This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

AdTiger

ADTIGER CORPORATIONS LIMITED
虎視傳媒有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1163)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board announces the consolidated annual results of the Group for the year ended 31 December 2020, together with comparative figures for the year ended 31 December 2019. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2020	2019	Period-to-Period Change
	RMB'000	*RMB'000*	%
Revenue	**210,322**	191,126	10.0
Gross profit	**42,663**	53,702	(20.6)
Profit for the year	**2,888**	22,048	(86.9)
Adjusted profit for the year *(Note)*	**15,534**	34,618	(55.1)

Note: Adjusted profit for the year is defined as profit for the year excluding the one-off Listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an online advertising platform that connects our advertisers with our media publishers, either directly or indirectly through resellers designated by our media publishers. We primarily provide overseas online advertising services to China-based advertisers. We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. In the fourth quarter of 2020, our investment in the market development for domestic media publishers was increased to strengthen our global service capabilities including China. We are a China Export Partner ("**CEP**") of Facebook (Facebook中國區優質合作夥伴), and have been ranked the top amongst Facebook's 23 CEPs in terms of advertising spending for Facebook's ad inventories since 2019. In 2019, the Company became a reseller of TikTok. In 2020, we were awarded as the 2020 China Agency Partner (中國區優質合作夥伴) by Bigo. We have also become Google's partner in the Google AdWords Reseller Programme since 2016. In addition, we have become a Baidu-authorised Snapchat Sales Representative since 2018. In 2020, we were awarded as the Certified Partners in China (中國區官方認證合作夥伴) and Lens Creative Partner (濾鏡創意製作合作夥伴) of Snapchat. In addition, we were awarded the Fastest-Growing Digital Marketing Company of 2020 (2020年度最具成長性數字營銷公司) in the 20th IAI International Advertising Awards.

Our services are empowered by our proprietary ad optimisation and management platform — AdTensor. AdTensor utilises AI technology to conduct ad optimisation and management automatically, intelligently and in real time. Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to the ad inventories where they are most likely to be converted, and at the same time maximising the monetisation potential of our media publishers.

AdTensor forms an integral part of our mobile advertising services, offering optimisers a comprehensive analysis in respect of our key operating indicators. The following table sets forth the selected operation indicators of our online advertising business for the periods indicated:

	For the year ended 31 December	
	2020	2019
Number of impressions (millions)[(1)]		
— CPA pricing model	**22,408**	18,528
— CPC/CPM pricing model	**47,240**	64,501
— Total	**69,648**	83,029
Click-throughs (millions)[(2)]		
— CPA pricing model	**325.6**	271.3
— CPC/CPM pricing model	**575.1**	756.2
— Total	**900.7**	1,027.5
Number of installations (millions)[(3)]	**86.2**	73.9
Installation rate (%)[(4)]	**26.5**	27.2

Notes:

(1) Impressions are the total number of views of our ads for the periods indicated.

(2) Click-throughs are the total number of clicks on our ads after users view our ads for the periods indicated.

(3) Installations are the total number of installations as a result of our ads applicable only under the CPA pricing model for the periods indicated.

(4) Installation rate represents the ratio of the total number of installations to the total number of click-throughs applicable only under the CPA pricing model for the periods indicated.

We have accumulated a diverse base of advertisers from various industries, including utility and content app developers, as well as companies in e-commerce, media, tourism, finance, games, education, medical and film industries. The number of our advertisers reached 375 as at 31 December 2020 (as at 31 December 2019: 273).

We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We help matching available ad inventories of our media publishers to appropriate ad campaigns that maximise their monetisation potential. Our number of media publishers from whom we purchased ad inventories reached 27 for the year ended 31 December 2020 (for the year ended 31 December 2019: 15). We plan to expand our media publisher base to include a combination of top, medium— and long-tail media publishers in the future, especially those medium— and long-tail media publishers that have global presence and have large operations in certain countries or regions.

Driven by the demands from advertisers and media publishers and the growing competition in the online advertising industry, our R&D team is focused on improving our ad formats and ad creatives as well as supporting the development and maintenance of AdTensor. We plan to strengthen our R&D capabilities in big data and AI technology as well as to recruit a team of seasoned AI experts to support the functioning of various new and enhanced IT systems and strengthen our AI and technology capabilities.

In the second half of 2020, our business was affected by various factors which were beyond our control, including (i) decrease in advertising traffic in the United States and India caused by the strengthened control for mobile applications associated with Chinese companies in these two major markets of the Group since the second half of 2020; (ii) stricter account management and advertising spending policies of our major media publishers which limited our advertisers advertising spending; (iii) increase in the pricing of ad inventories of our major media publishers primarily due to the intensified advertiser competition in real-time bidding for ad inventories as more offline advertisers were trying to advertise online as a result of the prolonged impact of COVID-19 in the second half of 2020; and (iv) increase in R&D expenses and consultancy fees primarily due to (a) the new demands for the provision of online shipment tracking system and logistics management system raised by our e-commerce advertisers as the transport of their products were significantly affected by the suspension of flights and transportation restrictions as a result of the continued impact of COVID-19; and (b) the increase in our investment in the market development for domestic media publishers to strengthen our global service capabilities including China by taking the trade tensions between China and the United States and other countries into consideration.

Although the outbreak of COVID-19 did not have any material adverse impact on our business and results of operations in the first half of 2020, in adverse impact of the outbreak of COVID-19 on our business and results of operations increased in the second half of 2020. The quotation of ad inventories for the Group's major media publishers such as Facebook and Google was more than doubled in the second half of 2020. The management of the Company believed that the increase in quotation of ad inventory was primarily because more offline advertisers were trying to advertise online as a result of the prolonged impact of COVID-19 in the second half of 2020, which intensified advertisers' competition for limited ad inventories. As a result, the Group would need to incur higher traffic acquisition costs in obtaining the same amount of ad inventories in the second half of 2020. The total traffic acquisition costs of the Group for the year ended 31 December 2020 increased by 23.6% as compared with the year ended 31 December 2019, despite the revenue of the Group for the year ended 31 December 2020 only increased by 10.0% as compared with year ended 31 December 2019. In addition, in the second half of 2020, the Group's e-commerce advertisers raised new demands for the provision of online shipment tracking system and logistics management system as the transport of their products were significantly affected by the suspension of flights and transportation restrictions amid COVID-19. In order to cater the demands of the Group's advertisers, the Group decided to increase its investment in R&D to establish an online shipment tracking and logistics management system as a value-added service to its advertisers. The management of the Company believed that these new capabilities position the Group well in charging a premium in its service fees in the future and enables the Group to attract and retain advertisers. As a result, the Group recorded an R&D expenses of RMB11.6 million for the year ended 31 December 2020, representing an increase of RMB11.6 million in R&D expenses as compared with the year ended 31 December 2019. The increase was mainly attributable to the engagement of external R&D teams to establish an online shipment tracking and logistics management system.

