables

	2022 USD'000	2021 USD'000
Trade receivables-third parties	113,212	125,321
Trade receivables-a related party (note 26(d))	–	276
	113,212	125,597
Less: loss allowance on trade receivables	(5,189)	(4,894)
	108,023	120,703
Amounts due from related parties (note 26(d))	33	10,929
Amounts due from third parties	1,489	677
	109,545	132,309

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group has entered into certain factoring arrangements with banks on a with-recourse basis, under which the Group obtained prepayment in respect of the invoice amounts owed from certain customers. Under these arrangements, the banks pay the Group agreed portion of the amounts owed from the customers on the original due dates, and then the Group settles the prepayment 60 days later.

As at 31 December 2022, the amount of trade receivables under factoring arrangements was USD27,088,000 (2021: USD51,672,000).

16 Trade and other receivables (Continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	2022 USD'000	2021 USD'000
Within 1 month	44,696	27,986
Over 1 month but within 2 months	31,431	46,166
Over 2 months but within 3 months	6,618	19,657
Over 3 months but within 6 months	8,669	18,498
Over 6 months but within 12 months	8,050	4,422
Over 12 months	13,748	8,868
	113,212	125,597

Trade debtors are due within 30 to 90 days (2021: 30 to 90 days) from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 25(a).

17 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	2022 USD'000	2021 USD'000
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement		
– Cash at bank and on hand	27,716	15,422

As at 31 December 2022, cash and cash equivalents situated in Chinese mainland amounted to USD153,000 (2021: USD420,000). Remittance of funds out of Chinese mainland is subject to relevant rules and regulations of foreign exchange control.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

17 Cash and cash equivalents and other cash flow information (Continued)

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations:

	Note	2022 USD'000	2021 USD'000
Profit before taxation		**6,411**	6,861
Adjustments for:			
Depreciation	5(c)	**369**	313
Amortisation of intangible assets	13	**6**	3
Finance costs	5(a)	**1,909**	1,188
Expected credit losses on trade receivables	25(a)	**295**	158
Increase in financial assets measured at FVPL		**(40)**	(40)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**23,181**	(38,156)
Increase in trade and other payables		**2,260**	3,832
Increase in contract liabilities		**307**	270
Cash generated from/(used in) operations		**34,698**	(25,571)

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

17 Cash and cash equivalents and other cash flow information (Continued)

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loans USD'000 (Note 20)	Lease liabilities USD'000 (Note 21)	Total USD'000
At 1 January 2022	45,789	417	46,206
Changes from financing cash flows:			
Proceeds from new bank loans	462,761	–	462,761
Repayment of bank loans	(479,532)	–	(479,532)
Capital element of lease rentals paid	–	(367)	(367)
Interest element of lease rentals paid	–	(15)	(15)
Interest expense paid	(1,891)	–	(1,891)
Total changes from financing cash flows	(18,662)	(382)	(19,044)
Exchange adjustments	–	(33)	(33)
Other changes:			
Increase in lease liabilities from entering into new leases during the year (note 12)	–	292	292
Interest expenses (note 5(a))	1,894	15	1,909
Total other changes	1,894	307	2,201
At 31 December 2022	29,021	309	29,330

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

17 Cash and cash equivalents and other cash flow information (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans USD'000 (Note 20)	Lease liabilities USD'000 (Note 21)	Total USD'000
At 1 January 2021	24,950	331	25,281
Changes from financing cash flows:			
Proceeds from new bank loans	500,854	–	500,854
Repayment of bank loans	(480,024)	–	(480,024)
Capital element of lease rentals paid	–	(282)	(282)
Interest element of lease rentals paid	–	(19)	(19)
Interest expense paid	(1,160)	–	(1,160)
Total changes from financing cash flows	19,670	(301)	19,369
Exchange adjustments	–	(10)	(10)
Other changes:			
Increase in lease liabilities from entering into new leases during the year (note 12)	–	378	378
Interest expenses (note 5(a))	1,169	19	1,188
Total other changes	1,169	397	1,566
At 31 December 2021	45,789	417	46,206

