Bright Future Technology Holdings Limited

辉煌明天科技控股有限公司

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code : 1351

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. DONG Hui *(Chairman & Chief Executive Officer)*
Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui
Ms. TIAN Liuyihang *(appointed on 9 December 2020)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Shuo
Mr. LIU Kin Wai
Mr. WEI Hai Yan

AUDIT COMMITTEE

Mr. LIU Kin Wai *(Chairman)*
Mr. CHEN Shuo
Mr. WEI Hai Yan

REMUNERATION COMMITTEE

Mr. CHEN Shuo *(Chairman)*
Mr. YANG Dengfeng
Mr. LIU Kin Wai

NOMINATION COMMITTEE

Mr. DONG Hui *(Chairman)*
Mr. CHEN Shuo
Mr. WEI Hai Yan

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian

AUTHORISED REPRESENTATIVES

Mr. YANG Dengfeng
Mr. TSO Ping Cheong Brian

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The offices of Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F., United Centre
95 Queensway
Admiralty
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

Rooms 201-02 & 201-03, Phase 7
Xinghai Mingcheng Community
Nantou Jiedao Nanshan District
Shenzhen, China
(中國深圳市南山區南頭街道星海名城社區
7期201-02及201-03室)

HONG KONG LEGAL ADVISERS

Llinks Law Offices LLP
Room 3201, 32/F, Alexandra House
18 Chater Road, Central
Hong Kong

COMPLIANCE ADVISER

Messis Capital Limited
Room 1606, 16/F
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR

Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road, George Town
Grand Cayman KY1-9008
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANK

China Merchant Bank (Shenzhen Keyuan Branch)
1/F, Yanxiang Science and Technology Mansion
No. 31 Gaoxin Middle 4th Road
Nanshan District
Shenzhen, Guangdong, the PRC

STOCK CODE

1351

COMPANY WEBSITE ADDRESS

www.btomorrow.cn

Financial Performance Highlights

Financial results

- Revenue of year 2020 approximately RMB 382.8 million
- Increased by approximately 35.8% compared to year 2019
- Net profit of year 2020: approximately RMB 67.3million
- Increased by approximately75.2% compared to year 2019

Repeat customers

- Total revenue generated by repeat customers (Recognised on net basis for intermediary services and gross basis for precision advertisingservices) : approximately RMB325.1 million
- Increased by approximately 45.6% compared to year 2019
- Total gross revenue generated by repeated customer (Recognised on gross basis for intermediary services andprecision advertising services) : approximately RMB904.1million
- Increased by approximately 61.0% compared to year 2019

Short-video advertising productivity and effectiveness

Number of short videos produced

- Total number of short videos produced in year 2020: approximately 46,110
- Increased by approximately 179.8% compared to year 2019

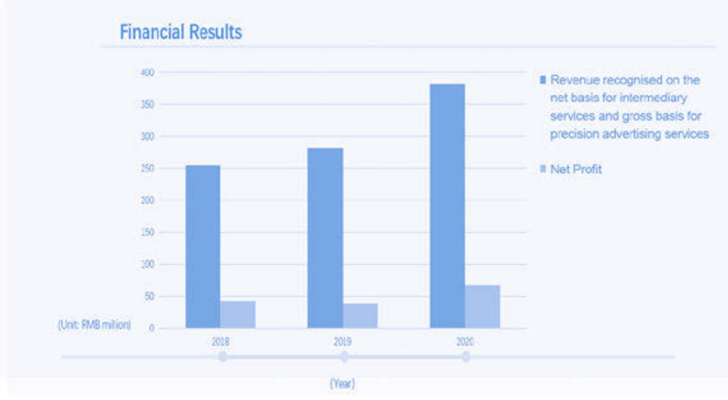
Revenue derived from advertisements in video format

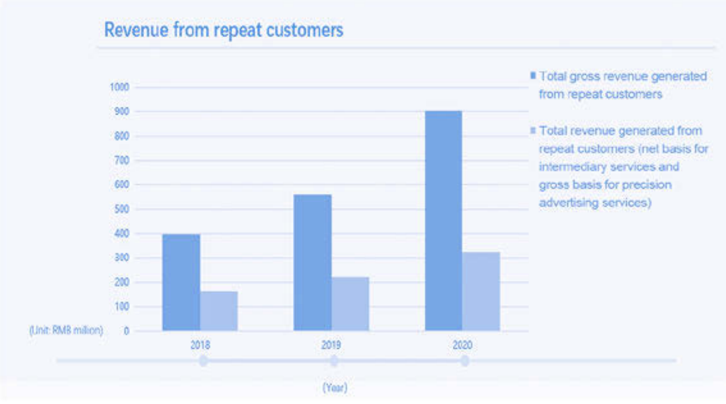
- Total revenue from advertisements in video format (Recognised on net basis for intermediary services and gross basis for precision advertising services): approximately RMB250.6 million
- Increased by approximately 744.3% compared to year 2019
- Total gross revenue from advertisements in video format (Recognised on gross basis for intermediary services and precision advertising services): approximately RMB928.8 million
- Increased by approximately 144.4% compared to year 2019

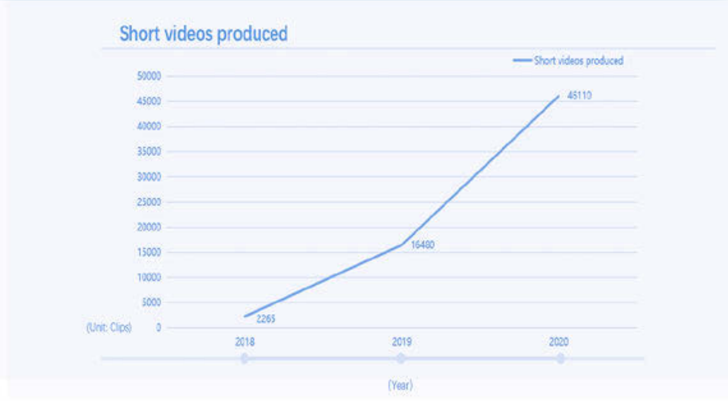
Impressions of advertisements

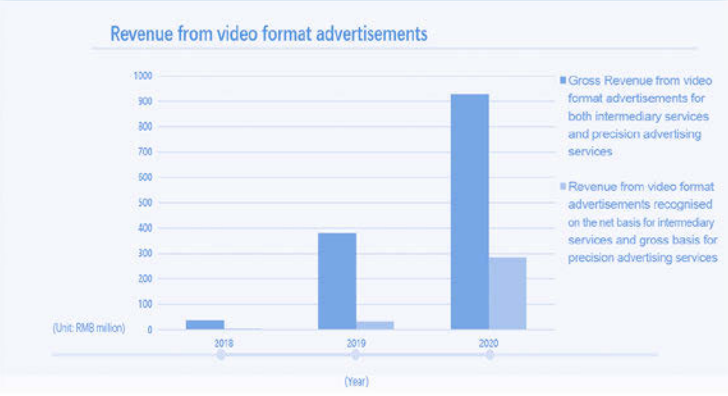
- Impressions of advertisements in year 2020 – approximately 79.41 billion
- Increased by approximately 34.6% compared to year 2019

Financial Performance Highlights









CHAIRMAN's STATEMENT

Letter to Shareholders

Dear Shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Bright Future Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I am pleased to present our first annual report as a publicly listed company for the year ended 31 December 2020.

2020 PERFORMANCE HIGHLIGHTS

2020 was a testing yet defining year for us as we were successfully listed on the Main Board of the Stock Exchange amidst the global upheaval caused by the novel coronavirus 2019 ("**COVID-19**" or "**COVID**") pandemic and the ensuing economic downturn. Yet despite the economic uncertainties wrought by COVID-19 which will continue to weigh heavily on the Group's operating environment, we have started off strong since our listing on 11 November 2020 with solid months of revenue growth. Revenue for the Group has increased by approximately RMB100.9 million or 35.8% from approximately RMB281.9 million for the year ended 31 December 2019 to approximately RMB382.8 million for the year ended 31 December 2020. The Group's profit for the year was also up from approximately RMB38.4 million in 2019 to approximately RMB67.3 million in 2020.

In tandem with the increase in revenue, the Group's number of repeat customers has risen from 204 in 2019 to 218 in 2020, with a revenue of approximately RMB904.1 million being generated from repeat customers during the year under review, representing an increase of approximately RMB342.7 million or 61.0% from approximately RMB561.4 million for the year ended 31 December 2019 (based on the gross basis of revenue recognition*). Equally on the rise were the Group's impressions of advertisements, i.e. the total number of views generated from its advertisements, which leaped from approximately 58.98 billion for the year ended 31 December 2019 to approximately 79.41 billion for the year under review.

In coherence with our commitment to pursue innovation, enhance our competitive edge, expand our market presence and maintain sustainable growth, we have, over the past year, re-strategised, revamped and broadened our service offerings which supplement and complement our existing services in a practical and efficient manner.

To capitalise on the latest mobile advertising trends and the opportunities presented by short-video advertising, we have also stepped up our efforts to realign our business focus by venturing into the development and production of our own short-video advertisements. As a result, the Group recorded a revenue of approximately RMB928.8 million attributable to its video advertising services in 2020, representing an increase of 144.4%, or approximately RMB548.7 million from approximately RMB380.1 million for the year ended 31 December 2019 (based on the gross basis of revenue recognition*).

Although we have adapted our operations to protect the health and safety of our staff, and hence face-to-face meetings with customers and filming of actors have been temporarily suspended during the first quarter of 2020 when China's COVID situation was at its worst, the Group's business was mostly unaffected as all its operations are capable of being, and have been, conducted remotely and fully online. Armed with a proprietary cloud-based stock video repository system and assisted by the availability of extra footage filmed in anticipation of the Chinese New Year holidays, the Group was able to fully, reliably and timely meet its customer's short-video advertising needs during such tumultuous times.

* *The Group has recorded a gross revenue of approximately RMB1,089.9 million for the year under review, representing an increase of approximately RMB329.9 million or approximately 43.4% from approximately RMB760.0 million for the year ended 31 December 2019.*

CHAIRMAN's STATEMENT

BUSINESS OUTLOOK FOR 2021

2021 looks set to be another exceptional year for the Group's development and operations, with promising results already under our belt, including, most recently, our successful bid as one of the advertising agents for Tencent App Store for the year of 2021 and our landing the spot as one of the advertising agents of Kuaishou Ads for the year of 2021. As we delve further into the year, we are gearing ahead for further growth by capitalising on our strengths and technical competencies to refine our business strategies so as to drive profitable market penetration and stay ahead of competition. Albeit risks remain tilted to the downside, with COVID-19 continues to loom over the global economy, we will forge ahead with our growth strategies and continue to make strides in our efforts to adapt to the changing media consumption patterns and the needs of our customers, with our eyes set on becoming a leading mobile marketing solution provider in China that specialises in short-video marketing.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude to our valued shareholders, customers, suppliers and business partners for their continuous trust, support and confidence in our work. Last, but certainly not least, I would like to acknowledge and extend our sincerest appreciation to our management team and our employees for their hard work and dedication in contributing to the growth of the Group.

Dong Hui
Chairman of the Board and Chief Executive Officer
23 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW

The Group commenced its operations by providing comprehensive and tailor-made mobile advertising services to customers in China, with its sights keenly set on becoming one of the nation's leading mobile marketing solution providers, with a particular focus on short-video programmatic precision marketing.

With COVID-19 running rampant, the year under review has proved to be a challenging one – the continuing market volatility has taken a devastating toll on the global economy on a scale unprecedented in modern times, weighing heavily on market sentiment, inhibiting economic activities, sapping consumer spending and eroding business confidence, thus compounding in the clouding of outlook for economies worldwide. Yet the global economy is showing signs of bottoming out as it reels from the loss of trade, revenue and investments during the tumultuous year.

On the local front, China's growth has cooled off from the torrid pace of the past years, with effects most acutely felt during the first quarter of 2020 when the pandemic was at its peak across the nation. Containment measures employed by the PRC government to curb the spread of the deadly virus such as business closures, travel restrictions, mandatory quarantine, temporary lockdowns, border closures, which when woven together, culminated in the halting of economic, business and industrial activities, thereby further exacerbating the pandemic's crippling effect on the local economy.

Nonetheless, China's swift and drastic efforts to stem the virus did manage to turn the tide, with the pandemic being kept in check as it moved further into the year. With the PRC government stepping up its efforts to nurse the COVID-stricken economy back to health, real GDP in 2020 (according to the International Monetary Fund's 2020 report) continued to rise by 4.9 percent in the third quarter on the heels of a rebound of 3.2 percent in the second quarter, whereas weakened private consumption continued to lag behind in recovery. Correspondingly, whilst international trade was set to dip as the pandemic upends the global economy, Chinese exports have held up well despite the COVID-led disruptions, faring better than most, thanks to its early resumption of production.

Looming behind such bright façade, however, the escalating US-China trade frictions and the ensuing US tariff hikes have undercut China's growth momentum over the year under review, the prolongation of which will inexorably cast a long shadow forward.

COVID-19 is rewriting the playbook for the global markets, making it impossible to gauge the pandemic's full economic impact as the crisis continually unfolds and evolves. Albeit set on a path of recovery, with the slowing global growth remain headwinds, it is envisaged that the COVID onslaught, geopolitical uncertainties and ongoing trade tensions will continually plague the post-COVID Chinese economy ahead. The Group will remain vigilant over the ongoing developments and make strategic and timely moves in response to any changes in its operating environment.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The sweeping effects of COVID-19 were felt globally, however its impact varies across business and industrial sectors, with automotive, tourism and catering being amongst the sectors worst hit by the pandemic, and derivatively, advertising agents specialising in serving those respective fields. Yet whilst brick-and-mortar retailers were feeling the pinch of the dwindling foot traffic, sluggish sales and subdued profits as the virus took hold, the epidemic also opened up a plethora of opportunities for those leaning on digital channels to drive sales. The hastened digital migration in the wake of COVID-19 underscores the pandemic's role in transforming consumer's spending habits and expectations. The conundrum remains whether the precipitous leap into digitalisation would last, with the epidemic expected to taper off eventually notwithstanding no end being yet in sight. Whilst outdoor sales are being stripped to a new low, with a clear vision of the niche to be filled, businesses all over the world have started ramping up their digital transformation. Being propelled into the digital era, many brands are looking to take the plunge into digital marketing to revive the dented demand, if they haven't already.

With the PRC economy gradually recovering from the setbacks in the first quarter of 2020, businesses are geared up to tap into local shoppers' pent-up demand. Yet rising to the tasks at hand with trimmed budgets meant that marketing efforts have inevitably been channeling towards the more cost effective digital realm during the pandemic and beyond. Short-video marketing, in particular, saw a surge in popularity as the easily digestible nature of the typically seconds-to minutes-long videos is ideal for capturing the brief attention span of online users (with the engaging and interactive content being often consumed as entertainment). The advent of 5G technology and its eventual commercialisation is also expected to further transform the mobile advertising market with accelerated data transmission and reduced mobile internet traffic costs per GB, thereby fueling improvements in viewer experience via technological innovations such as augmented reality ("**AR**") and virtual reality ("**VR**").

The pandemic has also led to a drastic uptick in mobile usage and enhanced mobile engagement across a wide spectrum of app categories and verticals, with remote work, entertainment and education being amongst the usage scenarios that saw the most dramatic spike in demand. Coupled with emerging trends such as the development of leaner apps and all-scenario intelligence, driving user acquisition and enhancing user stickiness became all the more critical for mobile app developers to stay relevant, meet growing needs and ride the wave of challenges in the increasingly dynamic marketplace. As the Group serves some of the biggest names in the PRC mobile app development market, the Group is keenly aware of the complexities of mobile app marketing in the new era and the need to adapt strategies to blend in new technologies and seize opportunities in the prevailing market environment.

In light of the opportunities and challenges noted above, the Group recognises that, albeit having the requisite experience and expertise to implement adaptive strategies, the Group's current business model and team scale are yet to meet the surging marketing demand and hence the need to pivot its approach to capitalise on the popularity and growing influence of short videos.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

With COVID casting a pall over the global economic outlook, rising operating costs and shrinking revenue have been driving businesses to the brink. Although signs of recovery emerged in the second half of 2020, the Chinese consumer market is yet to pick up pace, with shoppers pulling back on spending across categories. Certain sectors also remain shuttered or downsized as their operations are being halted or severely impacted by the pandemic and the restrictive measures adopted. As a result of such intertwining forces at play, global advertising spend has embarked on a downward path ever since the pandemic rears its head. Budget cuts, deferments of new projects or launches, and drop in contract awards all contributed to intensified competition amongst advertisers as the market shrank. With the industry grappling with new challenges, waning demand, as well as the COVID-driven paradigm shift in consumer and competition environments, marketers need to re-strategise their campaigns to engage customers across platforms to stay ahead of competition amidst the rapidly evolving landscape.