In response to the increased uncertainty of the impact of the outbreak of COVID-19 on our business and results of operations, we (i) prioritised the new demands of our advertisers and allocated more human resources in helping our advertisers minimise the impact of COVID-19 so as to retain our advertisers; (ii) upgraded our online advertising platform in order to achieve better return on investment for our advertisers given the increased price of ad inventories of our major media publishers; and (iii) postponed certain of our plans in utilising the net proceeds received from the Global Offering as described in the section headed "Use of Proceeds" below.

As the outbreak of COVID-19 has not been contained in the major overseas markets where our user traffics are generated, the future impact of the outbreak of COVID-19 remains uncertain. There is no assurance that COVID-19 outbreak will not further escalate or have a material adverse effect on our business and results of operations. Please refer to "Risk Factors — Risk Relating to Our Business and Industry — We face risks related to natural disasters, health epidemics, and other public safety concerns" in the Prospectus for further details. Assuming the extreme and unlikely event that the business operations of our Group are completely suspended on a temporary basis and no additional revenue from sales recorded, based on our net current assets as at 31 December 2020, monthly fixed costs (including staff costs assuming there is no redundant or pay cut to current staff, rent and server costs) and in the absence of any existing and future borrowings, the Directors believe that we will have sufficient working capital for our business and remain financially viable for at least the next 12 months from the date of this announcement. In the event that all the assumptions mentioned above remain unchanged, together with the net proceeds from the Global Offering, we would remain financially viable for over 12 months.

FINANCIAL REVIEW

Year Ended 31 December 2020 Compared to Year Ended 31 December 2019

Revenue

During the Reporting Period, we generated all our revenue from the provision of online advertising services.

The following table sets forth the breakdown of revenue by CPA and CPC/CPM pricing models for the periods indicated:

	For the year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Revenue				
CPA pricing model				
— specified action revenue	**174,422**	**82.9**	146,100	76.4
CPC/CPM pricing model				
— specified action revenue	**819**	**0.4**	2,715	1.4
— agreed rebates	**35,081**	**16.7**	42,311	22.2
— Sub-total	**35,900**	**17.1**	45,026	23.6
Total	**210,322**	**100.0**	191,126	100.0

The following table sets forth a breakdown of our revenue by advertisement types and their respective percentages of our total revenue for the periods indicated:

	For the year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Utility and content app developers	**99,227**	**47.2**	100,908	52.8
E-commerce	**94,081**	**44.7**	61,774	32.3
Tourism	**4,200**	**2.0**	17,321	9.1
Finance	**3,650**	**1.7**	7,662	4.0
Education	**3,326**	**1.6**	329	0.2
Others *Note*	**5,838**	**2.8**	3,132	1.6
Total	**210,322**	**100.0**	191,126	100.0

Note: Others primarily include advertisements in the games, media, medical and film industries.

Our total revenue increased by RMB19.2 million, or 10%, from RMB191.1 million for the year ended 31 December 2019 to RMB210.3 million for the year ended 31 December 2020, which primarily reflected an increase of RMB28.3 million in revenue from CPA pricing model mainly attributable to the opportunities leveraged from the "Home economy" as a result of COVID-19 outbreak (such as online education, domestic consumption and healthcare consumption) which provides synergy with our technology and enables us to acquire effective users with less time. The increase in revenue was partially offset by a decrease of RMB9.1 million in revenue from CPC/CPM pricing model mainly attributable to (i) less sales focus to advertisers with the increased risk of bad debts for our advertisers in the finance industry as a result of COVID-19 outbreak; and (ii) the decrease in the revenue generated from advertisers of the tourism industry as tourism industry of many offshore markets in the second half of 2020 was worsen and adversely affected by the outbreak of COVID-19.

Cost of Sales

Our cost of sales primarily consists of (i) traffic acquisition costs we paid to media publishers who provide us with ad inventories either directly or through their resellers; (ii) expenses for external optimisers and designers for designing ad content and optimising our ad placements; (iii) salaries and benefits for internal optimisers and designers; and (iv) server costs.

The following table sets forth a breakdown of our cost of sales, including the breakdown of the traffic acquisition costs recognised in the cost of sales which only relate to the CPA pricing model, as well as the breakdown of the traffic acquisition costs by major media publishers, for the periods indicated:

	For the year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Cost of Sales				
Traffic acquisition costs *Note*				
Google	**35,106**	**20.9**	45,171	32.8
Facebook	**102,491**	**61.1**	51,007	37.1
Snapchat	**16,070**	**9.6**	6,290	4.5
TikTok	**2,325**	**1.4**	2,570	1.9
Others	**672**	**0.4**	21,697	15.9
Sub total	**156,664**	**93.4**	126,735	92.2
Expenses for external optimisers and designers	**6,250**	**3.7**	6,120	4.5
Salaries and benefits for internal optimisers and designers	**4,742**	**2.8**	4,488	3.2
Server costs	**3**	**0.1**	81	0.1
Total	**167,659**	**100.0**	137,424	100.0

Note: Traffic acquisition costs only incurred by and related to the CPA pricing model.