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

17 Cash and cash equivalents and other cash flow information (Continued)

(d) Total cash outflow for leases

Amounts included in the statement of cash flow for leases comprise the following:

	2022 USD'000	2021 USD'000
Within operating cash flows	28	25
Within financing cash flows	382	301
	410	326

These amounts relate to the following:

	2022 USD'000	2021 USD'000
Lease rentals paid	410	326

18 Trade and other payables

	2022 USD'000	2021 USD'000
Trade payables – third parties	96,986	84,442
VAT and other taxes payable	32	86
Payroll payable	280	339
Other payables and accruals	1,177	208
Dividends payable	1,298	6,000
	99,773	91,075

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

The dividends payable as at 31 December 2022 has been settled as of the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

18 Trade and other payables (Continued)

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2022 USD'000	2021 USD'000
Within 1 month	46,572	37,013
Over 1 month but within 3 months	50,414	47,429
	96,986	84,442

19 Contract liabilities

	2022 USD'000	2021 USD'000
Advanced payment received	4,332	4,025

Movements in contract liabilities

	2022 USD'000	2021 USD'000
Balance at 1 January	4,025	3,755
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,577)	(2,336)
Increase in contract liabilities as a result of billing in advance of sales	2,884	2,606
Balance at 31 December	4,332	4,025

20 Bank loans

(a) The analysis of the repayment schedule of bank loans is as follows:

	2022 USD'000	2021 USD'000
Within 1 year or on demand	28,560	45,156
After 1 year but within 2 years	172	172
After 2 years but within 5 years	289	445
After 5 years	–	16
Sub-total	461	633
Total	29,021	45,789

(b) Assets pledged as security and covenants for bank loans

As at 31 December 2022, the bank loans were secured as follows:

	2022 USD'000	2021 USD'000
Secured bank loans	29,021	45,789

At 31 December 2022, bank loans of USD635,000 (2021: USD807,000) were jointly guaranteed by Mr. Li, Ms. Yu and secured by financial assets measured at fair value through profit or loss (see note 15) were pledged for the insurance policy loans.

At 31 December 2022, bank loans of USD22,350,000 (2021: USD35,474,000) were guaranteed by Mr. Li and Ms. Yu and were secured by trade receivables according to the factoring arrangements (see note 16).

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

20 Bank loans (Continued)

(b) Assets pledged as security and covenants for bank loans (Continued)

At 31 December 2022, bank loans of USD6,036,000 (2021: USD9,508,000) were guaranteed by Mr. Li and Ms. Yu.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b). As at 31 December 2022, none of the covenants relating to draw-down banking facilities had been breached.

21 Lease liabilities

At 31 December 2022, the lease liabilities were repayable as follows:

	2022 USD'000	2021 USD'000
Within 1 year or on demand	**224**	312
After 1 year but within 2 years	**85**	105
	309	417

22 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	2022 USD'000	2021 USD'000
As at 1 January	533	1,990
Provision for the year	965	1,114
Income tax paid	(1,208)	(2,571)
As at 31 December	290	533

(b) Deferred tax assets recognised:

Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Credit loss allowance USD'000	Accrued expenses USD'000	Total USD'000
At 1 January 2021	781	2	783
Credited to profit or loss	26	2	28
At 31 December 2021 and 1 January 2022	807	4	811
Credited to profit or loss	48	–	48
At 31 December 2022	855	4	859

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

22 Income tax in the consolidated statement of financial position (Continued)

(c) Deferred tax liabilities not recognised

The new CIT Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings of PRC enterprises accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. The Group has not recognised deferred tax liabilities as at 31 December 2022 in respect of undistributed earnings of USD907,000 (2021: USD603,000) as the Company controls the dividend policy of the subsidiaries and it has been determined that these profits will not be distributed in the foreseeable future.