During such trying times, the Group was set to sharpen its approach with a strong focus on innovation in order to ride out the challenges and seize new business opportunities. Building upon its big data capabilities and technological competencies, the Group has, during the year under review, ramped up the production of short videos and expanded their use to a wider range of fields to complement its existing comprehensive range of services. The Group's ability to respond effectively to an exceptionally challenging operating landscape bears testimony to the Group's tremendous agility and aptly showcases the Group's meticulous execution of growth strategies to transform its business and establish a firm footing in the Chinese market as a mobile marketing solutions provider with profound short-video advertising capabilities.

BUSINESS REVIEW

The Group has, since its inception, devoted much effort in providing high impact, holistic marketing services that optimally serve its customers' needs, from promotion planning, advertisement production and placement to post-publication monitoring. In line with the Group's commitment to support its customers in the successful implementation of marketing strategies that effectively engage and reach out to their target audience, the Group strives to provide its customers with data-driven insights and assist them in the development of precise audience targeting strategies that ensure strong campaign performance.

Tailored to address the particular need of its customers, the Group's services can range from arranging publication of advertisements at suitable media publishers to the more invested precision advertising role where the Group strives to reach the desired conversion results set by customers. Advertisements placed on short-video, social media, and news and information content platforms are either embedded or displayed in formats that are consistent with the app user interface or information feeds, or even appear as pop-ups to trigger conversion. Depending on the platform of choice, the customer's preference or the desired effect to be attained, the advertising content can be displayed either in the form of text, image or video, among which short videos have, in recent years, become advertising and platform staples.

According to the 2020 China Internet Advertising Data Report (《2020中國互聯網廣告資料報告》)**, the total scale of the market for China's Internet marketing has exceeded the trillion mark in 2020, reaching RMB1.05 trillion. Internet advertising maintained a growth trend of 13.85%, achieving advertising revenue of RMB497.2 billion. Video advertising records a revenue of about RMB90.4 billion in 2020, an increase of 64.91% over the previous year's RMB54.8 billion. With the short-video market in China soaring on popularity and traffic growth led by major players such as Douyin and Kuaishou, short videos continue their domination in the advertising market, seeing a jump of 106% in revenue, far exceeding the 25% increase for videos spanning longer durations.

In light of short video's surge in popularity, the Group has further evolved and developed its strategic direction and recalibrated its business focus during the year under review with an emphasis on short-video creation, thereby edging ever so closer to its aim of becoming a leading mobile marketing solutions provider in China. Started early in the game, the Group has been providing video advertising services in around April 2018. Leveraging on the early-mover advantage and with more resources being channeled to support its further development, the Group's revenue generated from advertisements in video format has shot up by approximately 144.4% to approximately RMB928.8 million in 2020 as compared to approximately RMB380.1 million for the year ended 31 December 2019 (based on the gross basis of revenue recognition).

The COVID experience for the Group was daunting yet promising. Against the backdrop of COVID uncertainties and US's restrictive trade stance towards China, the Group has flourished against the odds, recording an increase in revenue by approximately RMB100.9 million or 35.8% from approximately RMB281.9 million for the year ended 31 December 2019 to approximately RMB382.8 million for the year ended 31 December 2020. The Group's profit for the year was also up from approximately RMB38.4 million in 2019 to approximately RMB67.3 million in 2020. Although the pandemic has derailed marketing plans and curtailed promotional efforts for certain sectors, the Group has managed to diversify its risks by serving an assorted advertiser base operating in a wide array of industry verticals, including mobile internet services, mobile utilities, financial services, e-commerce and mobile gaming, and most notably some of PRC's largest mobile app developers and e-commerce platforms, many of which have thrived during COVID times.

BUSINESS REVIEW

Operating in an economy beset by the COVID-19 pandemic and fraught by trade tensions, the Group has nonetheless emerged from the crisis in good shape as it pocketed various achievements, namely being selected as winner of the bid as one of the advertising agents for Tencent App Store for the year of 2021 and becoming one of the advertising agents of Kuaishou Ads for the year of 2021.

The proceeds raised from the Group's listing in November 2020 also enabled the Group to further grow its business and scale up its execution capabilities by expanding its in-house content production team and infrastructure, as well as enhancing its data analytics capacities. The following measures taken and plans to be implemented by the Group during the year under review and beyond thus not only serve to highlight the Group's accomplishments over the year but also encapsulate the key areas that will underpin the Group's strategic thrust and define the course of the Group's operations going forward:

STRATEGICALLY ENHANCE THE GROUP'S SERVICE CAPABILITIES TOWARDS ATTAINING FULL SOLUTION DELIVERY

The Group started to offer its customers video advertising services as early as April 2018 in response to the rapid rise and reign of short-video platforms such as Douyin and Kuaishou. Poised to tap into China's booming short-video market, the Group is among the first in the industry to offer one-stop short-video advertising services, integrating content production (i.e. idea creation, scripted filming, post-production), precision marketing (i.e. performance-based marketing strategy planning, stock footage creation, advertisement optimisation, data analytics, media monitoring), and e-commerce marketing (i.e. driving shop traffic, livestreaming operation, Douyin operation).

In terms of short-video content production, the Group boasts of a repository of around 70,000 stock videos in 2020, up from 2019's estimated 20,000, as well as a monthly video production capacity of around 6,000 clips as supported by its expert in-house content production team comprising of scriptwriters, directors, editors and post-production crew etc. With the Group being off to a strong start as a newly listed company following the successful completion of its initial public offering in November 2020, it has since been levelling up its business scale, commencing with the establishment of its own short-video studio in Wuhan, set to begin operating in mid-2021.

As for precision advertising in relation to short videos, led by a core management team with strong background in technological research and development from working for China's most prominent tech giants, the Group has charted much progress in the development of and eventual implementation of holistic programmatic short-video placement. The Group is also among the only few within the industry having its own proprietary full-service integrated system, which is empowered by its big data and information technology capabilities, backed by its self-developed Data Management Platform ("**DMP**"), complemented by its built-in enterprise resource planning ("**ERP**") and customer relationship management ("**CRM**") functions, and completed by its cloud-based repository system for stock videos and images. The seamless execution of the Group's extensive and comprehensive range of integrated systems facilitates the streamlining of business flow and back office management as well as elevating service quality and customer experience.

The use of short videos in e-commerce marketing scenarios is also one of the areas the Group has diversified into during the year under review. Leveraging its years of experience and technological expertise in providing comprehensive, tailored, timely and effective mobile advertising services, the Group is well-equipped to handle the technological intricacies of real-time and interactive e-commerce livestreaming sessions.

FURTHER PENETRATION OF HIGHLY ENGAGED AND ROBUST USER COMMUNITY

Eyeing the opportunity arising from Kuaishou's hotly anticipated debut in the Hong Kong stock market, the Group becomes one of its advertising agents as part of the Group's plan to further solidify its presence in the sinking market, i.e. markets other than the first and second tier cities where Kuaishou thrives over its competitors.

With short-video sharing and livestreaming counting among its primary services, Kuaishou, being home to many interest groups, positions itself as a "leading content community and social platform" (according to its prospectus). As Kuaishou's online traffic allocation mechanism favours original content from creators who devote more effort in accumulating their follower base or those who managed to build loyal following via personal engagement experiences and authentic content, advertisers can leverage on the influence such creators have on their interest-specific followers to effectively launch targeted campaigns. To keep up with the rising demand for custom, compelling and engaging advertising content, especially in the form of short videos that appeal to and align with the interest of Kuaishou's user base, the Group has and will remain steadfast in delivering comprehensive marketing solutions from concept to completion by furthering its advancements in data analytics and other proprietary technology as well as expanding its in-house video production capabilities.

CONTINUED COMMITMENT TO TECHNOLOGICAL INNOVATIONS TO BOLSTER BUSINESS AGILITY WITH DATA-DRIVEN INSIGHTS

To cope with the increasing demand in quality short-video content, the Group has, in 2020, commenced construction of its own cloud-based repository system for all the stock videos and images created by the Group since its incorporation. Through the process of modulisation, (i.e. the breaking down of video footage into small segments and distinct parts which are then labelled according to their subject matters, creative value, previous usages and conversion rates) the stock videos can be readily assessed and utilised for different advertising projects, thus bringing the Group's short-video output operations closer to full automation. As at the date of this report, all stock images and videos have already been uploaded to the cloud-based repository system, which coupled with its programmatic data analytics functions, has been instrumental to the Group's short-video advertising operations as it provides valuable insights to the creative process of short-video editing. The system, once fully optimised and utilised, will add agility to the short-video content creation process as it allows for the effective and efficient management, analysis and repurposing of creative content.

UTILISE INFLUENCER MARKETING TO AMPLIFY CAMPAIGN VISIBILITY

Along with the COVID-led digital shift, key opinion leaders ("**KOL**") or influencer marketing is amongst the rapidly expanding trends that have taken hold in the Chinese marketing industry ever since the pandemic struck. The term KOL is used broadly to describe individuals who are able to exert influence on content consumers through the active sharing of self-curated content across various social media channels. Modern day shoppers are generally more receptive to influencer marketing as they consider the marketing content created by influencers more reliable and palatable than traditional advertisements. Influencer marketing has emerged as a pivotal marketing strategy in China, with KOL endorsements, generally in the form of product reviews and brand recommendations, fueling a spike in online sales notwithstanding the challenging COVID market conditions.

Owing to the nature of influencer content consumption whereby consumers sieve through content based on their personal preferences and needs, KOL marketing is able to engage and reach out to a more focused audience group, thereby rendering it an effective tool for targeted promotional or marketing campaigns.

In order to tap into the trend that has taken the Chinese marketing industry by storm, the Group entered the game in 2020 in furtherance of the Group's aim to develop advertisements in video format, by building and nurturing relationships with selected influencers, usually by partnering with the multi-channel networks ("**MCNs**") which provided KOL with integrated professional support in content curation and production, as well as unique access to advertisers, brands and media platform resources. The timing cannot be more opportune for such integration of the influencer marketing model into the Group's existing robust promotional infrastructure as it enabled the Group to capitalise and leverage on the shift in the Chinese consumer market from the physical realm to digital to further extend its marketing capabilities and better assist its customers in the creation of effective campaigns.

REAL-TIME SALES GENERATION AND OPTIMISATION THROUGH E-COMMERCE LIVESTREAMING

Influencer marketing's rise to prominence was largely spawned by COVID-19, which transformed the marketing landscape, and setting the stage for further advances, the latest of which being livestreaming with e-commerce integration. E-commerce livestreaming, especially those hosted by influencers with the requisite knowledge or expertise, are widely recognised in the Chinese marketing industry for its exceptionally strong direct sales conversion capabilities, and are therefore increasingly utilised by brands for product launches, sales and live shopping events or for the hosting of trade shows.

Akin to the rise of video marketing, the popularity of livestreaming was fueled by improvements in connection speed and video quality, and sparked by Chinese consumers' growing expectation for participatory content. Unlike pre-recorded videos, the unscripted spontaneity of livestreaming adds to the believability of the content so streamed and helps create a sense of urgency that spurs consumers' purchasing decisions in fear of "missing out".

If well executed, livestreaming, with its power to reach and engage audience beyond the physical confines of traditional venues, can help build buzz, anticipation and drum up attention for businesses and their products. To help its customers find their footing in this new area and assist them in achieving optimal integration of e-commerce livestreaming into their overall marketing schemes, the Group draws on its technological prowess and content curation capabilities to gauge audience sentiment in order to project its customers' desired voices and images in an engaging manner so as to enhance brand perception and purchase intent. When it comes to the selection of anchor for livestreaming services, the Group leans on proprietary data analytic tools and expertise to glean insights into the audience demographics to ensure that they align well with the customers' messages, values and target markets such that streaming traffic can be readily translated into conversion rates.

** *The China Internet Advertising Data Report has been released for five consecutive years by Interactive Marketing Lab in Zhongguancun in conjunction with other organisations.*

FINANCIAL REVIEW

The following table sets forth the comparative statements of comprehensive income for the year ended 31 December 2020 and the year ended 31 December 2019.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**382,763**	281,934
Cost of services	**(266,580)**	(200,536)
Gross profit	**116,183**	81,398
Selling and distribution expenses	**(2,667)**	(4,051)
General and administrative expenses	**(51,203)**	(32,966)
Net impairment losses on financial assets	**(657)**	(1,086)
Other gains, net	**10,261**	1,956
Operating profit	**71,917**	45,251
Finance income	**130**	40
Finance costs	**(932)**	(563)
Finance costs – net	**(802)**	(523)
Profit before income tax	**71,115**	44,728
Income tax expense	**(3,781)**	(6,294)
Profit for the year	**67,334**	38,434
Adjusted net profit[(1)]	**74,723**	50,948

Note:

(1) Adjusted net profit, a non-HKFRSs measure, is calculated by adding back listing expenses and share-based payment expenses to the profit for the year.

FINANCIAL REVIEW

REVENUE

During the year under review, the Group recorded revenue of approximately RMB382,763,000, representing an approximate increase of 35.8% as compared to approximately RMB281,934,000 recorded for the year ended 31 December 2019. Such increase was primarily attributable to an increase in the Group's video advertising services revenue. A breakdown of the Group's revenue for the years indicated is set forth in the table below:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Precision advertising services		
– Gross method	**302,851**	236,086
Intermediary services		
– Net method	**79,912**	45,848
	382,763	281,934

COST OF SERVICES

The Group's cost of services mainly comprises of advertising traffic costs. During the year under review, the Group recorded cost of services of approximately RMB266,580,000, representing an increase of approximately 32.9% as compared to approximately RMB200,536,000 recorded for the year ended 31 December 2019. Such increase was primarily attributable to the expansion in business scale during the year under review, which was in line with the increase in revenue for the corresponding period.

GROSS PROFIT

During the year under review, the Group recorded gross profit of approximately RMB116,183,000, representing an increase of approximately 42.7% as compared to approximately RMB81,398,000 recorded for the year ended 31 December 2019. The increase in gross profit was in line with the increase in the Group's revenue for both precision advertising services and intermediary services.

EXPENSES

Selling and distribution expenses

The Group's selling and distribution expenses mainly comprise of (i) employee benefit expenses; (ii) entertainment expenses (iii) office expenses; and (iv) travelling expenses. During the year under review, the Group recorded selling and distribution expenses of approximately RMB2,667,000, representing a decrease of approximately 34.2% as compared to approximately RMB4,051,000 recorded for the year ended 31 December 2019. Such decrease was primarily attributable to (i) a drop in expenses incurred for entertaining customers as the Group relied less on such means to secure contracts (with the Group's reputation taking off, customers mostly engage its services either at their own initiative or by referral); and (ii) a decrease in office expenses and employee benefit expenses due to the optimisation of its sales structure and the work from home arrangements adopted in 2020 in response to the COVID threat.

General and administrative expenses

The Group's general and administrative expenses during the year under review mainly comprise of staff salaries and benefits, legal and professional fees, consultancy fee, short-term lease expenses, server charges and IT fees, auditor's remuneration and listing expenses. During the year under review, the Group recorded general and administrative expenses of approximately RMB51,203,000, representing an increase of approximately 55.3% as compared to approximately RMB32,966,000 recorded for the year ended 31 December 2019. Such increase was primarily attributable to the increase in employee benefit expenses, and server charges and IT fees incurred as a result of the Group's enhanced research and development efforts and expansion in business scale, especially in terms of short-video advertising.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets represented the expected credit losses from its trade receivables. During the year under review, the Group recorded net impairment losses of approximately RMB657,000, primarily incurred as a result of the expected credit loss of trade receivables.

Other gains – net

The Group's other gains – net comprise primarily of government grant, net gain on disposal of financial assets at fair value and value added tax refunds. During the year under review, the Group recorded other gains – net of approximately RMB10,261,000, representing an increase of approximately 424.6% as compared to approximately RMB1,956,000 recorded for the year ended 31 December 2019. Such increase was primarily attributable to government grant and increase in value added tax refunds during the year under review.

Finance costs – net

During the year under review, the Group recorded net finance costs of approximately RMB802,000, representing an increase of approximately 53.3% as compared to approximately RMB523,000 recorded for the year ended 31 December 2019.

Income tax expense

The Group is exempted from Cayman Islands income tax, and no provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year under review. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the year under review the Group recorded income tax expense of approximately RMB3,781,000, representing a decrease of approximately 39.9% as compared to approximately RMB6,294,000 recorded for the year ended 31 December 2019. Such decrease was primarily attributable to the effects of preferential tax rates applicable to PRC subsidiaries of the Group and super deduction of research and development expenses.

FINANCIAL REVIEW

Profit for the year

During the year under review the Group recorded profit of approximately RMB67,334,000, representing an increase of approximately 75.2% as compared to approximately RMB38,434,000 recorded for the year ended 31 December 2019. Such increase was primarily attributable to the expansion of the Group's business scale whilst being able to maintain a stable gross profit margin.

Non-HKFRS measures: Adjusted net profit

To supplement the Group's consolidated financial information, which is presented in accordance with HKFRS, a non-HKFRS measure, namely adjusted net profit, was also used as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. The Group believes that such non-HKFRS measure facilitates comparisons of the Group's operating performance by eliminating potential impacts of items that the Group's management considers non-indicative of the Group's operating performance. The Group believes that such measure provides useful information to investors and others in understanding and evaluating the Group's combined results of operations in the same manner as they assist the Group's management.