Our total cost of sales increased by RMB30.2 million, or 22%, from RMB137.4 million for the year ended 31 December 2019 to RMB167.7 million for the year ended 31 December 2020, which primarily reflected (i) an increase of RMB29.9 million, or 23.6%, in traffic acquisition costs resulting from the increased purchase of ad inventory to accommodate the increased ad offers under CPA pricing model; (ii) an increase of RMB0.3 million, or 5.7%, in salaries and benefits for internal optimisers and designers as a result of the increase in the number of our optimisers and designers for the purpose of developing domestic market and enhancing our services capabilities, which is generally in line with the growth of our business; and (iii) an increase in RMB0.1 million, or 2.1%, in expenses for external optimisers and designers, which was generally consistent with the amount in 2019.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue.

Our gross profit margin for charging advertisers using the CPC/CPM pricing model is higher compared to our gross profit margin for charging advertisers using the CPA pricing model, because we recognise revenue generated from utilising the CPC/CPM pricing model on a net basis. The following table sets forth a breakdown of our gross profit and gross profit margin of CPA pricing model and CPC/CPM pricing model for the periods indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000/%	*RMB'000/%*
CPA pricing model		
Revenue	**174,422**	146,100
Cost of sales	**(165,324)**	(135,041)
Gross profit	**9,098**	11,059
Gross profit margin	**5.2%**	7.6%
CPC/CPM pricing model		
Revenue	**35,900**	45,026
Cost of sales	**(2,335)**	(2,383)
Gross profit	**33,565**	42,643
Gross profit margin	**93.5%**	94.7%
Total revenue	**210,322**	191,126
Total cost of sales	**(167,659)**	(137,424)
Total gross profit	**42,663**	53,702
Total gross profit margin	**20.3%**	28.1%

Our total gross profit decreased by RMB11.0 million, or 20.6%, from RMB53.7 million for the year ended 31 December 2019 to RMB42.7 million for the year ended 31 December 2020, which was primarily due to the increase in percentage of the revenue as a result of the increased quotation of ad inventories of the Group's major media publishers with the intensified advertiser competition in real-time bidding for ad inventories in the second half of 2020, partially offset by the increase in percentage of the traffic acquisition costs. Our gross profit margin under the CPA pricing model and CPC/CPM pricing model decreased from 7.6% and 94.7%, respectively for the year ended 31 December 2019 to 5.2% and 93.5%, respectively for the year ended 31 December 2020, primarily due to (i) a decrease in revenue generated from advertisers in the tourism and finance industries; and (ii) an increase in cost of sales for additional optimisers and designers for the development of domestic market. As a result, our overall gross profit margin decreased from 28.1% for the year ended 31 December 2019 to 20.3% for the year ended 31 December 2020.

Other Income and Gains

Our other income and gains primarily consist of (i) other advertising income comprising sponsorship fees received from media publishers for our marketing services at joint promotion events; (ii) bank interest income; and (iii) foreign exchange gains.

Our other income and gains increased by approximately RMB2.1 million, or 180.4%, from approximately RMB1.1 million for the year ended 31 December 2019 to approximately RMB3.2 million for the year ended 31 December 2020, primarily due to (i) a decrease of approximately RMB0.2 million in other advertising income as a result of the decrease in service charge due to the decrease in payment through Paypal; and (ii) a decrease of approximately RMB46,000 in bank interest income; partially offset by an increase of RMB2.0 million in foreign exchange gains resulting from the appreciation of the RMB against the USD for the year ended 31 December 2020 as compared to the same period in 2019.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of: (i) salaries and benefits for our sales and marketing team; (ii) bonus payments, which primarily consist of bonus payments to our sales and marketing staff based on job performance; and (iii) other selling and distribution expenses, which primarily consist of award application fees and other expenses that are directly related to our marketing and promotion activities.

Our selling and distribution expenses decreased by RMB2.1 million, or 42.3%, from approximately RMB4.9 million for the year ended 31 December 2019 to RMB2.8 million for the year ended 31 December 2020, primarily as a result of (i) a decrease of RMB1.7 million, or 50.4%, in bonus payments, which was in line with our decrease in profit for the year in 2020; (ii) a decrease of RMB0.2 million in salaries and benefits paid to our sales and marketing personnel; and (iii) a decrease of RMB0.1 million in other selling and distribution expense due to the cancelation of joint promotion events due to COVID-19. As a percentage of our revenue, our selling and distribution expenses decreased from 2.6% for the year ended 31 December 2019 to 1.3% for the year ended 31 December 2020.

Administrative Expenses

Our administrative expenses primarily consist of: (i) Listing expenses in preparation for the Listing; (ii) employee salaries and benefits, which primarily consist of salaries and benefits for our management, finance and administration team; (iii) depreciation of right-of-use assets in relation to our leased property; (iv) consultancy fees, which primarily consist of service fees we paid to third party professionals for general operational matters such as recruitment agent fees, trademark registration fees and translations fees; (v) impairment of trade receivables, which primarily consists of the provisions we made for certain past due trade receivables; (vi) lease expenses and utilities for our office; (vii) depreciation and amortisation expenses in relation to our fixed assets comprising mainly computers and equipment; and (viii) other administrative expenses, which primarily consist of travel expenses, office expenses and other miscellaneous expenses.

Our administrative expenses increased by approximately RMB19.1 million, or 88.9%, from RMB21.5 million for the year ended 31 December 2019 to RMB40.6 million for the year ended 31 December 2020, primarily as a result of (i) an increase of RMB8.1 million, or 500.5%, in consultancy fees primarily relating to (a) the consultancy fee of an external team to provide consultancy services to promote the Group's online advertising business through domestic media platforms such as TouTiao, Kuaishou and iFeng.com in China, including ad content optimisation, ad platform planning, ad strategy planning and information stream management and (b) the fees of external auditor, legal advisers, compliance adviser and other consultancy fees for public relations after Listing; and (ii) an increase of RMB11.6 million in R&D expenses, primarily attributable to the engagement of external R&D teams to establish an online shipment tracking and logistics management system in respond to the new demands of our advertisers as a result of the COVID-19 outbreak.

Other Expenses

Our other expenses primarily consist of foreign exchange loss and bank service charges. Our other expenses decreased by RMB496,000, or 81.7%, from RMB607,000 for the year ended 31 December 2019 to RMB111,000 for the year ended 31 December 2020, primarily due to the Company did not record foreign exchange loss in 2020.