23 Company-level statement of financial position

	Note	2022 USD'000	2021 USD'000
Non-current assets			
Investment in a subsidiary	14	– *	– *
Current assets			
Other receivables		2,207	6,197
		2,207	6,197
Current liabilities			
Other payables		5,155	6,987
		5,155	6,987
Net liabilities		(2,948)	(790)
CAPITAL AND RESERVES	24		
Share capital		10	10
Reserves		(2,958)	(800)
TOTAL EQUITY		(2,948)	(790)

* The balance represents amount less than USD1,000.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

24 Capital, reserves and dividends

(a) Share capital

The Company was incorporated in the Cayman Islands on 7 June 2019 with an initial authorised share capital of USD50,000 divided into 50,000 shares with a par value of USD1.00 each. On 7 June 2019, 10,000 shares of USD1.00 each have been issued.

On 14 January 2022, the Company underwent a subdivision of shares whereby each issued and unissued share of nominal value of USD1.00 each in the Company's authorized share capital was subdivided into 100 shares of USD0.01 each, such that immediately following such Share Subdivision, the Company's authorized share capital was USD50,000 divided into 5,000,000 shares. As a result of the Share Subdivision, the issued share capital was USD10,000 divided into 1,000,000 shares.

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital USD'000	Share premium USD'000	Capital reserve USD'000	Accumulated losses USD'000	Total equity USD'000
Balance at 1 January 2021	10	–	–	(16)	(6)
Changes in equity for 2021:					
Profit for the year	–	–	–	5,216	5,216
Dividends declared in respect of the current year	–	–	–	(6,000)	(6,000)
Balance at 31 December 2021 and 1 January 2022	**10**	**–**	**–**	**(800)**	**(790)**
Changes in equity for 2022:					
Profit for the year	**–**	**–**	**–**	**5,642**	**5,642**
Dividends declared in respect of the current year	**–**	**–**	**–**	**(7,800)**	**(7,800)**
Balance at 31 December 2022	**10**	**–**	**–**	**(2,958)**	**(2,948)**

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

24 Capital, reserves and dividends (Continued)

(c) Nature and purpose of reserves

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from translation of financial information of entities not using USD as functional currency. The reserve is dealt with in accordance with the accounting policies set out in note 1(p).

(d) Dividends

(i) Dividends payable to equity shareholders of the company attributable to the year

A dividend of USD7,800,000 (USD7.80 per share, divided by 1,000,000 shares after Share Subdivision) (2021: USD6,000,000(USD600 per share, divided by 10,000 shares before Share Subdivision)) was declared by the Company for the year ended 31 December 2022.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

As at 31 December 2022, dividends payable of USD10,902,000 (2021: nil) had been settled by way of a set-off against the other receivables due from Mr. Li pursuant to a set-off arrangement as agreed by the Company and the controlling shareholders, and dividends payable of USD1,600,000 (2021: nil) had been settled in cash. The remaining dividends payable of USD1,298,000 has been settled in cash as of the date of this report.

24 Capital, reserves and dividends (Continued)

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

25 Financial risk management and fair values (Continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-90 days (2021: 30 to 90 days) from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 11% (2021:4%) and 62% (2021:63%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on ageing status is not further distinguished between the Group's different customer bases.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

25 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022 and 2021:

	2022		
	Expected loss rate %	Gross carrying amount USD'000	Loss allowance USD'000
Not overdue	0.02%	64,873	13
Within 6 months	0.05%	30,128	14
More than 6 months but within 1 year	0.18%	6,199	11
More than 1 year but within 2 years	4.88%	5,638	275
More than 2 years but within 3 years	46.94%	2,823	1,325
More than 3 years	100.00%	1,238	1,238
Subtotal		110,899	2,876
Individual provision	100.00%	2,313	2,313
		113,212	5,189

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

25 Financial risk management and fair values (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

	2021		
	Expected loss rate %	Gross carrying amount USD'000	Loss allowance USD'000
Not overdue	0.02%	93,271	19
Within 6 months	0.04%	20,372	9
More than 6 months but within 1 year	0.33%	3,674	12
More than 1 year but within 2 years	8.59%	2,946	253
More than 2 years but within 3 years	45.72%	842	385
More than 3 years	100.00%	594	594
Subtotal		121,699	1,272
Individual provision	100.00%	3,622	3,622
		125,321	4,894

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022 USD'000	2021 USD'000
Balance at 1 January	**4,894**	4,736
Expected credit losses recognized during the year	**295**	158
Balance at 31 December	**5,189**	4,894

Other receivables

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The management of the Group has assessed that other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no provision for impairment of other receivables is considered necessary by management for the year ended 31 December 2022 and 2021.