Adjusted net profit eliminates the effect of listing-related expenses and share-based payment expenses. The term "adjusted net profit" is not defined under HKFRS. The use of adjusted net profit has material limitations as an analytical tool, as it may not include all items that impact the Group's net profit for the year.

The following table reconciles our adjusted net profit presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**67,334**	38,434
Listing expenses	**7,389**	11,084
Share-based payment expenses	**–**	1,430
Adjusted net profit (1)	**74,723**	50,948

Note:

(1) Adjusted net profit, a non-HKFRS measure, is calculated by adding back listing expenses and share-based payment expenses to the profit for the year.

Liquidity and capital structure

As at 31 December 2020, the Group recorded total assets of approximately RMB577,755,000 (31 December 2019: approximately RMB337,576,000), total liabilities of approximately RMB283,302,000 (31 December 2019: approximately RMB208,742,000) and total equity of approximately RMB294,453,000 (31 December 2019: approximately RMB128,834,000). As at 31 December 2020, the gearing ratio was approximately -3.8% (31 December 2019: approximately 8.4%).

The Group mainly used internal cash flows from operating activities and borrowing to satisfy its working capital requirements.

Borrowings

As of 31 December 2020, total borrowings amounted to approximately RMB82,500,000 (31 December 2019: approximately RMB30,501,000). The Group's borrowings comprised of unsecured loans from shareholders and key management personnel and unsecured and guaranteed bank borrowings.

The unsecured loans from shareholders and key management personnel as at 31 December 2020 and 2019 were interest-free and initially recognised by discounting their principal amounts at an interest rate of 4.75% per annum. The subsequent interest expense accretion was included in the finance costs.

The unsecured and guaranteed bank borrowings as at 31 December 2020 were at an interest rate of 3.61% per annum (guaranteed by Dragon Hero Corporation Limited and repayable within 1 year), whereas the unsecured and guaranteed bank borrowings as at 31 December 2019 were at an interest rate of 5.5% per annum (guaranteed by Mr. Dong, Mr. Yang and repayable within 1 year). The bank borrowings guaranteed by Mr. Dong and Mr. Yang as at 31 December 2019 has been fully repaid before 31 December 2020.

Capital expenditures

The Group's capital expenditures during the year under review mainly consisted of expenditures on property, plant and equipment. For the year under review, the Group recorded in the amount of capital expenditures approximately RMB1,045,000, as compared to approximately RMB1,204,000 for the year ended 31 December 2019.

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures

No significant investments were held, nor were there any material acquisitions or disposals by the Group of any of its subsidiaries, associates or joint ventures during the year under review.

Pledge of assets

As of 31 December 2020, none of the Group's asset is subject to any pledge.

Contingent Liabilities

As of 31 December 2020, the Group had no material contingent liabilities.

Employees

As of 31 December 2020, we had 228 full-time employees, the majority of whom were based in Shenzhen, China.

As required under PRC regulations, the Group has participated in various employee social security plans that are organised by applicable local municipal and provincial governments, including employee training and incentive plans.

FINANCIAL REVIEW

PROSPECTS

The Group, in looking to establish itself as one of the nation's leading short-video marketing solution provider, kicked off 2021 with a renewed focus on advertising in the short-video format. Striving to and pressing on to offer one-stop short-video marketing solutions as an extension of its current one-stop and tailor-made advertising services, the Group will concentrate its efforts in maximising content output by leveraging on its own cloud-based repository system, and accelerating the delivery of holistic programmatic marketing solutions through the promotion of continued progress in the key areas as outlined below:

Continued efforts in building and fostering its own team of short-video production expertise

The Group aims to assemble a team of experts (specialising mainly in short-video production) earliest by April 2021 for its recent launched short-video studio in Wuhan, being set to begin operating in mid-2021 with individual film sets (featuring offices, classrooms, hospitals, and supermarkets etc.) and capable of accommodating up to 80 to 100 staff. The management also envisages its content-production team growing from 60 in 2020 to beyond 150 over the course of 2021 to cope with the demand for original video advertising content. The Group's own data also projects that its short-video production capacity reaching a monthly rate of 30,000 clips within the coming 3 years, an unprecedented feat in the PRC advertising industry.

Gradually progressing towards extending the realm of short-video marketing

In addition, the Group strives to generate standardised and instutionalised structures, protocols, and tools to support effective team practices to facilitate future replication of its cost-effective and output-oriented quality short-video content production model to complement the Group's gradual rolling out of operations in third or fourth tier cities in the future, and eventually across the whole of China.

Advancing towards the eventual implementation of holistic programmatic short-video placement

The Group is actively pursuing monetising opportunities unleashed by potential application of short videos in contexts such as pan-entertainment, self-media marketing and influencer brand building whilst furthering the development of its short-video capabilities, spanning from content creation (i.e. idea creation, scripted filming, post-production), precision marketing (i.e. performance-based marketing strategy planning, stock footage creation, advertisement optimisation, data analytics, media monitoring), to e-commerce marketing (i.e. driving shop traffic, livestreaming operation, Douyin operation).

FINANCIAL REVIEW

After accomplishing the above and upon achieving the Group's key business development goal in 2021, namely the holistic implementation of short-video programmatic placement, the Group will devote its full efforts in driving technological innovations in the realm of short-video advertising, perfecting its cloud-based repository system for stock videos and images and promoting precise, targeted advertising through deeper integration with media publishers and advertisers. By progressing through such series of advances, going forward, the Group strives to optimise its holistic closed-loop business approach, starting from pre-placement product big data analysis, through to programmatic output of short-video strategic marketing plans, and ending with programmatic short-video placement and reporting.

EVENTS AFTER THE REPORTING PERIOD

Significant events after the reporting period include the Group's landing of the respective roles as advertising agents for the year of 2021 for Tencent App Store and Kuaishou Ads. For further details, please refer to the announcements of the Group dated 24 December 2020 and 4 March 2021 respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group does not have other plans for material investments or additions of capital assets.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. DONG Hui (董暉) ("Mr. Dong"), aged 34, was appointed as Director on 8 November 2018, and was re-designated as executive Director, Chairman of the Board and chief executive officer on 25 March 2019, and is primarily responsible for supervising overall strategic development and planning and making major decision for the Group. Mr. Dong is the chairman of the nomination committee of the Company; and is also a director of various subsidiaries of the Group.

Mr. Dong is one of the founders of the Group. Mr. Dong is a party acting in concert with Mr. YANG Dengfeng, executive Director of the Company, and he is the spouse of Ms. GAO Yuqing, executive Director of the Company.

Mr. Dong has over nine years of experience in mobile internet industry. Mr. Dong worked as a supervisor of the developing team at Digu Information Technology (Shenzhen) Co., Ltd* (嘀咕信息技術(深圳)有限公司) from May 2010 to April 2011. Mr. Dong then served as the software engineer and the senior product manager of Tencent Technology (Shenzhen) Company Limited, a subsidiary of Tencent Holdings Limited from April 2011 to August 2015, and was responsible for developing mobile payment and mobile app related commercial works.

From August 2015 to December 2015, Mr. Dong was the chief operating officer of Shenzhen Zhuazhua Technology Co., Ltd. (深圳爪爪科技有限公司), which primarily engaged in the service for pets and pets-related services and products.

Mr. Dong received a bachelor degree in Electronic Commerce from Wuhan Technology Institute (武漢科技學院) (now known as Wuhan Textile University (武漢紡織大學)) in June 2009.

Mr. YANG Dengfeng (楊登峰) ("Mr. Yang"), aged 38, was appointed as Director on 8 November 2018. Mr. Yang was re-designated as executive Director and chief technology officer on 25 March 2019, and is primarily responsible for overall strategic planning and supervising the technological development of the Group. Mr. Yang is a member of the remuneration committee of the Company; and is also a director of various subsidiaries of the Group.

Mr. Yang was one of the founders of the Group. Mr. Yang is a party acting in concert with Mr. Dong.

Mr. Yang has over ten years of experience in mobile internet industry. Mr. Yang worked as the programmer for the mobile internet in Tencent Technology (Shenzhen) Company Limited, a subsidiary of Tencent Holdings Limited, from July 2006 to June 2007, during which he was responsible in research and development of internet safety system and data mining software. Mr. Yang joined Shenzhen Tencent Computer System Co., Ltd.* (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent Holdings Limited, in December 2008 and worked as vice supervisor for mobile payment system development project, which he was primarily responsible for strategic development and management of mobile internet payment platform, including researching for new products and services and functions to be provided via these mobile internet payment platform, until he left the position in May 2015. Mr. Yang was the chief executive officer of Shenzhen Zhuazhua Technology Co.,Ltd. (深圳爪爪科技有限公司) from April 2015 to December 2015.

Mr. Yang received a bachelor degree in Information Technology System Management from Heilongjiang University (黑龍江大學) in July 2006.

Ms. GAO Yuqing (高雨晴) ("Ms. Gao"), aged 31, joined the Group in December 2015 as director and one of the founders, later promoted to the position of head of the performance-based advertising team. Ms. Gao was later appointed as an executive Director on 25 March 2019. Ms. Gao is primarily responsible for overseeing management of the Group. Ms. Gao was a commerce manager at Beijing Qihu Keji Co. Ltd. (北京奇虎科技有限公司), a subsidiary of 360 Security Technology Inc. (三六零安全科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601360.SH), and a company principally engages in the business of development of internet safety and protection software and the provision of anti-virus services, from July 2011 to November 2015. Ms. Gao received a bachelor degree in Software Engineering from Tianjin University of Agriculture (天津農學院) in June 2011. Ms. Gao is the spouse of Mr. Dong.

Mr. CEN Senhui (岑森輝) ("Mr. Cen"), aged 32, joined the Group in December 2015 and has been chief operating officer. Mr. Cen was re-designated as executive Director and chief operating officer on 25 March 2019. Mr. Cen is a director of Shenzhen Lindu Technology Company Limited* (深圳鄰度科技有限公司). Mr. Cen is primarily responsible for overall operational management and overseeing daily operation of the Group. Mr. Cen has accumulated around eight years of experience in information technology industry. Mr. Cen worked as a project manager of Nokia Beijing branch (諾基亞通信系統技術(北京)有限公司) from June 2011 to October 2014, which he was responsible to the research and development of 4G mobile network, as well as the tender for technological projects. Mr. Cen then worked as Channel Manager (渠道經理) at Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司), a company principally engages in video-centric IoT (internet of things) services, integrated security service and big data services, from October 2014 to April 2015. Later, Mr. Cen worked as the marketing director of Shenzhen Zhuazhua Technology Co., Ltd. (深圳爪爪科技有限公司) from May to December 2015.

Mr. Cen received a bachelor degree in Electrical Engineering and Automation from Hangzhou Dianzi University (杭州電子科技大學) in June 2011.

Ms. TIAN Liuyihang (田劉一杭) ("Ms. Tian"), aged 30, was appointed as an executive Director of the Company on 9 December 2020.

Ms. Tian has extensive experience in corporate financing and strategy, equity investment and capital market work. Ms. Tian worked as an analyst in Shenzhen Institutes of Advanced Technology, Chinese Academy of Sciences from October 2011 to September 2013. In October 2013, Ms. Tian joined Milai Investment Consultant (Shenzhen) Co., Limited as its general manager and left in January 2019. Since January 2019, Ms. Tian has been serving as the chairman of Shenzhen Skye Capital Management Co., Ltd. responsible for its research and investment in the capital markets of Hong Kong and the PRC.

Ms. Tian graduated from Shantou University and obtained a master of Artistic Design in June 2011.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Shuo (陳碩) ("Mr. Chen"), aged 35, is an independent non-executive Director of the Company. Mr. Chen has been appointed as an independent non-executive Director of the Company on 22 August 2019 with effect from the listing of the Company's shares on the Main Board of the Stock Exchange. Mr. Chen is primarily responsible for providing independent opinion and judgment to the Board. Mr. Chen is the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company.

Mr. Chen has years of experience in the field of investment in information technology industry. From March 2010 to April 2011, Mr. Chen worked at the planning department of the headquarter of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司). Since May 2012, Mr. Chen has been working at Shenzhen Qianhai Jiupai Asset Management Limited Partnership (深圳市前海九派資本管理合夥企業(有限合夥)) and its associated entities, which he is one of the partners of the said limited partnership and is responsible for handling acquisitions and investments concerning enterprises of internet industry. These acquisitions and investments include advising PRC-listed companies to acquire internet industry business, as well as setting up venture capital fund for internet industry businesses.

Mr. Chen received his bachelor of Finance from Hubei University of Technology (湖北工業大學) in June 2008. He obtained both a master of science degree in Corporate Governance and Directorship from Hong Kong Baptist University (香港浸會大學) in November 2009.

Mr. LIU Kin Wai (劉健威) ("Mr. Liu"), aged 39, is an independent non-executive Director of the Company. Mr. Liu has been appointed as an independent non-executive Director of the Company on 22 August 2019 with effect from the listing of the Company's shares on the main board of the Stock Exchange. Mr. Liu is primarily responsible for providing independent opinion and judgment to the Board. Mr. Liu is the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. Liu had more than 15 years of experience in assurance services and financial and capital management work. Some of his work experiences are set out in the table below:

Name of employer	Positions held	Employment period
Ernst & Young	From accountant to senior manager	November 2004 to May 2015
北控水務集團有限公司 (Beijing Enterprises Water Group Limited) (a company which shares are listed on the Stock Exchange, Stock Code: 371)	Senior manager	May 2015 to September 2016
北控清潔能源集團有限公司 (Beijing Enterprises Clean Energy Group Limited) (a company which shares are listed on the Stock Exchange, Stock Code: 1250)	Chief financial officer and company secretary	September 2016 to September 2019
東勝旅遊集團有限公司 (Orient Victory Travel Group Company Limited) (a company which shares are listed on the Stock Exchange, Stock Code: 265)	Chief financial officer Company secretary	Since December 2019 Since January 2021

Mr. Liu received his bachelor in Accounting from the City University of Hong Kong (香港城市大學) in November 2003, and completed China Environmental Industry Senior Manager Training Programme (中國環境產業高級經理人研修班) from Tsinghua University (清華大學) in December 2016. Mr. Liu is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since 2008.

Mr. WEI Hai Yan (魏海燕) ("Mr. Wei"), aged 55, is an independent non-executive Director of the Company. Mr. Wei has been appointed as an independent non-executive Director of the Company on 22 August 2019 with effect from the listing of the Company's shares on the main board of the Stock Exchange. Mr. Wei is primarily responsible for providing independent opinion and judgment to the Board. Mr. Wei is a member of the audit committee and the nomination committee of the Company.

Mr. Wei was a deputy general manager at Jiangsu Boxin Investing & Holdings Co. Ltd. (江蘇博信投資控股股份有限公司), (formerly known as Chengdu Hongguang Industry Co., Ltd*. (成都紅光實業股份有限公司)), a company principally engaged in commodity trading business, from June 1998 to December 2000. Mr. Wei is currently the vice general manager of Shenzhen Headwater Water Treatment Technology Co., Ltd.* (深圳恆通源環保科技有限公司), which he joined the company in December 2000.

Mr. Wei received a bachelor degree in Computer Engineering from Chengdu Electronics Engineering College (成都電訊工程學院) in July 1987 and a master degree of Industrial Management Engineering from University of Electronic Science and Technology of China (中國電子科技大學) in March 1990.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company:

Name	Age	Position	Roles and Responsibilities
Dong Hui (董暉)	34	Executive Director and chief executive officer	overall strategic development and planning and major decision making
Yang Dengfeng (楊登峰)	38	Executive Director and chief technology officer	overall strategic planning and supervising technological development of our Group
Gao Yuqing (高雨晴)	31	Executive Director and head of performance-based advertising team	advise on overall strategic planning of our Group and lead the performance-based advertising team
Cen Senhui (岑森輝)	32	Executive Director and chief operating officer	Overall operational management and overseeing daily operation of our Group
Wu Yang (武洋)	30	Chief financial officer	Supervising internal audit, finance and accounting matters

Please refer to the paragraphs headed "Executive Director" in this section for the biographical details of Mr. Dong, Mr. Yang, Ms. Gao and Mr. Cen.

Ms. WU Yang (武洋) ("Ms Wu"), aged 30, has been the chief financial officer of the Company since May 2017. Ms. Wu is primarily responsible for overseeing the Company's internal accounting and audit matters, as well as supervising internal fund management and annual budget.

Ms. Wu has more than five years of experience in accountancy work. Prior to joining the Group, Ms. Wu was the project manager at Dalian Chunyu Accounting Management Consulting Co., Ltd.* (大連市春雨會計管理諮詢有限公司) from June 2013 to April 2017, which she was responsible for providing auditing and accounting services, as well as consultation services on internal control matters.

Ms. Wu received a bachelor degree of accounting from Jiamusi University (佳木斯大學) in June 2013.