Finance Costs

Our finance costs consist of interest expenses associated with our lease liabilities under HKFRS 16 *Leases*. Our finance costs decreased by RMB24,000, or 50%, from RMB48,000 for the year ended 31 December 2019 to RMB24,000 for the year ended 31 December 2020, primarily due to the decrease in amortised cost of lease liabilities.

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred tax. We are subject to various rates of income tax under different jurisdictions.

Our income tax expenses decreased by approximately RMB6.3 million, or 110.4%, from RMB5.7 million for the year ended 31 December 2019 to tax credits of RMB0.6 million for the year ended 31 December 2020. Our income tax expense in Hong Kong decreased from RMB2.4 million for the year ended 31 December 2019 to RMB65,000 for the year ended 31 December 2020, primarily due to the decrease in taxable profit. Our income tax expense in the PRC change from RMB3.6 million for the year ended 31 December 2019 to tax credits of RMB0.7 million for the year ended 31 December 2020, primarily due to (i) the decrease in taxable profit; and (ii) the preferential Corporate Income Tax ("**CIT**") and refund of CIT payment made in prior year. According to the MOF/STA PN 2019 No. 68 jointly released by the Ministry of Finance and State Taxation Administration, Beijing AdTiger was entitled to preferential income tax rate of 12.5%.

Profit for the Year

Our profit for the year decreased by RMB19.2 million, or 86.9%, from RMB22.0 million for the year ended 31 December 2019 to RMB2.9 million for the year ended 31 December 2020.

Non-HKFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with the HKFRS, we also adopt a non-HKFRS measure for the Reporting Period as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS. We believe that such non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of the one-off Listing expenses that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

The table below sets forth our profit and normalised profit, which is adjusted by adding back the one-off Listing expenses, for the period indicated:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**2,888**	22,048
Add:		
Listing expenses	**12,646**	12,570
Non-HKFRS Measure		
Adjusted profit for the year *(Note)*	**15,534**	34,618

Note: Adjusted profit for the year is defined as profit for the year excluding the one-off Listing expenses.

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees by functions as of the date indicated:

	As of 31 December 2020		As of 31 December 2019	
	Number of Employees	**% of Total**	Number of Employees	% of Total
Optimisers and Designers	**34**	**51.5**	23	47.9
Sales and Marketing	**11**	**16.7**	11	22.9
Operations	**9**	**13.6**	5	10.4
Finance and Administration	**10**	**15.2**	7	14.6
IT and R&D	**2**	**3.0**	2	4.2
Total	**66**	**100.0**	48	100.0

The remuneration of our employees is determined based on their performance, experience, competence and market comparable. We provide our employees with competitive salaries and bonuses determined by performance, housing subsidies, regular team building activities, off sites and internal trainings and opportunities of advancement. The Group's total staff costs (including Directors' emolument, salaries, bonus, social insurance and provident funds) amounted to approximately RMB11.8 million for the year ended 31 December 2020 (year ended 31 December 2019: approximately RMB12.8 million). As required by the PRC laws and regulations, we have made contributions to various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, maternity leave insurance and occupational injury. Furthermore, we also provide our employees with housing fund as well as offer them a body check every year.

The remuneration of Directors and members of senior management is determined on the basis of each individual's responsibilities, qualification, position, experience, performance and time commitment. They receive compensation in the form of salaries, bonuses, pension right and benefits-in-kind, including the Company's contribution to their retirement benefit schemes on their behalf.

The Company has adopted a share option scheme on 22 June 2020 as incentives or rewards to eligible persons for their contributions to the Group. Please refer to "Statutory and General Information — D. Post-IPO Share Option Scheme" in Appendix IV to the Prospectus for further information. The purpose of the Post-IPO Share Option Scheme is to incentivise and reward the Eligible Persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. During the Reporting Period, no option had been granted or agreed to be granted by the Company under the Post-IPO Share Option Scheme.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2020 (as at 31 December 2019: nil).

Liquidity, Financial and Capital Resources

During the Reporting Period, the Group continued to maintain a healthy and solid liquidity position by adopting a prudent financial management approach on its financing and treasury policies and we have funded our cash requirements principally from cash generated from our financing activities. As of 31 December 2020, cash and cash equivalents increased by RMB109.4 million from RMB171.6 million as of 31 December 2019 to RMB281.0 million. The increase was primarily resulted from the proceeds received from the Global Offering and the Over-allotment Option and our strengthened control over management of credit terms and enhanced collection of trade receivables.

As at 31 December 2020, the Group's cash and cash equivalents were mainly held in USD and RMB and the Group did not have any interest-bearing bank borrowings. We currently do not use any financial instruments for hedging purposes.

Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associate, and Joint Venture

Save as disclosed in the Prospectus and the section headed "Use of Proceeds" below, there were no significant investments held by the Company nor any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Capital Commitments

As at 31 December 2020, the Group did not have any capital commitments (as at 31 December 2019: nil).

Charge on the Group's Assets

As at 31 December 2020, none of the Group's assets were charged with any parties or financial institutions (as at 31 December 2019: nil).

Future Plan for Material Investment and Capital Assets

Save as disclosed in the Prospectus and in the section headed "Use of Proceeds", there was no other plans for material investments and capital assets as at the date of this announcement.

Top Customers

Our top five customers accounted for 76.8% and 51.9% of our revenue for the years ended 31 December 2020 and 2019, respectively, on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers. Our largest customer accounted for 37.4% and 13.1% of our revenue for the years ended 31 December 2020 and 2019, respectively, on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of our subsidiary, had any interest in any of our top five customers during the Reporting Period.

Top Suppliers

Our top five suppliers accounted for 89.8% and 62.1% of our total costs of sales for the years ended 31 December 2020 and 2019, respectively. Our largest supplier accounted for 28.1% and 19.6% of our total costs of sales for the years ended 31 December 2020 and 2019, respectively.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of our subsidiary, had any interest in any of our top five suppliers during the Reporting Period.