25 Financial risk management and fair values (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand USD'000	More than 1 year but less than 2 years USD'000	More than 2 years but less than 5 years USD'000	More than 5 years USD'000	Total USD'000	Carrying amount at 31 December USD'000
Bank loans	28,749	180	293	–	29,222	29,021
Lease liabilities	234	87	–	–	321	309
Trade and other payables	99,773	–	–	–	99,773	99,773
	128,756	267	293	–	129,316	129,103

	2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand USD'000	More than 1 year but less than 2 years USD'000	More than 2 years but less than 5 years USD'000	More than 5 years USD'000	Total USD'000	Carrying amount at 31 December USD'000
Bank loans	45,255	184	457	16	45,912	45,789
Lease liabilities	322	106	–	–	428	417
Trade and other payables	91,075	–	–	–	91,075	91,075
	136,652	290	457	16	137,415	137,281

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

25 Financial risk management and fair values (Continued)

(c) Interest rate risk

(i) Interest rate risk profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans issued at fixed rates and variable rates, and lease liabilities that expose the Group to cash flow interest rate risk.

The following table details the interest rate profile of the Group's bank loans at the end of the reporting period:

	Notional amount	
	2022	2021
	USD'000	USD'000
Fixed rate liabilities:		
Lease liabilities	**309**	417
	309	417
Variable rate liabilities:		
Bank loans	**29,009**	45,780
Net exposure	**29,009**	45,780

(ii) Sensitivity analysis

At 31 December 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately USD242,000 (2021: USD382,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2021.

25 Financial risk management and fair values (Continued)

(d) Currency risk

The Group operates in Hong Kong with most of the Group's monetary assets and liabilities and transactions principally denominated in US dollars. The Group does not have significant exposure to foreign currency risk.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 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 i.e. 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 i.e. 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

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

25 Financial risk management and fair values (Continued)

(e) Fair value measurement (Continued)

(i) Financial assets measured at fair value (Continued)

Fair value hierarchy (Continued)

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting period:

	Fair value at 31 December 2022	Fair value measurements as at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
	USD'000	USD'000	USD'000	USD'000
Recurring fair value measurement				
Financial assets measured at fair value through profit or loss: Deposit component of the insurance contracts	1,527	–	–	1,527

	Fair value at 31 December 2021	Fair value measurements as at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
	USD'000	USD'000	USD'000	USD'000
Recurring fair value measurement				
Financial assets measured at fair value through profit or loss: Deposit component of the insurance contracts	1,487	–	–	1,487

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

25 Financial risk management and fair values (Continued)

Information about Level 3 fair value measurements

The fair value of the deposit component of the insurance contracts was measured based on the statements provided by the insurance company.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2022	2021
	USD'000	USD'000
As at 1 January	**1,487**	1,447
Changes in fair value recognised in profit or loss during the year	**57**	56
Used for monthly insurance fee charged	**(17)**	(16)
As at 31 December	**1,527**	1,487

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2022 and 2021 because of the short-term maturities of all these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

26 Material related party transactions

(a) Name and relationship with related parties

During the years ended 31 December 2022 and 2021, the directors are of the view that the following are related parties of the Group:

Name of parties	Relationship
– Mr. Li	Controlling shareholder of the Group
– Mr. Li Nan	A close family member of Mr. Li
– Powerwin Technology Pte. Ltd. (“**Powerwin Tech Pte**”)	Owned by Mr. Li and Ms. Yu
– Beijing Manniu Technology Company Limited * (北京蠻牛科技有限公司, “**Beijing Manniu**”)	Controlled by Mr. Li Nan
– Lucky Linkage International Holdings Limited (“**Lucky Linkage**”)	Shareholder of the Company
– Total Best International Group Limited (“**Total Best**”)	Shareholder of the Company
– Wealth Express International Investment Limited (“**Wealth Express**”)	Shareholder of the Company
– Mr. Fan Qiyao	Key management personnel
– Mr. Cao Xin	Key management personnel

* The English translation of the company names is for reference only. The official names of these entities are in Chinese.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2022	2021
	USD’000	USD’000
Salaries, allowances and benefits	**793**	744
Retirement scheme contributions	**30**	30
Short-term employee benefits	**823**	774

Total remuneration is included in “**staff costs**” (see note 5(b)).

26 Material related party transactions (Continued)

(c) Related parties transactions

During the years ended 31 December 2022 and 2021, the Group entered into the following material related party transactions:

	2022 USD'000	2021 USD'000
Trade in nature:		
Provide services to		
Powerwin Tech Pte	33	20
Non-trade in nature:		
Advances to		
Beijing Manniu	–	146
Mr. Li	–	8,806
Lucky Linkage	2	3
Total Best	2	2
Wealth Express	3	2
Repayments from		
Beijing Manniu	–	1,783
Mr. Li	10,902	380

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

26 Material related party transactions (Continued)

(d) Balance with related parties

	2022 USD'000	2021 USD'000
Trade in nature:		
Trade receivables from a related party		
Powerwin Tech Pte	–	276
Non-trade in nature:		
Other receivables from related parties		
Mr. Li	–	10,902
Lucky Linkage	13	12
Total Best	10	8
Wealth Express	10	7
	33	10,929
Dividends payable		
Lucky Linkage	778	3,600
Total Best	325	1,500
Wealth Express	195	900
	1,298	6,000

The balances with these related parties are unsecured, interest-free and have no fixed repayment terms.

All of the non-trade amounts due to related parties have been settled as of the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

26 Material related party transactions (Continued)

(e) Bank loans guaranteed by related parties

	2022 **USD'000**	2021 USD'000
Non-trade in nature		
Bank loans guaranteed by Mr. Li or jointly guaranteed by Mr. Li and Ms. Yu	**29,021**	45,789

The directors of the Company have confirmed that, the guarantees provided by related parties have been replaced by corporate guarantees provided by the Group as of the date of this report.

27 Non-adjusting events after the reporting period

(a) Increase of the authorized share capital and capitalisation Issue

On 3 March 2023, the authorized share capital of the Company was increased from USD50,000 divided into 5,000,000 shares of a par value of USD0.01 each to USD20,000,000 divided into 2,000,000,000 shares of a par value of USD0.01 each by the creation of an additional of 1,995,000,000 shares of a par value of USD0.01 each pursuant to the written resolutions passed by the then shareholders of the Company.

Pursuant to the written resolution passed by the shareholders of the Company on 3 March 2023, the directors of the Company were authorized to allot and issue 599,000,000 shares of USD0.01 each credited as fully paid at par to the shareholders by way of capitalisation of that sum standing to the credit of the share premium account of the Company.

(b) Issue of ordinary shares by initial public offering

On 31 March 2023, the shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 200,000,000 shares of USD0.01 each were issued and subscribed at a price of HKD0.70 each. The proceeds will be credited to the Company's share capital and share premium accounts accordingly.

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN US DOLLARS UNLESS OTHERWISE INDICATED)

28 Immediate and ultimate controlling party

At 31 December 2022, the directors consider the immediate parent of the Group to be Common Excellence International Group Limited which is incorporated in BVI and does not produce financial statements available for public use, and the ultimate controlling party of the Company to be Mr. Li and Ms. Yu.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments 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.