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian (曹炳昌) ("Mr. Tso"), aged 41, was appointed as the company secretary of the Company on 16 October 2020. Mr. Tso obtained his bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2003. He obtained his master degree in corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso is currently a practicing and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Chartered Secretaries. Mr. Tso has over 16 years of experience in accounting and financial management. From September 2003 to December 2008, Mr. Tso worked for Ernst & Young and last held the position of manager and was responsible for the assurance and advisory business services. From December 2008 to May 2010, Mr. Tso worked for Greenheart Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 94), as financial controller. From May 2010 to August 2012, Mr. Tso worked for Maxdo Project Management Company Limited as senior vice president of the investment team. Mr. Tso founded Teton CPA Company, an accounting firm, in January 2013 and he has been the sole proprietor since then.

* *denotes the English translation of the Chinese name for identification purpose only*

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of Bright Future Technology Holdings Limited (the "**Company**") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020.

CORPORATE INFORMATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands on 8 November 2018 as an exempted company with limited liability under the Companies Law. The Company carried out the Share Offer, comprising 125,000,000 Shares in the Company at HK$1.10 per Share and the Shares were listed on the Main Board of the Stock Exchange on the Listing Date.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the provision of mobile advertising services in the PRC. Details of the principal activities of the Company's subsidiaries are set out in note 32 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the year ended 31 December 2020 and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed "Management Discussion and Analysis" of this annual report. The financial risk management of the Group are set out in note 3 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of comprehensive income and the consolidated statement of financial position on pages 63 to 64 of this annual report.

FINAL DIVIDEND

The Board did not propose any dividend for the year ended 31 December 2020.

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**AGM**") is expected to be held on Friday, 21 May 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 14 May 2021.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable growth. The Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving.

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Listing Rules, the Company's environmental, social and governance report, which aptly captures the Group's efforts to align environmental, social and corporate governance with our strategic growth and integrate the same into our business operations, will be available on our website no later than three months after the publication of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

Risks relating to the Group's business and industry

– The Group may fail to compete effectively against other mobile advertising companies under the expected intense market competition, and the strong market positions of our major customers and media publishers may limit the Group's bargaining power with them and the Group could lose its existing customers.

– The Group generates revenues from only one segment of mobile advertising services. If the Group fails to retain, deepen or expand the relationships with its existing suppliers, media publishers, customers, attracts new customers, or if the advertisers decide to directly engage media publishers for advertising, the Group's financial condition, results of operations and prospects may be materially and adversely affected.

– The Group may not be able to develop new or enhanced services, or may fail to keep abreast with the technological developments of the mobile advertising industry, which may adversely affect the Group's business, financial conditions, results of operations and prospects.

– The Group is subject to risks and uncertainties as the Group only has a relatively short operating history in a competitive industry. The limited operating history undermines the evaluation of the Group's business and prospects.

– The Group has to pay for its customers in advance to media publishers before arranging the bidding of advertisement inventories, and the Group is exposed to risks with regard to the collection of trade receivables for customers.

– Failure in complying with the standards and requirements from the Group's media publishers of the intermediary services, in particular for those which recognised the Group as a core advertising agent, could result in loss of major media publishers and negatively affect the Group's business, financial conditions and operating results.

– Fluctuations in advertising traffic costs may adversely affect the Group's profitability.

- The Group is uncertain about the recoverability of the Group's deferred income tax assets as they are subject to accounting uncertainties.

- The Group relies on the performance of suppliers for the Group's precision advertising services. Any malpractice of or disputes with these suppliers may adversely affect the services provided to customers and the Group's reputation, which may lead to loss of its existing customers.

- There is a notable absence of a transparent pricing system for the mobile advertising market in the PRC, and media publishers are in control of the process for bidding advertisement inventories.

- If the Group does not effectively manage its growth, the Group's operating performance will deteriorate.

- The Group may face government actions and civil claims in connection with false, fraudulent, misleading, or otherwise illegal content of advertisements for which the Group provides advertising services.

- The regulations governing the mobile advertising industry are still evolving and developing. If the Group fail to obtain requisite approvals, licences or permits applicable to the Group's business, the Group's business and results of operations might be materially adversely affected.

- Laws and regulations in relation to data mining keep changing from time to time. New laws and regulations may be promulgated in the future which may adversely affect the Group's business and results of operations.

- Discontinuation of any preferential tax treatments available to the Group in China could adversely affect the Group's results of operations and financial condition.

- Any breaches to the Group's security measures, including unauthorised access, computer viruses and hacking, may adversely affect the Group's database, reduce use of the Group's services and damage the Group's reputation.

- The Group's information technology system relies on certain highly technical software developed by the Group's research and development team, which may contain undetected errors, that may adversely affect the Group's business.

- The Group may not be able to prevent others from making unauthorised use of the Group's intellectual property.

- The Group may be subject to intellectual property infringement claims, which may be expensive to defend and may cause disruption to the Group's business and operations.

- Retaining of the Group's senior management and key employees are crucial to the Group's success, and the Group's business may be harmed if the Group loses their services.

- The controlling shareholders of the Company, whose interests may not be aligned with the interests of other shareholders of the Company, have substantial influence over the Company.

- The Group faces risks related to natural disasters and health epidemics.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed above, as far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year ended 31 December 2020, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the Group's five largest customers and the largest customer accounted for approximately 66.0% and 39.9%, respectively, of the Group's total revenue (based on the gross basis for revenue recognition) for the year ended 31 December 2020.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for approximately 69.5% and 30.6%, respectively, of the Group's total advertising traffic costs recognised under gross basis for the year ended 31 December 2020.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital), had material interest in the Group's five largest customers or suppliers during the year ended 31 December 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group carries out its business operations in the PRC with most of the transactions denominated and settled in Renminbi save for certain fees payable to professional parties and miscellaneous administrative expenses that are denominated in Hong Kong dollars. Hence the Group does not currently have a hedging policy on foreign exchange risk as the Board does not consider the Group's exposure to foreign exchange fluctuations (primarily in the Hong Kong dollar) to be significant, and that any fluctuation thereof will not have any material impact on the Group's business operations or its financial results. The management will, however, closely monitor its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 32 to the consolidated financial statements in this annual report.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of change in equity and note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company did not have any distributable reserves.

FINANCIAL RESULTS

A summary of the results, assets, liabilities of the Group for the past financial years is set out on page 119 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2020 are set out in note 24 to the consolidated financial statements in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities throughout the period from the Listing Date to 31 December 2020.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2020 are set out in note 20 to the consolidated financial statements in this annual report.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year ended 31 December 2020 and up to the date of this annual report were:

Executive Directors:

Mr. DONG Hui *(Chairman and Chief Executive Officer)*	*(appointed on 8 November 2018)*
Mr. YANG Dengfeng	*(appointed on 8 November 2018)*
Ms. GAO Yuqing	*(appointed on 25 March 2019)*
Mr. CEN Senhui	*(appointed on 25 March 2019)*
Ms. TIAN Liuyihang	*(appointed on 9 December 2020)*

Independent Non-executive Directors:

Mr. CHEN Shuo	*(appointed on 22 August 2019***)*
Mr. LIU Kin Wai	*(appointed on 22 August 2019***)*
Mr. WEI Hai Yan	*(appointed on 22 August 2019***)*

In accordance with the provisions of the Articles of Association, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with articles 108(a) & 108(b) of the Articles of Association, Mr. DONG Hui, Mr. YANG Dengfeng and Mr. CEN Senhui will retire by rotation and being eligible, will offer themselves for re-election at the AGM.

In accordance with article 112 of the Articles of Association, Ms. TIAN Liuyihang will retire and being eligible, will offer herself for re-election at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.

*** *effective on Listing Date*

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DRIECTOR

The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and still considers that all Independent Non-executive Directors have satisfied their independence to the Group.

DIRECTORS' SERVICE CONTRACTS

Each of executive Directors has entered into a service agreement with the Company for an initial term of three years with effect from the Listing Date, which may be terminated by either party giving not less than three months' written notice and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

Each of independent non-executive Directors has entered a letter of appointment with the Company, which may be terminated by either party giving not less than one month written notice or paying an equivalent amount of payment in lieu of notice to the other party, and is subject to termination provisions therein and retirement by rotation in accordance with the Articles of Association.

Save as disclosed above, none of the Directors has entered into any service contract with the Company other than contracts expiring or determinable by the Company within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the note 29 to the consolidated financial statements, there was no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director of the Company or an entity connected with any Director has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

There was no contract of significance entered into between the Company, or any of its subsidiaries, and a controlling shareholder of the Company, or any of its subsidiaries, during the year.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the remuneration committee, having regard to the Group's operating results, individual performance and the prevailing market conditions.

Details of the remuneration of the Directors are set out in notes 29 to the consolidated financial statements in this annual report.

No remuneration were paid by the Group to any Director or senior management as an induction to join or upon joining the Group or as compensations for loss of office for the year and none of the Directors had waived any emoluments for the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force for the year ended 31 December 2020. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year, which remains in force.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 22 to 26 of this annual report.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives or rewards for their contributions to the Group.

A summary of the principal terms of the Share Option Scheme is set out below:

Eligible Persons

The Board may, at its absolute discretion, offer to grant options to the following persons:

(i) any employee or director or chief executive of any member of the Group;

(ii) any executive directors, non-executive directors and independent non-executive directors of any member of the Group;

(iii) any substantial shareholder of any member of the Group;

(iv) advisors or consultants of any member of the Group; and

(v) an associate of any of the persons referred to in paragraphs (i) to (iv) above.

Maximum number of Shares available for Issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes ("**Other Schemes**") of the Group is 50,000,000, being no more than 10% of the Shares in issue as of the Listing Date (the "**Scheme Mandate Limit**").

The Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of the shareholders in general meeting. However, the refreshed Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval, and for the purpose of calculating the latest refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and Other Schemes of the Group) previously granted under the Share Option Scheme and Other Schemes of the Group will not be counted.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and Other Schemes of the Group shall not exceed 30% of the Shares in issue from time to time.

As at 31 December 2020, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme and therefore the total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares, representing 10% of the issued share capital of the Company.

Maximum entitlement of Each Participant

Unless approved by the Shareholders in general meeting, the maximum number of Shares underlying the options granted to a participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time.

Life of the Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Subscription Price

The subscription price for the Shares subject to options will be a price determined by the Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a Share.

Consideration

Consideration of HK$1.00 is required to be paid by the Eligible Person for the grant under the Share Option Scheme and such payment must be made within 28 days from the date on which the option is granted.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in the Company

Name	Capacity/Nature of Interest(1)	Number of Shares	Approximate percentage of shareholding interest
Mr. Dong	Interested in a controlled corporation(2)	363,970,000	72.8%
Ms. Gao	Interest of spouse(3)	363,970,000	72.8%
Mr. Yang	Interested in a controlled corporation(2)	363,970,000	72.8%

Notes:

1. All interests stated are long position.

2. Brilliant League Limited is wholly-owned by Mr. Dong. Mr. Dong and Mr. Yang are parties acting in concert. Mr. Yang in turn wholly-owns Highland Triumph Limited. Thus, each of Mr. Dong, Mr. Yang, Brilliant League Limited and Highland Triumph Limited are all deemed to be interested in all the Shares held by Brilliant League Limited and Highland Triumph Limited.

3. Ms. Gao is the spouse of Mr. Dong, and is thus deemed to be interested in Mr. Dong's entire interest in the Shares.

(ii) Interest in associated corporations

Name	Name of associated corporation	Capacity/ Nature	Percentage of interest
Mr. Dong	Brilliant League Limited	Beneficial owner	100%
Mr. Yang	Highland Triumph Limited	Beneficial owner	100%

Save as disclosed above, none of the Directors and chief executives of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate since the Listing Date.

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

As at 31 December 2020, according to the register kept by the Company under Section 336 of SFO and so far as was known to the Directors, the following persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/Nature of Interest(1)	Number of Shares	Approximate percentage of shareholding interest
Brilliant League Limited	Beneficial interest and interest held jointly with other person(2)	363,970,000	72.8%
Mr. Dong	Interested in a controlled corporation(2)	363,970,000	72.8%
Ms. Gao	Interest of spouse(3)	363,970,000	72.8%
Highland Triumph Limited	Beneficial interest and interest held jointly with other person(2)	363,970,000	72.8%
Mr. Yang	Interested in a controlled corporation(2)	363,970,000	72.8%
Ms. WU Cheng	Interest of spouse(4)	363,970,000	72.8%

Notes:

1. All interests stated are long position.

2. Brilliant League Limited is wholly-owned by Mr. Dong. Mr. Dong and Mr. Yang are parties acting in concert. Mr. Yang in turn wholly-owns Highland Triumph Limited. Thus, each of Mr. Dong, Mr. Yang, Brilliant League Limited and Highland Triumph Limited are all deemed to be interested in all the Shares held by Brilliant League Limited and Highland Triumph Limited.

3. Ms. Gao is the spouse of Mr. Dong, and is thus deemed to be interested in Mr. Dong's entire interest in the Shares.

4. Ms. Wu Cheng is the spouse of Mr. Yang, and is thus deemed to be interested in Mr. Yang's entire interest in the Shares.

Save as disclosed above, as at 31 December 2020, according to the register kept by the Company under Section 336 of the SFO and so far as were known to the Directors, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2020 and up to the date of this annual report, none of the Directors is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

CONNECTED TRANSACTIONS

The Group has not conducted any non-exempt continuing connected transaction for the year ended 31 December 2020. Details of related party transactions of the Group for the year ended 31 December 2020 are set out in note 28 to the consolidated financial statements. The related party transactions disclosed in note 28 were not regarded as connected transactions and were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

UPDATE ON DIRECTORS' INFORMATION

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules is set out below:

Mr. LIU Kin Wai, independent non-executive Director of the Company, was appointed as company secretary of Orient Victory Travel Group Company Limited (stock code: 265) on 15 January 2021, the shares of which is listed on the Stock Exchange.

MANAGEMENT CONTRACTS

There is no contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

SUFFICIENCY OF PUBLIC FLOAT

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

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 43 to 57 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code.

Having made specific enquiry with all the Directors, each of the Directors confirmed that he has complied with the required standards as set out in the Model Code for the year ended 31 December 2020.

USE OF PROCEEDS FROM THE SHARE OFFER

The Company was successfully listed on the Main Board of the Stock Exchange on 11 November 2020, with net proceeds from the Share Offer (after deducting underwriting commissions and relevant expenses payable by the Company) amounting to approximately HK$86.0 million. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Net proceeds from the Share Offer have been, and will be, utilised in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds and actual usage up to 23 March 2021:

Use of proceeds		Planned allocation of Net Proceeds *(HKD million)*	Planned allocation of Net Proceeds[2] *(RMB million)*	Utilised amount (as at 23 March 2021) *(RMB million)*	Expected timeline for utilising the remaining balance of net proceeds from the Share Offer[1]
Expansion of the Group's intermediary services	64.9%	55.8	47.5	47.5	N/A
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	15.6	7.5	On or before 30 September 2022[3]
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	7.7	2.7	On or before 30 September 2022[3]
The Group's general working capital	3.3%	2.9	2.5	2.5	N/A
Total	100.0%	86.0	73.3	60.2	–

Notes:

(1) The expected timeline for utilising the remaining balance of net proceeds is based on the best estimation of the market conditions made by the Group.

(2) Net proceeds from the Share Offer were received in Hong Kong dollars and translated to Renminbi for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the Share Offer.

(3) The remaining proceeds will be used for the respective disclosed purposes and following the expected implementation timetable (as disclosed in the Prospectus). The unutilised net proceeds have been deposited as short-term deposits in bank account maintained by the Group.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed "Management Discussion and Analysis", no important events affecting the Company occurred since the year ended 31 December 2020 and up to the date of publication of this annual report.

AUDITOR

PricewaterhouseCoopers has been appointed as auditor of the Company for the year ended 31 December 2020.

PricewaterhouseCoopers shall retire in the AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as independent auditor of the Company will be proposed at the AGM.

On behalf of the Board

DONG Hui
Chairman, Chief Executive Officer and Executive Director
Shenzhen, PRC, 23 March 2021

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing shareholders' interests.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. Save for the deviation disclosed below, in the opinion of Directors, the Company has complied with all the code provisions as set out in the CG Code from the Listing Date to the date of publication of this annual report.

Under Code Provision A.2.1 of the CG Code, the role of both the Chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Dong was appointed as chief executive officer of the Group and has also assumed his responsibilities as Chairman, as well as being the chairman of the nomination committee. Throughout the business history of the Company, Mr. Dong has been the key leadership figure of the Group, and being primarily involved in the strategic development, overall operational management and major decision making of the Group. Taking into account the need for continued implementation of the Company's business plans, the Directors consider that at the current stage of development of the Group, vesting the roles of both Chairman and the chief executive officer in Mr. Dong is beneficial to, and in the interests of the Company and its shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the Shareholders of the Company accordingly.

THE BOARD OF DIRECTORS

Responsibilities

The Board of the Company is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Nomination Committee, the Remuneration Committee and the Audit Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Board Composition

As at the date of this annual report, the Board comprises eight Directors, including five executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

Mr. DONG Hui *(Chairman & Chief Executive Officer)*
Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui
Ms. TIAN Liuyihang

Independent Non-executive Directors:

Mr. CHEN Shuo
Mr. LIU Kin Wai
Mr. WEI Hai Yan

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

From the Listing Date to the date of publication of this annual report, the Board at all times met the requirements of 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.