Cash Flow

The following table is a condensed summary of our consolidated statements of cash flows and analysis of balances of cash and cash equivalents for the periods indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net cash flows from operating activities	**5,656**	24,840
Net cash flows used in investing activities	**(93)**	(44)
Net cash flows from/(used in) financing activities	**112,758**	(4,421)
Net increase in cash and cash equivalents	**118,321**	20,375
Cash and cash equivalent at the beginning of the period	**171,639**	151,040
Cash and cash equivalent at the end of the period	**281,029**	171,639

Cash flows generated from operating activities

For the year ended 31 December 2020, our net cash generated from operating activities was RMB5.7 million, consisting of profit before tax of RMB2.3 million, as adjusted by (i) the add-back of non-cash items, comprising financial costs of RMB24,000, interest income of RMB0.3 million, impairment of trade receivables and other receivables of RMB0.2 million, depreciation of right-of-use assets of RMB0.9 million and depreciation of items of property, plant and equipment of RMB0.1 million; (ii) positive net working capital adjustment of RMB11.8 million; (iii) interest received of RMB0.3 million and interest paid of RMB24,000; and (iv) income tax paid of RMB9.7 million. Our positive net working capital adjustment primarily consisted of (i) a decrease of RMB30.2 million in trade receivables primarily resulting from our strengthened control over management of credit terms and enhanced collection of trade receivables; (ii) a decrease of RMB2.3 million in prepayments, deposits and other receivables primarily resulting from the Listing expenses in 2019 were capitalised in 2020; and (iii) an increase of RMB12.2 million in other payables and accruals primarily resulting from increased prepayments by advertisers and unpaid employee compensation; partially offset by (i) a decrease of RMB34.5 million in trade and bills payables primarily resulting from our settlement of traffic acquisition costs payable to media publishers using cash in hand; and (ii) a decrease of RMB1.7 million in amounts due from related parties primarily resulting from the decrease in related parties' advertising budgets as a result of the economic slowdown.

For the year ended 31 December 2019, our net cash generated from operating activities was RMB24.8 million, consisting of profit before tax of RMB27.8 million, as adjusted by (i) the add-back of non-cash items, comprising financial costs of RMB48,000, impairment of trade receivables and other receivables of RMB0.8 million, depreciation of right-of-use assets of RMB0.9 million and depreciation of items of property, plant and equipment of RMB93,000; (ii) negative net working capital adjustment of RMB0.2 million; and (iii) income tax paid of RMB4.7 million. Our negative net working capital adjustment primarily consisted of (i) an increase of RMB59.1 million in trade receivables primarily resulting from the increased advertising spending by our customers, expansion of our advertiser base and extension of credit terms to certain customers; (ii) an increase of RMB4.6 million in prepayments, deposits and other receivables primarily due to the capitalisation of RMB4.2 million listing expenses and prepayment of leases; and (iii) a decrease of RMB4.0 million in other payables and accruals primarily due to decreased prepayments from advertisers resulting from our extension of credit terms to certain advertisers who previously used prepayments and decreased advertising spending by certain customers, partially offset by an increase of RMB67.5 million increase in trade payables primarily resulting from increased purchases of ad inventories associated with our business expansion and better credit terms granted by our media publishers.

Cash flows used in investing activities

For the year ended 31 December 2020, our net cash used in investing activities was RMB93,000, which was primarily related to the recruitment of additional optimisers and designers and the purchase of computers and other assets for the development of the domestic market.

For the year ended 31 December 2019, our net cash used in investing activities was RMB44,000, which was primarily related to purchases of computers and equipment.

Cash flows generated from/(used in) financing activities

For the year ended 31 December 2020, our net cash generated from financing activities was RMB112.8 million, primarily as a result of the capital contribution from our Shareholders upon the Reorganisation for the purpose of the Global Offering.

For the year ended 31 December 2019, our net cash used in financing activities was RMB4.4 million, primarily as a result of a payment of RMB6.0 million in dividends, and a payment of RMB1.0 million in lease liabilities, partially offset by a capital contribution of RMB2.5 million capital contribution from the then equity shareholder of a subsidiary.

Financial position

Our net current assets increased from RMB56.5 million as of 31 December 2019 to RMB164.3 million as of 31 December 2020. Our current assets increased from RMB320.4 million as of 31 December 2019 to RMB395.6 million as of 31 December 2020, primarily due to an increase of RMB109.4 million in cash and cash equivalents primarily due to our strengthened control over management of credit terms and enhanced collection of trade receivables and proceeds received from the Global Offering; partially offset by (i) a decrease of RMB32.0 million in trade receivables as a result of our strengthened control over management of credit terms and enhanced collection of trade receivables and (ii) a decrease of RMB2.3 million in prepayments, deposits and other receivables primarily due to the Listing expenses incurred in 2019 was capitalised in 2020. Our current liabilities decreased from RMB263.9 million as of 31 December 2019 to RMB231.2 million as of 31 December 2020, primarily due to (i) a decrease of RMB34.5 million in trade payables mainly due to our settlement of traffic acquisition costs payable to media publishers using cash in hand; and (ii) a decrease of RMB10.4 million in tax payable mainly due to the decrease in taxable profit; partially offset by (i) an increase of RMB12.2 million in other payables and accruals mainly due to increased prepayments by advertisers and unpaid employee compensation; and (ii) an increase of RMB0.1 million in lease liabilities mainly due to the additional property we leased for office use.

Significant change in accounting policy

We have adopted the following revised HKFRSs for the first time for the Reporting Period:

Amendments to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*

As a result of adopting the Amendments to HKFRS 16, a reduction in the lease payments arising from the rent concessions of approximately RMB16,799 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

Indebtedness

As of 31 December 2020, we did not apply or obtain any banking facilities and the amount of unutilised banking facilities amounted to nil and we did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

As at 31 December 2020, our total lease liabilities were RMB639,000 (as of 31 December 2019: RMB553,000).

Certain Financial Ratio

The following table sets forth certain financial ratio as of the balance sheet dates indicated:

	As of 31 December 2020	As of 31 December 2019
Return on equity [(1)]	**9.4%** [(7)]	60.1% [(7)]
Return on total assets [(2)]	**3.9%** [(7)]	10.8% [(7)]
Current ratio [(3)]	**1.7**	1.2
Gearing ratio [(4)]	**—**	—
Gross profit margin [(5)]	**20.3%**	28.1%
Adjusted net profit margin [(6)]	**7.4%** [(7)]	18.1% [(7)]

Notes:

(1) Return on equity ratio is profit for the year as a percentage of total equity as of year-end and multiplied by 100%.