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended December 31,			
	2019	2020	2021	**2022**
	USD'000	USD'000	USD'000	**USD'000**
Revenue	9,531	11,686	14,346	**16,429**
Profit before taxation	6,181	6,953	6,861	**6,411**
Income tax	(977)	(1,062)	(1,086)	**(917)**
Profit for the year	5,204	5,891	5,775	**5,494**
Other comprehensive income for the year (after tax)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial information of entities not using USD as functional currency	(94)	(16)	20	**(40)**
Other comprehensive income for the year	(94)	(16)	20	**(40)**
Total comprehensive income for the year attributable to equity shareholders of the Company	5,110	5,875	5,795	**5,454**

CONSOLIDATED ASSETS AND LIABILITIES

	As at December 31,			
	2019	2020	2021	**2022**
	USD'000	USD'000	USD'000	**USD'000**
Assets				
Total non-current assets	2,061	2,575	2,767	**2,777**
Total current assets	107,525	118,745	147,731	**137,261**
Total assets	109,586	121,320	150,498	**140,038**
Liabilities				
Total current liabilities	105,588	111,492	141,101	**133,179**
Total non-current liabilities	880	964	738	**546**
Total liabilities	106,468	112,456	141,839	**133,725**
Net assets	3,118	8,864	8,659	**6,313**
Total equity	3,118	8,864	8,659	**6,313**

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Able Best"	Able Best Investment Group Limited (佳成投資集團有限公司), a company with limited liability incorporated under the laws of BVI on July 8, 2019 and a direct wholly-owned subsidiary of our Company
"affiliates"	with respect to any person, any other person, directly or indirectly, controlling, controlled by or under common control with such person
"AGM"	the forthcoming annual general meeting for the year 2023 of our Company
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, which was conditionally adopted on March 3, 2023 with effect from the Listing Date, as amended, supplemented or restated from time to time
"Audit Committee"	the audit committee under the Board
"Average Rebate Rate"	being total rebates from media publishers for the relevant period divided by total gross spending to media publishers for the relevant period
"Beijing Dingli"	Beijing Dingli Information Technology Co., Ltd.* (北京鼎勵信息技術有限公司), a limited liability company incorporated under the laws of the PRC on December 12, 2018 and an indirect wholly-owned subsidiary of our Company
"Beijing Yingli"	Beijing Yingli Information Consulting Co., Ltd.* (北京贏力信息諮詢有限公司), a limited liability company incorporated under the laws of the PRC on December 9, 2021 and an indirectly wholly-owned subsidiary of our Company
"Board"	board of directors of our Company
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Common Excellence"	Common Excellence International Group Limited, a company with limited liability incorporated under the laws of BVI on October 27, 2021 and one of our Controlling Shareholders
"Companies Act"	the Companies Act (As Revised) of the Cayman Islands (Chapter 22, Law 3 of 1961), as consolidated and revised from time to time

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Company" or "we" or "our Company"	Powerwin Tech Group Limited (力盟科技集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 7, 2019
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, with respect to our Company, refers to any of Mr. Li, Ms. Yu, Lucky Linkage, Total Best, Wealth Express, Total Mice, Common Excellence, Honest Beauty and Into One
"COVID-19"	coronavirus disease 2019, a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2 virus)
"Director"	a director of our Company
"Frost & Sullivan"	Frost & Sullivan International Limited, a market research and consulting company and an independent third party of our Group
"Global Offering"	the Hong Kong Public Offer and the International Placing (as defined in the Prospectus)
"GMV"	gross merchandise volume, the total value of merchandise sold through an e-commerce platform over a given period of time
"Group", "our Group", "we", "our" or "us"	our Company and, where appropriate, its subsidiaries or, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors, as the case may be
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, amendments and the related interpretations issued by the Hong Kong Institute of Certified Public Accountants
"Honest Beauty"	Honest Beauty International Group Company Limited, a company with limited liability incorporated under the laws of BVI on September 1, 2021 and one of our Controlling Shareholders
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Imperial Trust"	the family trust established by Mr. Li as settlor and constituted by the trust deed dated January 4, 2022 and entered into between Mr. Li and the Trustee pursuant to the Reorganization
"Into One"	Into One International Group Limited, a company with limited liability incorporated under the laws of BVI on October 27, 2021 and one of our Controlling Shareholders
"KPI"	key performance indicator, which, in the context of digital marketing, means the indicator that reflects the effectiveness and performance of the marketing campaign such as the number of clicks, impressions, new installations, downloads, sign-ups or sales
"Listing Date"	the date on which our Shares are listed and Shares first commence dealing on the Main Board of the Stock Exchange, being March 31, 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Lucky Linkage"	Lucky Linkage International Holdings Limited (福聯國際控股有限公司), a company with limited liability incorporated under the laws of BVI on September 18, 2018 and one of our Controlling Shareholders
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"marketer"	any person, company or organization which markets its brand(s), product(s) and service(s) through marketing campaigns or advertisements
"Marketer A"	one of our major customers, being the largest cross-border e-commerce marketplace operator by revenue in 2021 in China according to Frost & Sullivan
"media publisher"	a media platform operator such as social media, search engines, news or web portals operator which provides ad inventories for marketers to launch online marketing campaigns
"Media Publisher A"	a leading online social media platform operator and a dominant digital media content provider established in 2004 in the United States and listed on Nasdaq Stock Market LLC