The Company also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive director representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them has satisfied his independence to the Group.

Mr. Dong is the spouse of Ms. GAO Yuqing (Executive Director of the Company) and Mr. Dong and Mr. YANG Dengfeng (Executive Director of the Company) are parties acting in concert. Save as disclosed in the above, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

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 their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

ANALYSIS OF THE DIVERSITY OF THE BOARD

The Board has a balanced mix of directors from different industries and with varied professional backgrounds, having diverse experience, knowledge and expertise, whom collectively as a group provides such balanced views and opinions which are beneficial to the Group and its shareholders as a whole.

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 the Company's operations and businesses as well as his/her responsibilities under relevant laws, rules and regulations.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Company also arranges regular seminars to provide Directors with updates on 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 the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

According to the records kept by the Company, each of the Directors from the Listing Date to the date of publication of this annual report, namely, Mr. DONG Hui, Mr. YANG Dengfeng, Ms. GAO Yuqing, Mr. CEN Senhui, Ms. TIAN Liuyihang, Mr. CHEN Shuo, Mr. LIU Kin Wai and Mr. WEI Hai Yan (a) attended seminars and/or trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors; and (b) read materials that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors entered into a service agreement with the Company on 16 October 2020 for an initial term of three years which may be terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement by rotation and re-election at the annual general meetings of the Company in accordance with the memorandum and articles of association of the Company (the "**Memorandum and Articles of Association**") or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of independent non-executive Directors has entered into an appointment letter with the Company on 16 October 2020 which may be terminated by either party giving not less than one month prior notice in writing or paying equal amounts of payment in lieu of notice and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Memorandum and Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

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

In accordance with the provisions of the Memorandum and Articles of Association, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years; any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the first general meeting of Company after his appointment and be eligible for re-election at such meeting.

The procedures and process of appointment, re-appointment and continuation (or not) in service of any Director are set out in the Memorandum and Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board, monitoring the appointment or re-appointment of Directors and succession planning for Directors.

BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days will be 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 will generally be given. The agenda and accompanying Board papers are dispatched to the Directors or committee members seven days (and in any event not less than three days) before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised on the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

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

CORPORATE GOVERNANCE REPORT

From the Listing Date to the date of publication of this annual report, two Board meetings, were held and the attendance of each Director at these meetings are set out in the table below:

Name of Director	Attended/Eligible to attend Board meeting
Mr. DONG Hui	2/2
Mr. YANG Dengfeng	2/2
Ms. GAO Yuqing	2/2
Mr. CEN Senhui	2/2
Ms. TIAN Liuyihang	2/2
Mr. CHEN Shuo	2/2
Mr. LIU Kin Wai	2/2
Mr. WEI Hai Yan	2/2

No general meeting was held since the Listing Date and up to the date of publication of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code.

Having made specific enquiry with all the Directors, each of the Directors confirmed that he has complied with the required standards as set out in the Model Code for the year ended 31 December 2020.

DELEGATION BY THE BOARD

The Board reserves for its decision all major matters of the 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 resource to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

CORPORATE GOVERNANCE FUNCTION

The Board delegated the Company's corporate governance functions to the Audit Committee to perform the following corporate governance duties:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

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

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

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

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

The Board approved the terms of reference of the Nomination Committee, the Audit Committee and the Remuneration Committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2020 are set out in note 29 to the consolidated financial statements in this annual report.

The biographies of the senior management are disclosed in the section headed "Directors and Senior Management" in this annual report. Remuneration paid to the top senior management (excluding the Directors) for the year ended 31 December 2020 fell within the following bands are as follows:

Remuneration Band	No. of employees
Nil to HKD1,000,000	1
	1

DIRECTORS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was established on 16 October 2020 and written terms of reference of the Nomination Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Nomination Committee comprises three members, namely Mr. DONG Hui, Mr. CHEN Shuo and Mr. WEI Hai Yan. Mr. DONG Hui currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include:

- reviewing the structure, size, composition and diversity of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- determining the policy for the nomination of Directors;
- identifying individuals suitably qualified to become members of the Board;
- selecting or making recommendations to the Board on the individuals nominated for directorship;
- assessing the independence of independent non-executive Directors;
- reviewing the Board Diversity Policy;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and
- performing other duties incidental to the duties of the Committee delegated as appropriate by the Board or as stipulated in the CG Code from time to time.

From the Listing Date to the date of publication of this annual report, the Nomination Committee held two meetings during which the Nomination Committee has performed the following major works:

- recommended to the Board on the appointment of executive Director;
- reviewed the structure, size, composition and diversity of the Board;
- recommended to the Board on the re-appointment of Directors at the forthcoming annual general meeting;
- reviewed the Board Diversity Policy; and
- assessed the independence of the independent non-executive Directors.

The attendance record of each committee member is set out below:

Name of committee members	Attendance/Number of Meeting
Mr. DONG Hui	2/2
Mr. CHEN Shuo	2/2
Mr. WEI Hai Yan	2/2

Nomination Policy

The Company follows a formal, considered and transparent procedure for the appointment of new Directors for the Board to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Recognising the vitality of diversity for the Board, the Company has adopted a board diversity policy.

When making recommendations regarding the appointment of directors or re-appointment of directors, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

– Reputation for integrity;

– Accomplishment, experience and reputation in the business and industry;

– Commitment in respect of sufficient time, interest and attention to the businesses of the Company and its subsidiaries;

– Compliance with the criteria of independence, in case for the appointment of an independent non-executive director, as prescribed under Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange; and

– Any other relevant factors as may be determined by the Committee or the Board from time to time as appropriate.

The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board.

Procedures for Shareholders' nomination of any proposed candidate for election as a Director are stated in "Procedures for a Shareholder of Bright Future Technology Holdings Limited to Propose a Person for Election as a Director" and disclosed in the Company's website.

Board Diversity Policy

With a view to enhancing the effectiveness of the Board and maintaining high standard of corporate governance, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. Appointments of members of the Board will be based on merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. Upon Listing, the Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness and the Company will disclose in the Corporate Governance Report a summary of the board diversity policy and its implementation on an annual basis.

Remuneration Committee

The Remuneration Committee was established on 16 October 2020 and written terms of reference of the Remuneration Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee is comprised of three members, namely Mr. CHEN Shuo, Mr. LIU Kin Wai and Mr. YANG Dengfeng. Mr. CHEN Shuo currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include:

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

– reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

– making recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

– making recommendations to the Board on the remuneration of non-executive Directors;

– considering salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Company and its subsidiaries;

– reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment;

– reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct; and

– ensuring that no Director or any of his associates is involved in deciding his own remuneration.

From the Listing Date to the date of publication of this annual report, the Remuneration Committee held two meetings during which the Remuneration Committee has performed the following major works:

– recommended to the Board on the remuneration package of executive Director;

– reviewed the Company's policy and structure for all Directors and senior management remuneration (including salaries paid based on business performance);

– considered and approved the recommendation of the remuneration packages of executive Directors and senior management for the year ending 31 December 2021; and

– considered and approved the recommendation of the remuneration packages of independent non-executive Directors for the year ending 31 December 2021.

The attendance record of each committee member at the meetings is set out below:

Name of committee members	Attendance/Number of Meeting
Mr. CHEN Shuo	2/2
Mr. LIU Kin Wai	2/2
Mr. YANG Dengfeng	2/2

Audit Committee

The Audit Committee was established on 16 October 2020 and written terms of reference of the Audit Committee had been adopted by the Board and were posted on the websites of the Company and the Stock Exchange.

The Audit Committee is comprised of three independent non-executive Directors of the Company, namely Mr. LIU Kin Wai, Mr. CHEN Shuo and Mr. WEI Hai Yan with Mr. LIU Kin Wai possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. Mr. LIU Kin Wai is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's external auditor.

The primary duties of the Audit Committee include:

– making recommendations to the Board on the appointment, reappointment and removal of the external auditor;

– reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

– developing and implementing policy on engaging an external auditor to supply non-audit services;

– discussing with the external auditor the nature and scope of the audit and relevant reporting obligation;

– monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and reviewing significant financial reporting judgments contained therein;

– reviewing the Company's financial controls, risk management and internal control systems;

– ensuring co-ordination between the internal and external auditors;

– reviewing the Group's financial and accounting policies and practices;

– reporting to the Board on the matters set out above; and

– performing the corporate governance functions delegated by the Board.

From the Listing Date to the date of publication of this annual report, the Audit Committee held one meeting and the Audit Committee has performed the following major works:

– considered and approved the audited annual results of the Company and its subsidiaries for the year ended 31 December 2020;

– considered and recommended acceptance of the audit committee report prepared by PricewaterhouseCoopers for the year ended 31 December 2020;

– considered and evaluated the management system adopted by the Group for internal, financial and risk management and internal control procedures; and

– considered and evaluated whether the external auditor is independent and objective and whether the audit procedures are effective, the re-appointment and remuneration of the external auditor (subject to shareholders' approval), and make a proposal to the Board.

The attendance record of each committee member at the meeting is as follow:

Name of committee members	Attendance/Number of Meeting
Mr. LIU Kin Wai	1/1
Mr. CHEN Shuo	1/1
Mr. WEI Hai Yan	1/1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2020 and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 58 to 62 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group is exposed to various risks during the operations. The Group has implemented various policies and procedures to ensure effective risk management at each aspect of the operations, including the administration of daily operations, financial reporting and recording, fund management, compliance with applicable laws and regulations.

The Board oversees and manages the overall risks associated with the operations. The Audit Committee are responsible for reviewing and supervising the financial reporting process and internal control system of the Group.

The Group is dedicated to the establishment and maintenance of a robust internal control system. The Group has adopted and implemented risk management policies and corporate governance measures in various aspects of the business operations such as financial reporting, information risk management, legal compliance and intellectual property rights management and human resources management.

The Audit Committee and senior management monitor the implementation of the risk management policies across the Group on an ongoing basis to ensure that the internal control system is effective in identifying, managing and mitigating risks involved in the operations.

The Group keep abreast and monitor the ongoing compliance with the relevant laws and regulations that govern business operations and oversee the implementation of any necessary measures. In addition, the Group plans to provide Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

In addition, the Group have adopted a set of internal rules and policies governing the conduct of employees, and has established a monitoring system to implement anti-bribery and anti-corruption measures so as to ensure that employees comply with the Group's internal rules and policies as well as the applicable laws and regulations. For example, the management is responsible for conducting a fraud and bribery risk assessment on an annual basis and the Audit Committee reviews and approves annual risk assessment results and policies. The Group has also identified certain forbidden conduct in internal anti-bribery and anticorruption policies, including, among others, the prohibition to acceptance of bribes or rebates, embezzlement or misappropriation of the assets, and forgery or alteration of accounting records.

The Group offers compulsory training courses to new employees and continuing training to existing employees to enhance their knowledge and awareness of the relevant rules and regulations. The Group also keeps abreast of the latest regulatory updates and communicate with the relevant regulatory authorities from time to time to discuss the latest regulatory requirements in light of the evolving nature of the mobile advertising business.

In addition, the Company have also appointed Messis Capital Limited as the external compliance advisor with effect from the Listing Date to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

From the Listing Date to the date of publication of this annual report, the Audit Committee reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget.

The Board believes that there are no material internal control deficiencies that may affect the shareholders of the Company and an effective and adequate risk management and internal control system is in place to safeguard the assets of the Group. The Audit Committee and senior management together monitor the implementation of risk management policies on an ongoing basis to ensure the policies and implementation are effective and sufficient.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the remuneration paid or payable to the Company's auditors, PricewaterhouseCoopers, for audit and non-audit services were approximately RMB3,000,000 and nil, respectively. In addition, professional fee paid to PricewaterhouseCoopers in conncetion with the initial public offerings of the shares of the Company were approximately RMB3,401,000.

The Board and the Audit Committee have agreed on the re-appointment of PricewaterhouseCoopers as the external auditor of the Group for the year ending 31 December 2021 and the proposal will be submitted for approval at the annual general meeting to be held on around 21 May 2021.

COMPANY SECRETARY

The company secretary is Mr. TSO Ping Cheong Brian. Mr. Tso has been appointed as the company secretary of the Company since October 2020. Mr. Tso has assisted on the company secretarial matters of the Company since the Listing, and has duly complied with relevant training requirement under Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Group recognises the importance of transparent and timely disclosure of corporate information, which enables the Shareholders and investors to make the best investment decision. The Company believes the effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.btomorrow.cn as a communication platform with Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the Shareholders, Board members, in particular, either the chairmen of Board Committees or their delegates, appropriate management executives and external auditors (as the case may be) will be available at the meeting to answer any questions raised by the Shareholders.

The Company has also established a shareholders communication policy to ensure the shareholders are provided with timely information about the Company. The policy is regularly reviewed to ensure its effectiveness.

SHAREHOLDERS' RIGHTS

Procedures for the convening of an Extraordinary General Meeting by Shareholders and Putting Forward Proposals and procedures

Under the Memorandum and Articles of Association, an extraordinary general meeting ("**EGM**") may be convened by the Board upon requisition of one or more Shareholders holding not less than one tenth of the paid up capital of the Company having the right of voting at general meetings of the Company. The Shareholder(s) shall make a written requisition to the Board or the Secretary at the Company's principal place of business in Hong Kong, specifying the shareholding information of the shareholder(s), his/her/its contact details and the proposal regarding any specifying transaction/business and its supporting documents.

If within 21 days of such deposit, the Board fails to proceed to convene such EGM, 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 the Board shall be reimbursed to the requisitionist(s) by the Company.

Making enquiries to the Board

The shareholders shall direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

DISCLOSURE OF INSIDE INFORMATION

The Company has developed its disclosure policy to provide a general guide to the Group's Directors, officers, senior management and relevant employees on handling confidential information, monitoring of information disclosure and responding to queries. The Group has executed supervision programs to confirm the strict prohibition from unauthorised access to and use of inside information.

DIVIDEND POLICY

The Company adopted a dividend policy on 23 March 2021. Pursuant to the Company's dividend policy, the dividend payout ratio shall be determined by the Board from time to time. The remaining net profit will be used for the Group's operations and development. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(a) the Company's current and future operations, actual and expected financial performance;

(b) any corporate development plans;

(c) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;

(d) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;

(e) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;

(f) retained earnings and distributable reserves of the Company and each of the members of the Group;

(g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factor that the Board deems appropriate and relevant.

The recommendation of the payment of dividend is subject to the determination of the Board, and any declaration of final dividend for a financial year will be subject to the approval of the shareholders of the Company. The declaration and payment of dividends is also subject to any restrictions under the Companies Law of the Cayman Islands, any applicable laws, rules and regulations, including the Listing Rules, and the Memorandum and Articles of Association of the Company.

CONSTITUTIONAL DOCUMENTS

The Memorandum and Articles of Association have been amended and restated with effect from the Listing Date, a copy of which is available on the websites of the Company (www.btomorrow.cn) and the Stock Exchange (www.hkexnews.hk).

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bright Future Technology Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Bright Future Technology Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 63 to 118, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2020, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter identified in our audit is related to revenue recognition for the mobile advertising services.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition for mobile advertising services Refer to Note 4(a) and Note 6 to the consolidated financial statements. For the year ended 31 December 2020, the Group recognised revenue of RMB303 million from provision of precision advertising services, which is recognised on a gross basis, and RMB80 million from provision of intermediary services, which is recognised on net basis (collectively referred to as the "mobile advertising services"). The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account of the nature of specified services and whether the Group controls the specified services before it is transferred to customer. The indicators that an entity controls the specified good or service before it is transferred to the customer include but not limited to (a) the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) the Group bears certain inventory risk, (c) the Group has discretion in establishing price and (d) the Group has discretion in selecting suppliers. We focused on this area due to the significant judgements involved in determining the Group's role as a principal or an agent in the arrangements of mobile advertising services with customers, which will impact the presentation of revenue and related costs in the consolidated financial statements.	We have performed the following procedures to address the key audit matter: • We understood, evaluated and tested, on sample basis, the key controls in place over management's assessment of revenue recognition, including management's approval and review of sales contracts. • We discussed with management, understood the business models and the indicators used in assessing the revenue recognition on a gross or net basis under different circumstances. We evaluated the appropriateness of both accounting policies and principal-agent assessment under different circumstances for each indicator. • We, on a sample basis, obtained and tested the supporting evidences for each indicator that the management considered in the principal-agent assessment. The supporting evidences include but not limited to contracts with customers and reports generated from data management platform which manages advertisement creation and placement, in order to assess whether the Group is primarily responsible for fulfilling the promise to provide the specified service, has discretion in selecting suppliers, establishing price and bears certain inventory risks. • We performed overall evaluation on the appropriateness of the judgement made by the management and considered the weight of the indicators for gross versus net assessment in revenue recognition. Based on the procedures performed, the judgements made by management for principal-agent assessment on revenue from mobile advertising services were supportable by the evidences we obtained.

OTHER INFORMATION

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

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 DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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.