(2) Return on total assets ratio is profit for the year as a percentage of total assets as of year-end and multiplied by 100%.

(3) Current ratio is total current assets as of year-end as a percentage of total current liabilities as of year-end.

(4) Gearing ratio is total interest-bearing bank borrowings as of year-end as a percentage of total assets as of year-end. As of 31 December 2020 and 31 December 2019, we did not have any interest-bearing bank borrowings.

(5) Gross profit margin is gross profit for the year as a percentage of revenue.

(6) Adjusted net profit margin is profit for the year as a percentage of revenue.

(7) Based on adjusted profit for the year which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses.

Financial Risks

We are exposed to various types of financial and market risks, including foreign currency risk, credit risk and liquidity risk. The Board reviewed and agreed on financial management policies and practices for managing each of these risks.

Foreign currency risk

We mainly operate in Mainland China with most of our monetary assets, liabilities and transactions principally denominated in RMB and USD. We are exposed to foreign currency risk arising from fluctuations in exchange rates between RMB, US dollars and other currencies in which we conduct our business. We are subject to foreign currency risk attributable to our trade payables and bank balances denominated in currencies other than RMB and USD. We did not use any derivative financial instruments to hedge our foreign currency risk during the Reporting Period.

Credit risk

Credit risk arises mainly from the risk that counterparties may default on the terms of their agreements. The carrying amounts of our other financial assets, which comprises cash and cash balances, deposits, amounts due from related parties and other receivables represent our maximum exposure to credit risk in relation to these instruments.

We have established policies to evaluate credit risk when accepting new business and to limit our credit exposure to individual customers. We only trade with recognised and creditworthy third parties and retail customers. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an on-going basis and our exposure to bad debts is insignificant. Our Directors consider that we did not have a significant concentration of credit risk as of 31 December 2020. As we only trade with recognised and creditworthy third parties and retail customers, we do not require collateral from our customers.

Liquidity risk

We aim to maintain sufficient cash and credit lines to meet our liquidity requirements. We monitor risks of funding shortage using a recurring liquidity planning tool, which takes into consideration the maturity of our financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** **(*RMB'000*)**	2019 (*RMB'000*)
REVENUE	4	**210,322**	191,126
Cost of sales		**(167,659)**	(137,424)
Gross profit		**42,663**	53,702
Other income and gains	4	**3,205**	1,143
Selling and distribution expenses		**(2,824)**	(4,893)
Administrative expenses		**(40,620)**	(21,507)
Other expenses		**(111)**	(607)
Finance costs		**(24)**	(48)
PROFIT BEFORE TAX	5	**2,289**	27,790
Income tax credit/(expense)	6	**599**	(5,742)
PROFIT FOR THE YEAR		**2,888**	22,048
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**2,888**	20,017
Non-controlling interests		**—**	2,031
		2,888	22,048
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted *(RMB)*		**0.01**	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	2020 (RMB'000)	2019 (RMB'000)
PROFIT FOR THE YEAR	**2,888**	22,048
OTHER COMPREHENSIVE INCOME		
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Exchange differences on translation of financial statements	**(8,724)**	74
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(8,724)**	74
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(8,724)**	74
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(5,836)**	22,122
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	**(5,836)**	20,070
Non-controlling interests	**—**	2,052
	(5,836)	22,122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

	Notes	**2020** **(RMB'000)**	2019 (RMB'000)
NON-CURRENT ASSETS			
Property, plant and equipment		**155**	167
Right-of-use assets		**611**	541
Deferred tax assets		**352**	402
Total non-current assets		**1,118**	1,110
CURRENT ASSETS			
Trade receivables	9	**108,700**	140,660
Prepayments, deposits and other receivables	10	**5,823**	8,100
Cash and cash equivalents	11	**281,029**	171,639
Total current assets		**395,552**	320,399
CURRENT LIABILITIES			
Trade payables	12	**195,871**	230,389
Other payables and accruals	13	**28,186**	15,995
Tax payable		**6,485**	16,932
Lease liabilities		**639**	553
Total current liabilities		**231,181**	263,869
NET CURRENT ASSETS		**164,371**	56,530
TOTAL ASSETS LESS CURRENT LIABILITIES		**165,489**	57,640
Net assets		**165,489**	57,640
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,157**	679
Reserves		**163,332**	56,961
Total equity		**165,489**	57,640

NOTES TO FINANCIAL STATEMENT

31 DECEMBER 2020

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 1 February 2019. The registered office address of the Company is Landmark Square, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1–1002, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 July 2020 (the "**Listing Date**").

The Company is an investment holding company. During the year, the Company's subsidiaries were engaged in the business of providing online advertising services in the People's Republic of China (the "**PRC**" or "**China**") and internationally.

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Group is Ms. Chang Sufang ("**Ms. Chang**"), Chairman and Chief Executive Officer.

Information about subsidiaries

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	**Place and date of incorporation/ registration and place of business**	**Nominal value of issued ordinary/ registered share capital**	**Percentage of equity interest attributable to the Company**		**Principal activities**
			Direct	**Indirect**	
Adtiger Company Limited	British Virgin Islands 5 March 2019	US$50,000	100%	—	Investment holding
Adtiger Media Limited	British Virgin Islands 21 February 2019	US$50,000	100%	—	Investment holding
HongKong AdTiger Media Co., Limited ("**HongKong AdTiger**")	Hong Kong ("**HK**") 22 November 2010	HK$10,000	—	100%	Advertising services
Adtiger International Limited	Hong Kong ("**HK**") 27 March 2019	HK$10,000	—	100%	Investment holding
Apotheosis Limited	Hong Kong ("**HK**") 5 November 2018	HK$10,000	—	100%	Investment holding
Beijing AdTiger Media Co., Limited* 北京虎示傳媒有限公司 *(i)*	PRC/Mainland China 11 May 2016	RMB12,500,000	—	100%	Advertising services
CFormula Technology Company Limited ("**CFormula**")	Hong Kong ("**HK**") 9 October 2017	US$1	—	100%	Dormant and no business operations

Notes:

(i) This entity is a wholly-foreign-owned enterprise established under the PRC Law.