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company, which was conditionally adopted on March 3, 2023 with effect from the Listing Date, as amended, supplemented or restated from time to time
"Memorandum and Articles of Association"	collectively, the Memorandum of Association and the Articles of Association
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"Mr. Li"	Mr. Li Xiang, chairman of the Board, an executive Director and the chief executive officer of our Company, and one of our Controlling Shareholders
"Ms. Yu"	Ms. Yu Lu, an executive Director and the deputy chief operating officer of our Company, and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee under the Board
"Powerwin E-commerce"	Powerwin E-commerce Group Limited (力盟跨境電商集團有限公司), a company with limited liability incorporated under the laws of Hong Kong on November 9, 2021 and an indirect wholly-owned subsidiary of our Company
"Powerwin Media"	Powerwin Media Group Co., Limited (力盟傳媒集團有限公司), a company with limited liability incorporated under the laws of Hong Kong on August 26, 2013 and an indirect wholly-owned subsidiary of our Company
"Powerwin Shenzhen"	Powerwin Media (Shenzhen) Co., Ltd.* (力盟傳媒(深圳)有限公司), a limited liability company incorporated under the laws of the PRC on July 9, 2018 and an indirect wholly-owned subsidiary of our Company
"Prospectus"	the prospectus of our Company dated March 21, 2023 in connection with the Hong Kong public offering of our Company
"Remuneration Committee"	the remuneration committee under the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2022
"SaaS"	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of US$0.01 each
"Shareholder"	a holder of our Shares
"SMB"	small and medium-sized business
"standalone online shops"	e-commerce merchants' own official online platforms (as opposed to online shops operated on third-party platforms) for releasing and offering products and providing a series of services to consumers such as order placement, payment and logistics and order fulfillment
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"Total Best"	Total Best International Group Limited (匯好國際集團有限公司), a company with limited liability incorporated under the laws of BVI on September 18, 2018 and one of our Controlling Shareholders
"Total Mice"	Total Mice International Group Company Limited, a company with limited liability incorporated under the laws of BVI on September 1, 2021 and one of our Controlling Shareholders
"Tranquil Trust"	the family trust established by Ms. Yu as settlor and constituted by the trust deed dated January 4, 2022 and entered into between Ms. Yu and the Trustee pursuant to the Reorganization
"Trustee"	HSBC International Trustee Limited, a company with limited liability incorporated under the laws of BVI, being the trustee of each of the Imperial Trust and the Tranquil Trust
"US$" or "USD"	United States dollars, the lawful currency of the United States
"United States"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
"Wealth Express"	Wealth Express International Investment Limited (向財國際投資有限公司), a company with limited liability incorporated under the laws of BVI on July 10, 2018 and one of our Controlling Shareholders
"%"	per cent.

* *For identification purpose only*