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

(Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

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

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

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

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

(Continued)

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 Shin Wai Kit Ricky.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	6	382,763	281,934
Cost of services	7	(266,580)	(200,536)
Gross profit		116,183	81,398
Selling and distribution expenses	7	(2,667)	(4,051)
General and administrative expenses	7	(51,203)	(32,966)
Net impairment losses on financial assets	17(a)	(657)	(1,086)
Other gains, net	8	10,261	1,956
Operating profit		71,917	45,251
Finance income	10	130	40
Finance costs	10	(932)	(563)
Finance costs – net		(802)	(523)
Profit before income tax		71,115	44,728
Income tax expense	11	(3,781)	(6,294)
Profit for the year		67,334	38,434
Profit attributable to:			
Owners of the Company		67,334	38,434
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(957)	11
Total comprehensive income for the year		66,377	38,445
Total comprehensive income attributable to:			
Owners of the Company		66,377	38,445
Earnings per share			
-Basic and diluted (expressed in RMB per share)	12	0.17	0.10

The notes on pages 67 to 118 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	5,031	5,587
Intangible assets	15	46	107
Deposits and prepayments	17	1,901	476
Deferred income tax assets	18	265	1,662
Total non-current assets		7,243	7,832
Current assets			
Trade receivables	17	335,074	223,379
Deposits, prepayments and other receivables	17	138,261	82,356
Financial assets at fair value through profit or loss ("FVPL")		–	204
Cash and cash equivalents	19	97,177	23,805
Total current assets		570,512	329,744
Total assets		577,755	337,576
LIABILITIES			
Non-current liabilities			
Lease liabilities	23	1,114	2,537
Total non-current liabilities		1,114	2,537
Current liabilities			
Borrowings	20	82,500	30,501
Trade payables	21	130,472	115,551
Other payables and accruals	22	22,856	25,786
Contract liabilities	6	34,208	24,631
Lease liabilities	23	2,263	1,815
Current income tax liabilities		9,889	7,921
Total current liabilities		282,188	206,205
Total liabilities		283,302	208,742
EQUITY			
Share capital	24	42,607	70
Reserves	25	92,282	28,667
Retained earnings		159,564	100,097
Total equity		294,453	128,834
Total equity and liabilities		577,755	337,576

The notes on pages 67 to 118 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 63 to 118 were approved by the Board of Directors on 23 March 2021 and were signed on its behalf.

Dong Hui
Director

Yang Dengfeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital *RMB'000* *(Note 24)*	Reserves *RMB'000* *(Note 25)*	Retained earnings *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2020	**70**	**28,667**	**100,097**	**128,834**
Profit for the year	**–**	**–**	**67,334**	**67,334**
Other comprehensive income	**–**	**(957)**	**–**	**(957)**
Total comprehensive income for the year	**–**	**(957)**	**67,334**	**66,377**
Transactions with owners:				
Recapitalisation upon listing	**31,886**	**(31,886)**	**–**	**–**
Issuance of new shares upon listing	**10,651**	**106,513**	**–**	**117,164**
Share issuance costs	**–**	**(17,922)**	**–**	**(17,922)**
Appropriation for surplus reserve	**–**	**7,867**	**(7,867)**	**–**
Balance at 31 December 2020	**42,607**	**92,282**	**159,564**	**294,453**
Balance at 1 January 2019	69	17,575	65,255	82,899
Profit for the year	–	–	38,434	38,434
Other comprehensive income	–	11	–	11
Total comprehensive income for the year	–	11	38,434	38,445
Transactions with owners:				
Issuance of shares to shareholders of the Company	1	7,472	–	7,473
Capital contribution from shareholders' interest-free loans	–	177	–	177
Appropriation for surplus reserve	–	3,592	(3,592)	–
Capital distribution from repayment of shareholders' interest-free loans	–	(160)	–	(160)
Balance at 31 December 2019	70	28,667	100,097	128,834

The notes on pages 67 to 118 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash used in operations	26	**(80,089)**	(9,351)
Interest received		**130**	40
Income taxes paid		**(1,581)**	(2,897)
Net cash used in operating activities		**(81,540)**	(12,208)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		**(1,045)**	(1,204)
Payments for purchase of financial assets at fair value through profit or loss		**–**	(200)
Proceeds from sale of financial assets at fair value through profit or loss		**210**	–
Net cash used in investing activities		**(835)**	(1,404)
Cash flows from financing activities			
Proceeds from issues of shares, net of issuance costs		**107,363**	–
Capital contribution from shareholders' interest-free loans	25	**–**	177
Capital contribution from shareholders of the Company	25	**–**	6,042
Proceeds from borrowings		**82,500**	35,696
Capital distribution by repayment of shareholders' interest free loans		**–**	(160)
Repayment of borrowings and interests		**(31,089)**	(14,457)
Lease payments (including interest paid)		**(2,010)**	(2,159)
Net cash generated from financing activities		**156,764**	25,139
Net increase in cash and cash equivalents		**74,389**	11,527
Cash and cash equivalents at beginning of the year		**23,805**	12,182
Effects of exchange rate changes on cash and cash equivalents		**(1,017)**	96
Cash and cash equivalents at the end of the year	19	**97,177**	23,805

The notes on pages 67 to 118 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Bright Future Technology Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 November 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of mobile advertising services in the People's Republic of China (the "PRC"). The controlling shareholders of the Group are Mr. Dong Hui ("Mr. Dong") and Mr. Yang Dengfeng ("Mr. Yang") (together the "Controlling Shareholders").

The financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Company's board of directors (the "Board") on 23 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention as modified by certain financial assets measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

All the new standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 January 2020, are consistently applied in preparing the consolidated financial statements (including the comparative financial information) and are not expected to significantly affect the current or future period.

The Group has early adopted Amendments to HKFRS 16 "COVID-19 Related Rent Concession" from 1 January 2020 in order to apply practical expedient on rent concession related to COVID-19 that is effective on or after 1 June 2020. The rent concession received by the Group related to COVID-19 for the year ended 31 December 2020 was immaterial to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

Amendments to HKFRS 16 "COVID-19-related rent concessions" allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct concequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing the consolidated financial statements.

		Effective for annual periods beginning on or after
Amendments to HKAS 28 and HKFRS 10	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023

The Group has already commenced an assessment of the impact of these new or revised standards which are relevant to the Group's operation. The Group considers that the application of these new or revised standards is unlikely to have a material impact on the Group's financial position and performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

2.3 Business combinations

The Group applies the acquisition method to account for business combinations except for business combination under common control. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previously held equity interest in the acquired entity

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations *(Continued)*

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical costs less depreciation. Historical costs includes expenditure that are directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and right-of-use assets – leased properties, the shorter lease term as follows:

• Electronic equipment	3 years
• Furniture and fixtures	5 years
• Motor vehicles	4 years
• Leasehold improvements	Shorter of estimated useful lives or remaining lease term
• Right-of-use assets – leased properties	Shorter of assets' useful life or the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets

(a) Software and database

Software and database arise in a business combination are measured at their acquisition-date fair values.

Costs associated with maintaining software and database are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software and database controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software or database so that it will be available for use;
- management intends to complete the software or database, and use or sell it;
- there is an ability to use or sell the software or database;
- it can be demonstrated how the software or database will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software or database are available, and
- the expenditure attributable to the software or database during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software or database include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(b) Research and development expenditures

Research and development expenditures that do not meet the criteria in (a) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent period.

(c) Amortisation method and period

The Group amortises intangible assets using the straight-line method over the shorter of the useful life or license period as follows:

- Software and database 5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(b) Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at fair value through OCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(c) Measurement *(Continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as "other income" when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through OCI are not reported separately from other changes in fair value.

Changes in the fair value of FVPL are recognised in "other gains, net" in profit or loss as applicable.

(d) Impairment

The Group has trade and other receivables which are financial assets subject to HKFRS 9's expected credit loss model.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 17 for further information about the Group's accounting for trade and other receivables and Note 2.10(d) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Share-based payments

Equity-settled share-based payments to non-employee are measured at the fair value of the goods or services received or, if the fair value of the goods or services received cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group obtains the goods or receives the services.

If the identifiable consideration received by the Group is less than the fair value of the equity instruments granted, the difference, being the unidentifiable goods or services received is charged to profit or loss at the grant date.

The Group does not operate any employee share option plan or share award scheme during the Years ended 31 December 2020 and 2019.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provisions due to passage of time is recognised as interest expense.

2.21 Revenue recognition

The Group provides mobile advertising services to customers in the PRC. Revenue from providing services is recognised when the services are rendered based on the specific terms of the contract.

The Group earns revenue from two different business models including (a) precision advertising services and (b) intermediary services.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations in HKFRS 15. Such determination involves judgment and is based on an evaluation of the terms of each arrangement as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

(a) Precision advertising services

The Group generates revenue from providing comprehensive advertisement placement services to the advertisers. The Group charges the advertisers based on specified action such as download, installation, registration of the mobile device users ("cost per action" or "CPA"), or sales of the advertisers ("cost per sales" or "CPS"), and the costs charged by the media publishers or advertising agents to the Group vary based on CPA, CPS, or the monetary value of virtual tokens which are consumed for procuring advertisement inventories and based on cost per download ("CPD") or cost per click ("CPC").

While none of the factors individually are considered presumptive or determinative, the Group controls the specified service before that service is transferred to a customer and is the principal in this arrangement because (i) the specified service being purchased by the advertiser is a successful acquisition of specific action from the mobile device users or successful sales transaction. The Group is primarily responsible for delivering the specified services to the advertiser. The Group has the discretion to decide which media publishers or advertising agents to use and what types of the advertisements to be placed. The media publishers or advertising agents provide media publishing service to the Group. The Group obtains control of the right to their service and directs that service to be provided on the Group's behalf in order to obtain a successful action from the mobile device user or sales transaction, and has the discretion in determining how much to pay the media publishers or advertising agents based on CPA, CPS, or the monetary value of virtual tokens which are consumed for procuring advertisement inventories and based on CPD or CPC. (ii) In some instances, the Group is subject to certain risk of loss to the extent that the cost paid to the media publishers or advertising agents for clicks or downloads cannot be compensated by the total consideration obtained from the advertisers according to acquisition of specific action or sales transaction. This is similar to inventory risk. (iii) The Group has the latitude to determine the CPA or CPS charged to the advertiser, and the Group's margin varies as the costs incurred to deliver successful action or sales transaction might vary. Therefore, the Group reports revenue earned from the advertisers and costs paid to the media publishers or advertising agents related to these transactions on a gross basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

(b) Intermediary services

In this arrangement, the Group charges the advertisers based on CPC, CPD, cost per time ("CPT"), or cost per mille ("CPM"), which is the same pricing mechanism as how the media publishers or advertising agents charge the Group, and measured by the monetary value of virtual tokens consumed for procuring advertisement inventories. In determination of whether revenue should be reported on a gross or net basis, while none of the factors individually are considered presumptive or determinative, the Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to an advertiser, because (i) the Group does not have the latitude to select media publisher which is designated in the contract with the advertiser; (ii) the media advertisement space is not owned by the Group, and the Group does not have any commitments to purchase the advertising space, and therefore the Group does not have inventory risk; and (iii) the Group charges the advertisers based on CPC, CPD, CPT or CPM, which is the same pricing mechanism that the media publishers or advertising agents charge the Group, and measured by the monetary value of virtual tokens consumed for procuring advertisement inventories, although the Group has discretion in determining the price charged to the advertiser. Therefore, the Group determines it is the agent in the transaction based on the weight of the aforementioned factors.

The Group reports the amount received from the advertisers and the amounts paid to the media publishers or advertising agents related to these transactions on a net basis.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group has a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Lease

The Group leases properties. Rental contracts are typically made for fixed periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group and approved by the board of directors.

(a) Market risk

(i) Foreign exchange risk

Instrument used by the Group

The Group is exposed to foreign exchange risk, primarily the HKD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The foreign currency exposure has not been hedged.

Exposure

The Group's exposure to foreign currency risk at the end of each reporting period, expressed in RMB, was as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash	**4,763**	115
Other payables and accruals	**2,314**	7,570
Borrowing	**–**	3,501

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk (Continued)

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in HKD/RMB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from HKD denominated cash and payables.

	2020 ***RMB'000***	2019 *RMB'000*
HKD/RMB exchange rate–increase (10%)	**245**	(1,096)
HKD/RMB exchange rate–decrease (10%)	**(245)**	1,096

The Group's exposure to other foreign exchange movements is not material.

(ii) Fair value interest rate risk

The Group has no significant interest-bearing assets and liabilities. Therefore, the directors of the Company do not anticipate there is any significant impact resulted from the changes in interest rates.

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents placed with banks, trade and other receivables, as well as FVPL. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage risk arising from cash and cash equivalents and FVPL, the Group only transacts with state-owned or reputable financial institutions in mainland China. There has been no recent history of default in relation to these financial institutions.

The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group's management divides customers into different categories and reviews regularly the recoverable amount of receivables to ensure that adequate impairment losses are made for irrecoverable amounts. As at 31 December 2020 and 2019, the loss allowance provision for trade receivables is disclosed in Note 17.

The expected loss rates are based on historical credit losses experience adjusted to reflect current and forward-looking information mentioned above affecting the ability of the customers to settle the receivables.

For the year ended 31 December 2020, the expected credit losses rate of trade receivables from third parties are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years Past due	Total
Expected loss rate	0.51%	0.52%	1.63%	6.37%	31.91%	100.00%	–
Gross carrying amount (RMB'000)	209,263	123,822	1,660	1,710	677	78	337,210
Loss allowance provision (RMB'000)	1,057	649	27	109	216	78	2,136

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

For the year ended 31 December 2019, the expected credit losses rate of trade receivables from third parties are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years Past due	Total
Expected loss rate	0.09%	0.23%	2.10%	7.20%	62.00%	100.00%	–
Gross carrying amount (RMB'000)	92,787	105,542	20,231	5,840	416	42	224,858
Loss allowance provision (RMB'000)	89	246	424	420	258	42	1,479

During the years ended 31 December 2020 and 2019, receivables from the largest customer amounted to RMB175,900,000 and RMB120,718,000 of the total trade receivables as at 31 December 2020 and 2019. The remaining receivables were from a large number of customers.

During the years ended 31 December 2020 and 2019, the Group entered into factoring arrangements to increase liquidity by transferring certain trade receivables due from a customer to a commercial bank in mainland China and these trade receivables were derecognised due to the transfer of risks and rewards to the commercial bank.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the senior management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total *RMB'000*
At 31 December 2020				
Borrowings	82,500	–	–	82,500
Trade payable	130,472	–	–	130,472
Other payables and accruals (excluding payroll and welfare payables and other tax payable)	7,374	–	–	7,374
Lease liabilities	2,428	1,046	108	3,582
	222,774	1,046	108	223,928
At 31 December 2019				
Borrowings	30,583	–	–	30,583
Trade payable	115,551	–	–	115,551
Other payables and accruals (excluding payroll and welfare payables and other tax payable)	15,452	–	–	15,452
Lease liabilities	2,107	1,912	768	4,787
	163,693	1,912	768	166,373

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (Note 26(c)) divided by total equity.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net (cash)/debt *(Note 26(c))*	**(11,300)**	10,844
Total equity	**294,453**	128,834
Net debt to equity ratio	**N/A**	8.4%

In the opinion of the directors, the Group's capital risk is low.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The Group's financial instruments are carried at fair value as at balance sheet dates, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 31 December 2020, the Group had no financial assets measured at fair value. As at 31 December 2019, the Group had financial assets measured at fair value, that are at level 3 hierarchy, amounting to RMB204,000. The directors of the Group were of the view that these financial assets and their fair value movement were immaterial to the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Gross versus net assessment in revenue recognition

As disclosed in Note 2.21, the Group provides mobile advertising services to its customers using different business models, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal versus 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 including 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; (c) whether the entity has discretion in establishing the prices for the specified service; and (d) whether the entity has discretion in selecting suppliers. 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 different circumstances.

(b) Impairment for trade receivables

Management assesses the impairment of trade receivables according to the trade receivables' aging, management's prior experiences and customers' conditions as well as applying management's judgments and estimates when determining the impairment to be recognised. The impairment provisions for trade receivables are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. Management reassesses the provision at each balance sheet date. Where the basis of judgments and estimates is different from the initial assessment, such differences will impact the provision for impairment and the carrying values of the trade receivables.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Income taxes

The Group is subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

The Group is principally engaged in the provision of mobile advertising services in the PRC. For the purpose of resources allocation and performance assessment, the CODM focuses on the operating results of the Group as a whole. As a result, the CODM considers that the Group's business is operated and managed as a single reportable segment and accordingly no segment information is presented.

6. REVENUE

Revenue mainly comprises of proceeds from providing mobile advertising services. The analysis of the Group's revenue by category for the years ended 31 December 2020 and 2019 was as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Precision advertising services		
-Gross method	**302,851**	236,086
Intermediary services		
-Net method	**79,912**	45,848
Recognised at a point in time	**382,763**	281,934

During the years ended 31 December 2020 and 2019, the incremental costs incurred to obtain contracts was not significant.