* The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

2.1 BASIS OF PREPARATION

Through a group reorganisation (the "**Reorganisation**") as set out in the section headed "History, Development and Reorganisation" in the prospectus dated 29 June 2020 for the public listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 26 June 2019. The companies now comprising the Group were under the common control of the controlling shareholders before and after the Reorganisation, the consolidated financial statements has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the year ended 31 December 2019.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised HKFRSs for the first time for the current year's financial statements.

Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised HKFRSs are described below:

(a) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) 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; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

3. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during the year, and the Group's total assets as at the end of the year was derived from one single operating segment, i.e., provision of online advertising services.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers based on the country/jurisdiction where external customer is registered.

	2020	2019
	RMB'000	*RMB'000*
Singapore	**89,938**	39,691
Mainland China	**59,739**	33,200
Hong Kong	**23,460**	93,888
Others	**37,185**	24,347
	210,322	191,126

The Group's non-current assets are substantially located in Mainland China, and accordingly, no further analysis by geographical segment of non-current assets is presented.

Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue during the year is set out below:

	2020	2019
	RMB'000	*RMB'000*
Customer A	**78,761**	25,057
Customer B	**39,333**	N/A*
Customer C	**32,168**	19,988

* Less than 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue mainly represents revenue from the provision of online advertising services during the year.

An analysis of revenue, other income and gains is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Specified action revenue (where the Group acts as the principal)	**175,241**	148,815
— comprehensive user acquisition services under CPA pricing model	**174,422**	146,100
— service for opening and/or topping-up advertisers' accounts under CPC/CPM pricing model	**819**	2,715
Agreed rebates under CPC/CPM pricing model (where the Group acts as the agent)	**35,081**	42,311
	210,322	191,126
Other income and gains		
Others	**3,205**	1,143

The Group derives revenue at a point in time in the following category of revenue:

	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition		
Point in time		
Online advertising services	**210,322**	191,126

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020	2019
	RMB'000	*RMB'000*
Cost of services rendered (excluding those included in employee benefit expense)	**162,917**	132,936
Bank interest income	**(254)**	(300)
Depreciation of items of property, plant and equipment	**105**	93
Depreciation of right-of-use assets	**943**	915
Impairment of trade receivables and other receivables	**218**	804
Lease expenses arising from short-term leases*	**9**	146
Listing expenses	**12,646**	12,570
Auditor's remuneration	**2,080**	194
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	**11,073**	11,225
Pension scheme contributions	**775**	1,527

* The Group applies the available practical expedients of HKFRS 16 wherein it applies the short-term lease exemptions to leases with a lease term that ends within 12 months from the lease commencement date. Lease expenses arising from short-term leases are related to leases with a lease term that ends within 12 months.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, unless such profits are taxable at the half-rate of 8.25% that may apply for the first HK$2 million of assessable profits for years of assessment beginning on or after 1 April 2018.

Pursuant to the PRC Corporate Income Tax Law ("**CIT Law**"), the CIT rate for domestic enterprises and foreign invested enterprises is 25%. According to the MOF/STA PN 2019 No. 68 — "Announcement on the Enterprise Income Tax Policy for Integrated Circuit Design and Software Enterprises" — jointly released by the Ministry of Finance ("**MOF**") and State Taxation Administration ("**STA**"), Beijing AdTiger was awarded as a qualified software enterprise and entitled to preferential income tax rate of 12.5%.

The major components of income tax expense of the Group are as follows:

	2020	2019
	RMB'000	*RMB'000*
Current income tax — Hong Kong		
Charge for the year	**65**	2,402
Current income tax — Mainland China		
Charge for the year	**1,210**	3,553
Refund of CIT payment made in prior year	**(1,903)**	—
Deferred income tax	**29**	(213)
Total tax charge for the year	**(599)**	5,742

A reconciliation of the tax expense applicable to profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate is as follows:

	2020	2019
	RMB'000	*RMB'000*
Profit before tax	**2,289**	27,790
Tax calculated at a tax rate of 25%	**572**	6,948
Refund of CIT payment made in prior year*	**(1,903)**	—
Effect of different tax rates available to different subsidiaries of the Group	**(565)**	(1,396)
Expenses not deductible for tax purposes	**1,297**	190
	(599)	5,742

* Pursuant to MOF/STA PN 2019 No. 68 jointly released by the Ministry of Finance ("**MOF**") and State Taxation Administration ("**STA**") on 17 May 2019, Beijing AdTiger Media Co., Limited made application in May 2020 and was then approved by local tax authorities to be entitled to preferential income tax rate of 12.5% for the year ended 31 December 2019.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividend declared to foreign investors from 1 January 2008 and applies to earnings generated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. The applicable tax rate of the Group is 10%. At the end of the year, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such retained earnings in the foreseeable future as the Group will retain the funding for the development in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiary in Mainland China for which deferred tax liabilities have not been recognised at 31 December 2020 amounted to RMB37,458,000 (2019: RMB35,704,000), respectively. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

7. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 531,226,027 (2019:450,000,000) in issue during the year, as adjusted for the assumption that share subdivision and 250,000,000 shares issued pursuant to the capitalisation Issue had been issued at the beginning of the year ended 31 December 2019.