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contract liabilities	**34,208**	24,631

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided.

6. REVENUE *(Continued)*

(a) Contract liabilities *(Continued)*

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**22,246**	20,430

(b) Transaction price allocated to unsatisfied long-term contract

The Group has no revenue contract that has an original expected duration more than one year, thus management applied practical expedient under HKFRS 15 and are not disclosing the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied or partially unsatisfied at the end of each reporting period.

7. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Advertising traffic costs	**251,885**	187,327
Employee benefit expenses *(Note 9)*	**39,650**	29,025
Listing expenses	**7,389**	11,084
Consultancy fees	**4,821**	1,118
Server charges and IT fees	**4,708**	610
Auditor's remuneration	**3,000**	78
Depreciation and amortisation *(Note 14 and 15)*	**2,423**	2,396
Office expenses	**2,077**	1,159
Travelling expenses	**907**	971
Short-term lease expenses	**668**	856
Share-based payment expenses – non employee *(Note 24(b))*	**–**	1,430
Others	**2,922**	1,499
Total cost of services, selling and distribution expenses, and general and administrative expenses	**320,450**	237,553

Note: During the year ended 31 December 2020, the Group incurred expenses for the purpose of research and development of approximately RMB23,415,000 (2019: approximately RMB11,223,000).

8. OTHER GAINS, NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Government grant *(note)*	**6,000**	–
Value added tax ("VAT") refunds	**4,255**	2,174
Gains on disposal of financial assets at fair value through profit or loss	**6**	–
Fair value gains on financial assets at fair value through profit or loss	**–**	4
Net losses on disposal of property, plant and equipment	**–**	(222)
	10,261	1,956

Note: Government grant represents a subsidy received by the Group from the local government in the PRC. There are no unfulfilled conditions or contingencies relating to the grant.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries, wages, and bonuses	**34,549**	23,384
Pension costs – defined contribution plans	**238**	2,362
Other social security costs, housing benefits and other employee benefits	**4,863**	3,279
	39,650	29,025

(a) Five highest paid individual

The five individuals whose emoluments were the highest in the Group include 2 directors for the year ended 31 December 2020 (2019: 1), and their emoluments are reflected in the analysis shown in Note 29. The emoluments payable to the remaining 3 individuals for the year ended 31 December 2020 (2019: 4) are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries, wages, and bonuses	**3,398**	2,144
Pension costs – defined contribution plans	**7**	145
Other social security costs, housing benefits and other employee benefits	**96**	156
	3,501	2,445

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(Continued)*

(a) Five highest paid individual *(Continued)*

The emoluments fell within the following bands:

	Year ended 31 December	
	2020	2019
Emoluments bands:		
Nil to HKD1,000,000		
(equivalent to approximately nil to RMB841,600)	**–**	4
HKD1,000,001 to HKD1,500,000		
(equivalent to approximately RMB841,600 to RMB1,262,400)	**2**	–
HKD1,500,001 to HKD2,000,000		
(equivalent to approximately RMB1,262,400 to RMB1,683,200)	**1**	–

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2020 and 2019.

10. FINANCE COSTS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income from bank deposits	**130**	40
Finance costs		
Interest expenses	**(932)**	(563)
Finance costs – net	**(802)**	(523)

11. INCOME TAX EXPENSE

(a) Cayman Island and BVI Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

(b) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the years ended 31 December 2020 and 2019.

11. INCOME TAX EXPENSE *(Continued)*

(c) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC have been granted software enterprise status and are entitled to enjoy an income tax exemption for two years beginning with the first profitable year and a 50% reduction for the subsequent three years. 4 years tax free period has been granted by local tax authority to a subsidiary in the PRC.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**2,384**	7,956
Deferred income tax *(Note 18)*	**1,397**	(1,662)
Income tax expense	**3,781**	6,294

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit before income tax expense	**71,115**	44,728
Tax calculated at the statutory PRC tax rate of 25%	**17,778**	11,182
Effects of different tax rates in other jurisdictions	**2,842**	3,144
Effects of preferential tax rates applicable to PRC subsidiaries of the Group	**(14,590)**	(7,546)
Tax losses for which no deferred income tax asset was recognised	**376**	588
Non-deductible expenses	**302**	228
Super deduction of research and development expenses	**(2,927)**	(1,302)
Income tax expense	**3,781**	6,294

12. EARNINGS PER SHARE (EXPRESSED IN RMB PER SHARE) – BASIC AND DILUTED

(a) Basic earnings per share

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit attributable to owners of the Company (RMB'000)	**67,334**	38,434
Weighted average number of ordinary shares in issue (thousand) *(Note)*	**392,418**	374,134
Basic earnings per share (in RMB)	**0.17**	0.10

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2020 and 2019 has been retrospectively adjusted for the effect of the redomination of shares on 8 April 2019 (Note 24(c)) and recapitalisation issue on 11 November 2020 (Note 24(d)).

(b) Diluted earnings per share

Diluted earnings per share presented is the same as basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 31 December 2020 and 2019.

13. DIVIDENDS

No dividends have been paid or declared by the Company during the years ended 31 December 2020 and 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Right-of-use assetsTotal RMB'000	Total RMB'000
At 1 January 2019					
Cost	104	530	83	3,295	4,012
Accumulated depreciation	(34)	(201)	(30)	(1,361)	(1,626)
Net book amount	70	329	53	1,934	2,386
Year ended 31 December 2019					
Opening net book amount	70	329	53	1,934	2,386
Additions	387	301	516	5,440	6,644
Disposals	–	–	(43)	(1,132)	(1,175)
Depreciation charge *(Note 7)*	(36)	(207)	(45)	(1,980)	(2,268)
Closing net book amount	421	423	481	4,262	5,587
At 31 December 2019					
Cost	491	831	515	6,482	8,319
Accumulated depreciation	(70)	(408)	(34)	(2,220)	(2,732)
Net book amount	421	423	481	4,262	5,587

	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2020						
Cost	491	831	–	515	6,482	8,319
Accumulated depreciation	(70)	(408)	–	(34)	(2,220)	(2,732)
Net book amount	421	423	–	481	4,262	5,587
Year ended 31 December 2020						
Opening net book amount	421	423	–	481	4,262	5,587
Additions	96	407	332	210	1,051	2,096
Disposals	–	–	–	(90)	–	(90)
Depreciation charge *(Note 7)*	(85)	(253)	(26)	(117)	(2,081)	(2,562)
Closing net book amount	432	577	306	484	3,232	5,031
At 31 December 2020						
Cost	587	1,238	332	635	7,533	10,325
Accumulated depreciation	(155)	(661)	(26)	(151)	(4,301)	(5,294)
Net book amount	432	577	306	484	3,232	5,031

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of services	**1,792**	1,436
Selling and distribution expenses	**92**	143
General and administrative expenses	**678**	689
	2,562	2,268

15. INTANGIBLE ASSETS

	Software and database
	RMB'000
At 1 January 2019	
Cost	539
Accumulated amortisation	(304)
Net book amount	235
Year ended 31 December 2019	
Opening net book amount	235
Amortisation charge *(Note 7)*	(128)
Closing net book amount	107
At 31 December 2019	
Cost	539
Accumulated amortisation	(432)
Net book amount	107
Year ended 31 December 2020	
Opening net book amount	107
Amortisation charge *(Note 7)*	(61)
Closing net book amount	46
At 31 December 2020	
Cost	539
Accumulated amortisation	(493)
Net book amount	46

Amortisation of the Group's intangible asset has been recognised as general and administrative expense.

16. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost		
Trade receivables *(Note 17)*	**335,074**	223,379
Deposits, prepayments and other receivables (excluding prepayments) *(Note 17)*	**21,650**	9,598
Cash and cash equivalents *(Note 19)*	**97,177**	23,805
Financial assets at fair value through profit or loss	**–**	204
	453,901	256,986
Financial liabilities at amortised cost		
Borrowings *(Note 20)*	**82,500**	30,501
Trade payables *(Note 21)*	**130,472**	115,551
Other payables and accruals (excluding payroll and welfare payables and other tax payable) *(Note 22)*	**7,374**	15,452
Lease liabilities *(Note 23)*	**3,377**	4,352
	223,723	165,856

The carrying amounts of the financial instruments approximated their fair values at 31 December 2020 and 2019.

17. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables-third parties	**337,210**	224,858
Loss allowance	**(2,136)**	(1,479)
	335,074	223,379

As at 31 December 2020 and 2019, the trade receivables were denominated in RMB.

17. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

Movements on the Group's loss allowance of trade receivables are as follows:

	2020 *RMB'000*	2019 *RMB'000*
At the beginning of the year	**1,479**	393
Addition	**657**	1,086
At the end of the year	**2,136**	1,479

The Group normally allows a credit period of 30 to 150 days to its customers. Aging analysis of the trade receivables as at 31 December 2020 and 2019, based on date of recognition, is as follows:

	As at 31 December	
	2020 *RMB'000*	2019 *RMB'000*
Aging		
Up to 3 months	**261,530**	160,866
3 to 6 months	**71,551**	47,120
6 months to 1 year	**1,716**	11,417
1 to 2 years	**1,755**	5,236
Over 2 years	**658**	219
	337,210	224,858

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. Details of the loss allowance provision are presented in Note 3.1(b).

17. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(b) Deposits, prepayments and other receivables

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Prepayments to media publishers and advertising agents	**118,512**	67,203
VAT recoverable	**10,692**	5,747
Rental and other deposits	**4,919**	2,272
Prepaid listing expenses	**–**	6,031
Others	**6,039**	1,579
	140,162	82,832
Less: Non-current deposits and prepayments	**(1,901)**	(476)
	138,261	82,356

18. DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority.

The amounts, determined after appropriate offsetting, are shown on the consolidated statements of financial position as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Deferred income tax assets		
-to be recovered more than 12 months	**–**	–
-to be recovered within 12 months	**265**	1,662
	265	1,662

18. DEFERRED INCOME TAX ASSETS *(Continued)*

During the years ended 31 December 2020 and 2019, no deferred tax liabilities recognized, thus no offsetting of deferred income tax assets and deferred income tax liabilities, the movement of deferred income tax assets are as follows:

	2020 *RMB'000*	2019 *RMB'000*
At beginning of the year	**1,662**	–
(Charged)/credited to profit or loss	**(1,397)**	1,662
At end of the year	**265**	1,662

Movement in deferred income tax assets and liabilities during the years ended 31 December 2020 and 2019 is as follows:

	Allowance for doubtful debts *RMB'000*	**Deferred government grant** *RMB'000*	**Total** *RMB'000*
At 1 January 2019	–	–	–
Credited to profit or loss	162	1,500	1,662
As at 31 December 2019	162	1,500	1,662
At 1 January 2020	162	1,500	1,662
Credited/(charged) to profit or loss	103	(1,500)	(1,397)
As at 31 December 2020	265	–	265

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. The Group did not recognise deferred income tax assets of RMB964,000, and RMB588,000 in respect of accumulated tax losses amounting to RMB3,856,000 and RMB2,352,000 as at 31 December 2020 and 2019 respectively in certain of the Group's subsidiaries, which can be carried forward to offset against future taxable income, all of which will expire in 2025 and 2024 respectively.

As at 31 December 2020 and 2019, the retained earnings of the Group's subsidiaries not yet remitted to holding companies incorporated outside Mainland China, for which no deferred income tax liability had been provided, were approximately RMB194,483,000 and RMB123,315,000. Such earnings are expected to be retained by the subsidiaries in Mainland China for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

19. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash at bank	**97,177**	23,805
	97,177	23,805

Bank balances are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
RMB	**91,488**	23,672
HKD	**5,660**	115
USD	**29**	18
	97,177	23,805

20. BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Unsecured loans from shareholders and key management personnel *(Note 28(b)(i))*	**7,500**	22,501
Unsecured and guaranteed bank borrowings	**75,000**	8,000
	82,500	30,501

The unsecured loans from shareholders and key management personnel as at 31 December 2020 and 2019 were interest-free and initially recognised by discounting their principal amounts at an interest rate of 4.75% per annum. The subsequent interest expense accretion (Note 28(a)) was included in the finance costs (Note 10).

As at 31 December 2020, the unsecured and guaranteed bank borrowings were at an interest rate of 3.61% per annum, guaranteed by Dragon Hero Corporation Limited (Note 32) and repayable within 1 year. As at 31 December 2019, the unsecured and guaranteed bank borrowings were at an interest rate of 5.5% per annum, guaranteed by Mr. Dong, Mr. Yang and repayable within 1 year.

20. BORROWINGS *(Continued)*

The maturity of borrowings is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**82,500**	30,501

21. TRADE PAYABLES

The credit period granted by suppliers generally range from 30 to 150 days. The aging analysis of trade payable, based on invoice date, is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Aging		
Up to 3 months	**30,802**	61,374
3 to 6 months	**17,829**	28,789
Over 6 months	**81,841**	25,388
	130,472	115,551

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Accrued staff costs	**15,414**	10,105
Accrued listing expenses	**3,323**	8,448
Value-added tax and surcharge	**68**	229
Deferred government grant	**–**	6,000
Others	**4,051**	1,004
	22,856	25,786

23. LEASE LIABILITIES

Amounts recognised in the statements of financial position

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Lease liabilities		
Current	**2,263**	1,815
Non-current	**1,114**	2,537
	3,377	4,352

Interest expense in relation to the lease liabilities of RMB274,000 have been included in the finance costs for the year ended 31 December 2020 (2019: RMB252,000).

The total cash outflow from financing activities for leases for the years ended 31 December 2020 and 2019 were RMB2,100,000 and RMB2,159,000, and the total cash outflow from operating activities for leases in 2020 and 2019 were RMB668,000 and RMB798,000.

24. SHARE CAPITAL

	Number of shares	Nominal value of shares	Equivalent nominal value of shares *RMB'000*
Issued:			
As at 1 January 2019	10,000	USD10,000	69
Issuance of ordinary shares on 12 February 2019 *(Note (b))*	200	–	1
Redomination of shares in HKD on 8 April 2019 *(Note (c))*	785,400	–	–
As at 31 December 2019 and 1 January 2020	**795,600**	**HKD78,000**	**70**
Recapitalisation upon listing *(Note (d))*	**374,204,400**	**HKD37,420,440**	**31,886**
Issuance of new shares upon listing *(Note (e))*	**125,000,000**	**HKD12,500,000**	**10,651**
As at 31 December 2020	**500,000,000**	**HKD50,000,000**	**42,607**

(a) The Company was incorporated in the Cayman Islands on 8 November 2018 with authorised share capital of USD50,000 divided into 50,000 shares of a par value of USD1.00 each.

(b) On 12 February 2019, the Company issued 200 shares at consideration of HKD7,000,000 (approximately RMB6,042,000) to City Energy Holdings Limited. The fair value of the equity interest issued to City Energy Holdings Limited exceeded the cash consideration received and the difference amouting to approximately RMB1,430,000 was charged to profit or loss as share-based compensation expense immediately during the year ended 31 December 2019, as no vesting condition exists.

(c) On 8 April 2019, the authorised share capital of the Company changed to HKD380,000 divided into 3,800,000 shares of a par value of HKD0.10 each pursuant to the resolutions of the shareholders of the Company. Accordingly, the par value of the shares of the Company was redominated to HKD0.10 each and 10,200 shares, which were issued at a par value of USD1.00 each, were repurchased, and 795,600 shares were issued and allotted at a par value of HKD0.10 each.

24. SHARE CAPITAL *(Continued)*

(d) On 16 October 2020, the authorised share capital of the Company was increased from HKD380,000 divided into 3,800,000 shares of HKD0.10 each to HKD200,000,000 divided into 2,000,000,000 shares of HKD0.10 each by the creation of a further 1,996,200,000 shares. Upon completion of the initial public offering on 11 November, 2020, the Group issued in total 374,204,400 shares of a par value of HKD0.10 each for allotment and issue to the then shareholders and capitalised HKD37,420,400 (equivalent to approximately RMB31,886,000) standing to the credit of the share premium account of the Company as fully paid ("Capitalisation Issue").

(e) On 11 November 2020, upon the listing on the Main Board of the Stock Exchange, the Company issued 125,000,000 shares of a par value of HKD0.10 each for cash consideration of HKD1.10 each, and raised gross proceeds of approximately HKD137,500,000 (equivalent to approximately RMB117,164,000). The nominal value of the share capital was approximately HKD12,500,000 (equivalent to approximately RMB10,651,000) and share premium arising from the issuance was approximately RMB106,513,000.

25. RESERVES

	Share Premium *RMB'000*	Statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Capital reserve *RMB'000*	Other reserve *RMB'000*	Total reserves *RMB'000*
At 1 January 2019	–	9,818	(32)	3,430	4,359	17,575
Issuance of shares to shareholders of the Company *(Note 24(b))*	–	–	–	1,430	6,042	7,472
Capital contribution from shareholder's interest-free loans *(Note (a))*	–	–	–	–	177	177
Appropriation for surplus reserve *(Note (b))*	–	3,592	–	–	–	3,592
Capital distribution from repayment of shareholders' interest-free loans *(Note (c))*	–	–	–	–	(160)	(160)
Other comprehensive income	–	–	11	–	–	11
At 31 December 2019	–	13,410	(21)	4,860	10,418	28,667
At 1 January 2020	**–**	**13,410**	**(21)**	**4,860**	**10,418**	**28,667**
Appropriation for surplus reserve *(Note (b))*	**–**	**3,915**	**–**	**–**	**3,952**	**7,867**
Issuance of new shares upon listing *(Note 24(e))*	**106,513**	**–**	**–**	**–**	**–**	**106,513**
Transfer from share premium to share capital for recapitalisation issue *(Note 24(d))*	**(31,886)**	**–**	**–**	**–**	**–**	**(31,886)**
Share issuance costs *(Note (d))*	**(17,922)**	**–**	**–**	**–**	**–**	**(17,922)**
Other comprehensive income	**–**	**–**	**(957)**	**–**	**–**	**(957)**
At 31 December 2020	**56,705**	**17,325**	**(978)**	**4,860**	**14,370**	**92,282**

(a) Capital contribution from shareholder's interest-free loan

Capital contribution from shareholder's interest-free loan represents the differences between the discounted present value of the interest-free loan from a shareholder and their principal amounts at initial recognition.

25. RESERVES *(Continued)*

(b) Appropriation for surplus reserve

In accordance with the PRC Company Law and the articles of association of the Group's PRC subsidiary, the PRC subsidiary is required to appropriate 10% of their profits after tax, as determined in accordance with Accounting Standards for Business Enterprises and other applicable regulations, to the statutory surplus reserve until such reserve reaches 50% of its registered capital. The appropriation to the reserve must be made before any distribution of dividends to shareholders of the PRC subsidiaries. Apart from the statutory surplus reserve, discretionary surplus reserve can be appropriated according to the resolution of shareholders' meeting. The surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as the PRC subsidiary's capital provided that the amount of surplus reserve remaining after the capitalisation shall not be less than 25% of its capital.

(c) Capital distribution from repayment of shareholders' interest-free loans

Capital distribution from repayment of shareholders' interest-free loans represents the differences between the discounted present values of the interest-free loans from shareholders and cash settlement of their principal amounts at derecognition (Note 28(b)(i)).

(d) Share issuance costs

Share issuance costs mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs that are directly attributable to the Listing.

26. CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit before income tax	**71,115**	44,728
Adjustments for:		
Depreciation	**2,362**	2,268
Amortisation	**61**	128
Finance costs – net	**802**	523
Gains on disposal of financial assets at fair value through profit or loss	**(6)**	–
Fair value gains on financial assets at fair value through profit or loss	**–**	(4)
Net impairment losses on financial assets	**657**	1,086
Share-based payment expenses *(Note 24(b))*	**–**	1,430
Loss on disposal of property, plant and equipment	**–**	222
Change in working capital:		
Trade receivables	**(112,352)**	(62,399)
Deposits, prepayments and other receivables	**(64,292)**	(11,034)
Trade payables	**14,921**	5,098
Contract liabilities	**9,577**	914
Other payables and accruals	**(2,934)**	7,689
Cash used in operations	**(80,089)**	(9,351)

(b) Non-cash investing and financing activities

There were no material non-cash investing and financing activities for the years ended 31 December 2020 and 2019, other than the addition of right-of-use assets upon the commencement of each lease contract.

26. CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities generated from financing activities

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash and cash equivalents	**97,177**	23,805
FVPL	**–**	204
Borrowings – repayable within 1 year (including overdraft)	**(82,500)**	(30,501)
Lease liabilities	**(3,377)**	(4,352)
Net cash/(debt)	**11,300**	(10,844)

	Other assets		Liabilities from financing activities			
	Cash	FVPL	Lease liabilities	Borrowings. due within 1 year	Borrowings. due after 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash as at 1 January 2019	12,182	–	(1,952)	(5,157)	(3,709)	1,364
Cash flows	11,527	200	2,159	(18,656)	(2,583)	(7,353)
Non-cash movement	96	4	(4,559)	(396)	–	(4,855)
Reclassification to current portion	–	–	–	(6,292)	6,292	–
Net debt as at 31 December 2019	23,805	204	(4,352)	(30,501)	–	(10,844)
Net debt as at 1 January 2020	**23,805**	**204**	**(4,352)**	**(30,501)**	**–**	**(10,844)**
Cash flows	**74,389**	**(210)**	**2,010**	**(51,411)**	**–**	**24,778**
Non-cash movement	**(1,017)**	**6**	**(1,035)**	**(588)**	**–**	**(2,634)**
Net debt as at 31 December 2020	**97,177**	**–**	**(3,377)**	**(82,500)**	**–**	**11,300**

27. COMMITMENT

(a) Capital commitments

The Group did not have any material capital commitments as at 31 December 2020 and 2019.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere, the Group entered into the following significant related party transactions.

During the years ended 31 December 2020 and 2019, the directors are of the view that the following are related parties of the Group.

(a) Transactions with related parties

(i) Key management personnel compensation

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries, wages, and bonuses	**4,214**	1,817
Pension costs – defined contribution plans	**11**	127
Other social security costs, housing benefits and other employee benefits	**707**	104
	4,932	2,048

(ii) Interest expenses accretion on loans from shareholders and key management personnel

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Mr. Yang Dengfeng	**–**	162
Mr. Dong Hui	**–**	140
City Energy Holdings Limited	**80**	94
	80	396

28. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

(i) Loans from shareholders and key management personnel

	2020 *RMB'000*	2019 *RMB'000*
Beginning of the year	22,501	8,866
Additions	7,500	27,696
Interest expenses accretion	80	396
Repayments	(22,581)	(14,457)
End of the year	7,500	22,501

As at 31 December 2020 and 2019, borrowings were advanced from key management personnel:

	As at 31 December	
	2020 *RMB'000*	2019 *RMB'000*
Mr. Dong Hui	5,000	14,000
Mr. Yang Dengfeng	2,500	5,000
City Energy Holdings Limited	–	3,501
	7,500	22,501

29. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

	Salaries, wages and bonus RMB'000	Pension cost-defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2019				
Chairman and Chief Executive Officer:				
Mr. Dong Hui	264	20	16	300
Executive directors:				
Mr. Yang Dengfeng	395	27	20	442
Ms. Gao Yuqing	256	18	13	287
Mr. Cen Senhui	561	32	34	627
Independent non-executive directors:				
Mr. Liu Kinwai	–	–	–	–
Mr. Wei Haiyan	–	–	–	–
Mr. Chen Shuo	–	–	–	–
	1,476	97	83	1,656
For the year ended 31 December 2020				
Chairman and Chief Executive Officer:				
Mr. Dong Hui	1,222	2	16	1,240
Executive directors:				
Ms. Tian Liuyihang	17	–	–	17
Mr. Yang Dengfeng	575	2	19	596
Ms. Gao Yuqing	480	2	14	496
Mr. Cen Senhui	1,474	2	635	2,111
Independent non-executive directors:				
Mr. Liu Kinwai	22	–	–	22
Mr. Wei Haiyan	14	–	–	14
Mr. Chen Shuo	14	–	–	14
	3,818	8	684	4,510

29. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Mr. Chen Shuo, Mr. Liu Kinwai and Mr. Wei Haiyan were appointed as independent non-executive directors of the Company on 22 August 2019 with effect from the listing. Ms Tian Liuyihang was appointed as executive director of the Company on 9 December 2020.

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during the years ended 31 December 2020 and 2019.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available Directors' services subsisted at the end of each reporting period or at any time during the years ended 31 December 2020 and 2019.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2020 and 2019.

(e) Directors' material interests in transactions, arrangements or contract

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2020 and 2019.

30. NOTES TO THE STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY

(a) Financial position of the Company

		As at 31 December	
	Note	2020 *RMB'000*	2019 *RMB'000*
ASSETS			
Non-current assets			
Interests in subsidiaries *(note)*		**96,825**	97,205
Prepayments		**1,414**	–
Total non-current assets		**98,239**	97,205
Current assets			
Prepayments and other receivables		**90,259**	6,031
Cash and cash equivalents		**2,460**	–
Total current assets		**92,719**	6,031
Total assets		**190,958**	103,236
LIABILITIES			
Current liabilities			
Other payables		**25,819**	25,294
Total current liabilities		**25,819**	25,294
Total liabilities		**25,819**	25,294
EQUITY			
Share capital		**42,607**	70
Reserves		**157,656**	101,767
Accumulated losses		**(35,124)**	(23,895)
Total equity		**165,139**	77,942
Total equity and liabilities		**190,958**	103,236

30. NOTES TO THE STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY *(Continued)*

(a) Financial position of the Company *(Continued)*

Note:

Interests in subsidiaries

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Investments in subsidiaries – at cost, unlisted *(Note (a))*	**90,934**	90,934
Amounts due from a subsidiary *(Note (b))*	**5,891**	6,271
	96,825	97,205

(a) It represents the aggregate net asset value of the subsidiary acquired during the reorganisation of the Group, which was completed on 14 December 2018.

(b) Amounts due from a subsidiary represent the cash consideration received by a subsidiary on behalf of the Company, for the issuance of shares of the Company on 12 February 2019 (Note 25(a)). The Company will not demand repayment of the amounts in the foreseeable future.

(b) Equity movement of the Company

	Attributable to owners of the Company			
	Share capital *RMB'000* *(Note 24)*	Reserves *RMB'000* *(Note 25)*	Accumulated losses *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2020	**70**	**101,767**	**(23,895)**	**77,942**
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**(816)**	**(11,229)**	**(12,045)**
Total comprehensive income for the year	**–**	**(816)**	**(11,229)**	**(12,045)**
Transactions with owners:				
Issuance of new shares upon listing	**10,651**	**106,513**	**–**	**117,164**
Recapitalisation upon listing	**31,886**	**(31,886)**	**–**	**–**
Share issuance costs	**–**	**(17,922)**	**–**	**(17,922)**
Balance at 31 December 2020	**42,607**	**157,656**	**(35,124)**	**165,139**
Balance at 1 January 2019	69	94,295	(11,464)	82,902
Profit for the year	–	–	–	–
Other comprehensive income	–	–	(12,431)	(12,430)
Total comprehensive income for the year	–	–	(12,431)	(12,430)
Transactions with owners:				
Issuance of shares to shareholders of the Company	1	7,472	–	7,473
Balance at 31 December 2019	70	101,767	(23,895)	77,942

31. CONTINGENT LIABILITIES

As at 31 December 2020 and 2019, the Group had no material contingent liabilities.

32. SUBSIDIARIES

The following is a list of principal subsidiaries of the Company as at 31 December 2020 and 2019:

Company Name (b)	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Percentage of attributable equity interest As at 31 December (a) 2020	2019	Principal activities
Directly owned:					
Fong De Limited (“芳德有限公司”)	British Virgin Islands/ 9 October 2018	USD100	100%	100%	Investment holding
Indirectly owned:					
Dragon Hero Corporation Limited (“英龍有限公司”)	Hong Kong/ 28 September 2018	HKD2	100%	100%	Investment holding
Huzhou Bright Future Technology Company Limited (“湖州輝煌明天科技有限公司”) (c)	The People’s Republic of China/ 25 October 2018	RMB30,059,800	100%	100%	Investment holding & mobile advertising services
Shenzhen Bright Future Technology Company Limited (“深圳輝煌明天科技有限公司”) (d)	The People’s Republic of China/ 28 December 2015	RMB3,000,000	100%	100%	Investment holding & mobile advertising services
Shenzhen Lindu Technology Company Limited (“深圳鄰度科技有限公司”, “Shenzhen Lindu”) (d)	The People’s Republic of China/ 19 September 2014	RMB5,000,000	100%	100%	Mobile advertising services
Khorgas Velocity Network Technology Company Limited (“霍爾果斯光速網絡科技有限公司”, “Khorgas Velocity Network”) (d)	The People’s Republic of China/ 12 September 2017	RMB3,000,000	100%	100%	Mobile advertising services

32. SUBSIDIARIES *(Continued)*

Notes:

(a) All companies comprising the Group have adopted 31 December as their financial year end date.

(b) The English names of the subsidiaries represent the best effort by the Company's management to translate their Chinese names, as these subsidiaries do not have official English names.

(c) This entity was established in the PRC and are in the form of wholly foreign-owned enterprise

(d) These entities were established in the PRC and are in the form of domestic limited liability company.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements and the Prospectus, is set out below.

RESULTS

	Year ended 31 December			
	2020	2019	2018	2017
		(RMB'000)		
Revenue	**382,763**	281,934	254,915	102,570
Gross Profit	**116,183**	81,398	79,859	39,546
Profit before income tax	**71,115**	44,728	45,076	30,860
Profit for the year	**67,334**	38,434	42,386	30,860

ASSETS AND LIABILITIES

	As at 31 December			
	2020	2019	2018	2017
		(RMB'000)		
Total assets	**577,755**	337,576	248,474	86,560
Total liabilities	**283,302**	208,742	165,575	50,407
Total equity	**294,453**	128,834	82,899	36,153

DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

"5G"	the 5th generation mobile networks
"AGM"	the forthcoming annual general meeting of the Company
"advertisers"	any persons, companies, organisations which advertise their brands, products (or services) through the placing of mobile advertisements (e.g. brand owners, advertising agents, mobile app developers) and as the original initiators of the whole value chain for mobile advertising
"advertising"	any communication, usually paid-for, with the intention of bringing a product (or service) to the attention of potential and current customers
"advertising agent(s)"	in the context of the mobile advertising agency market in China, the mobile advertising company(ies) providing mobile advertising services to advertisers and/or other mobile advertising companies
"app(s)" or "mobile app(s)" or "mobile applications"	application software designed to operate on smartphones and other mobile devices
"AR"	augmented reality
"Articles" or "Articles of Association"	the articles of association of the Company as amended or supplemented from time to time
"Audit Committee"	the audit committee of the Board
"big data"	a combination of structured, semistructured and unstructured data collected by organisations that can be mined for information and used in machine learning projects, predictive modeling and other advanced analytics applications
"big data analysis"	the use of advanced analytic techniques and computer software against large and diverse data sets and data to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information for formulating business decisions
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"Chairman"	the chairman of the Board

DEFINITIONS

"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's server with access to shared pools of configurable resources
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and amended) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Bright Future Technology Holdings Limited (辉煌明天科技控股有限公司) (formerly known as "Bright Future Science Holdings Limited"), an exempted company incorporated in the Cayman Islands with limited liability on 8 November 2018
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Dong, Mr. Yang, Brilliant League Limited and Highland Triumph Limited
"core advertising agent(s)"	a status recognised by media publisher which offer advertisement inventories, indicating the close business relationship between the media publisher and the advertising agent in relation to the purchase of advertisement inventories. The status is usually obtained through, among other requirements, reaching a certain level of transaction amounts with the media publisher within a prescribed period of time. Obtaining such status usually allows the advertising agent to directly deal with the media publisher
"COVID" or "COVID-19"	novel coronavirus 2019
"DMP(s)" or "Data Management Platform(s)"	a platform with built-in computer software, tools and systems which allow for the use of algorithms to selectively extract non-confidential information from the public domain and to analyse the information and group or classify the information in a useful way
"Douyin"	Douyin (抖音), a creative musical and short-video social media app
"ERP" or "enterprise resource planning"	a business process management software which enables an organisation to utilise a system of integrated applications to manage its business and automate many back office functions related to finance, technology services and human resources
"GB"	gigabytes, a unit of information used to quantify computer memory or storage capacity

DEFINITIONS

"GDP"	gross domestic product
"Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"industry verticals"	specific industries in which vendors offer goods and services to group of customers with specialised needs
"KOL"	key opinion leaders
"Kuaishou"	Kuaishou Technology, a company listed on the Main Board of the Stock Exchange (stock code: 1024), which operates a content community and social platform, Kuaishou (快手), for the sharing of short-videos and interacting through livestreaming
"Listing"	the listing of the Shares on the Main Board on 11 November 2020
"Listing Date"	11 November 2020, the date on which the Shares are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
"Livestreaming"	online streaming media simultaneously recorded and broadcast in real-time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"MCN(s)" or "multi-channel network(s)"	organisation(s) that provided KOL with integrated professional support in content curation and production, as well as unique access to advertisers, brands and media platform resources
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted on 16 October 2020

DEFINITIONS

"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	The nomination committee of the Board
"PRC" or "China"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"programmatic advertising"	a system that automates the processes and transactions involved with purchasing and dynamically placing advertisements on websites or apps
"Prospectus"	the prospectus of the Company dated 28 October 2020
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended 31 December 2020
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Offer"	the public offering and placing of Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 16 October 2020
"short-video platform(s)"	platform(s) that focus on facilitating creation and sharing of short-videos, which range from seconds to minutes in duration and easily shared and accessed across the mobile internet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"stock image(s)"	generic photos, illustrations and icons etc., created with or without a particular project in mind, that can be used for other productions
"stock video(s)" or "stock footage(s)"	generic video clips, outtakes or videos created with or without a particular project in mind that can be used for other productions

DEFINITIONS

"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 700)
"VR"	virtual reality
"%"	per cent.