The calculations of the basic and diluted earnings per share are based on:

	2020	2019
	(RMB'000)	*(RMB'000)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:		
From continuing operations	**2,888**	20,017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	**531,226,027**	450,000,000

9. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**110,691**	142,557
Impairment	**(1,991)**	(1,897)
	108,700	140,660

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB364,000 (2019: RMB2,074,000) as at 31 December 2020, respectively, which are repayable on credit terms from one to twelve months.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date and net of allowance, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**107,287**	119,011
1–3 months	**1,780**	17,675
3–6 months	**233**	1,724
6–12 months	**—**	3,408
Over 12 months	**1,391**	739
	110,691	142,557

The movements in loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**1,897**	1,082
Impairment losses	**94**	815
At end of year	**1,991**	1,897

Impairment under HKFRS 9 for the year

An impairment analysis was made based on expected credit loss model on the recoverability of trade receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Trade receivables ageing					
	Within 1 month	**1–3 months**	**3–6 months**	**6–12 months**	**Over 12 months**	**Total**
Expected credit loss rate	**0.54%**	**0.55%**	**3.86%**	**11.29%**	**100.00%**	**1.80%**
Gross carrying amount *(RMB'000)*	**107,287**	**1,780**	**233**	**—**	**1,391**	**110,691**
Expected credit losses *(RMB'000)*	**581**	**10**	**9**	**—**	**1,391**	**1,991**

As at 31 December 2019

	Trade receivables ageing					
	Within 1 month	1–3 months	3–6 months	6–12 months	Over 12 months	Total
Expected credit loss rate	0.66%	1.13%	3.12%	5.74%	90.03%	1.34%
Gross carrying amount *(RMB'000)*	119,011	17,675	1,724	3,408	739	142,557
Expected credit losses *(RMB'000)*	782	200	54	196	665	1,897

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Prepayments	**3,062**	742
Deposits and other receivables (a)	**2,761**	7,358
	5,823	8,100

Note:

(a) Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. The other receivables are neither past due nor impaired and their ECL consideration is set out in note 9 to the the financial statements.

11. CASH AND CASH EQUIVALENTS

	2020	2019
	RMB'000	*RMB'000*
Cash and bank balances	**281,029**	171,639

As at 31 December 2020, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB89,077,000 (2019: RMB37,471,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

12. TRADE PAYABLES

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

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**195,871**	230,389

The trade payables are non-interest-bearing and are normally settled on 60–day terms.

13. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RMB'000	*RMB'000*
Other payables	**27,086**	15,297
Payroll and welfare payables	**895**	655
Other tax payable	**205**	43
	28,186	15,995

Other payables are non-interest-bearing and repayable on demand.

14. EVENTS AFTER THE REPORTING PERIOD

The lingering COVID-19 pandemic and strained Sino-US relations have brought additional uncertainties to the Group's operating environment and might impact the Group's operations and financial position. The Group will closely monitor the development of the COVID-19 and strained Sino-US relations, assess and actively respond to their impact on the financial condition, operating results and other aspects of the Group.

FUTURE AND OUTLOOK

As disclosed in the Prospectus, the scale of China's overseas online advertising spending has increased from US$3.6 billion in 2015 to US$15.6 billion in 2019 at a CAGR of 44.6% and is estimated to reach US$38.3 billion in 2024 at a CAGR of 19.6%. We plan to continue to enhance our local service capabilities by setting up subsidiaries in key overseas markets to expand our global coverage and increase the scope and depth of our global cooperation with advertisers and media publishers. We plan to explore technologies for new forms of ads such as augmented reality and mini-app marketing, as well as interactive ads. We also seek to further explore new ad inventory categories from other website operators, device integrators and telecommunication operators and connect to them through our AdTensor platform and continue to strengthen our data and technology capabilities in the online advertising industry. In addition to the organic growth of our business, we also plan to pursue strategic investment and merger and acquisition opportunities that will help strengthen our offerings and enhance our business reputation. In addition to continuing to develop our precision marketing capabilities and providing our advertisers with one-stop precision mobile advertising services, we also plan to increase our R&D efforts in the development of advertising and marketing related Software-as-a-Service ("**SaaS**") products based on our AI and big data platform and provide our advertisers with SaaS services with online marketing solutions to comprehensively improve advertisers' ability to acquire customers, and thereby improving the Group's smart advertising service ecosystem.

Considering the uncertainty brought by COVID-19, we will continue to pay close attention to the industry trends and where advertisers are allocating their advertising spending in order to focus our sales activities to maintain profitability of our business. We have maintained and will continue to maintain a diversified advertisers base and stable working relationships with our existing advertisers and media publishers, which could benefit us in adapting to the rapid shift in advertising needs.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

Compliance with CG Code

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value as well as the responsibility commitments. The Company has adopted the CG Code as its own code of corporate governance since the Listing Date.

In the opinion of the Directors, the Company has complied with all applicable code provisions of the CG Code during the Reporting Period except disclosed as follows:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Chang Sufang currently holds both positions. Since the inception of the Group, Ms. Chang has been the Group's key leadership figure who has been primarily involved in the overall strategic planning, management and operations of the Group. Taking into account the continuous implementation of the business plans, the Board believes that vesting the roles of both chairman and the chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the code provisions of the CG Code and maintaining a high standard of corporate governance of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct governing the securities transactions by the Directors. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company throughout the Reporting Period.

Audit Committee

The Company has established the Audit Committee on 22 June 2020 with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three members, two of whom are INEDs, namely Mr. Chan Foon and Mr. Zhang Yaoliang, and one of whom is a non-executive Director, being Mr. Hsia Timothy Chunhon. Mr. Chan Foon is the chairman of Audit Committee.

The Audit Committee has reviewed the audited consolidated annual financial statements of the Group for the year ended 31 December 2020, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such statements have been prepared in compliance with the applicable Listing Rules.

Scope of Work of The Auditors

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2020, but represents an extract from the consolidated financial statements for the year ended 31 December 2020 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

Use of Proceeds

The Shares were listed on the Main Board of the Stock Exchange on 10 July 2020 by way of Global Offering, raising total net proceeds of HK$83.5 million after deducting professional fees, underwriting commissions and other related listing expenses. The Over-allotment Option was fully exercised on 2 August 2020 and raised total gross proceeds of approximately HK$17.4 million. The total net proceeds received by the Company were HK$100.9 million (the "**IPO proceeds**"), which will be utilised on a pro rata basis for the purposes as set out in our Prospectus.

As of 31 December 2020, IPO proceeds of HK$16.9 million has been utilised. As disclosed in the Prospectus, we planned to use up to HK$36.0 million of the IPO proceeds. As at 31 December 2020, details of intended application of IPO proceeds are set out as follow:

	Approximate% of total IPO proceeds	Planned use of actual IPO proceeds	Planned use of actual IPO proceeds during the Reporting Period	Utilised IPO proceeds during the Reporting Period	IPO proceeds unused	Expected timeline for utilising the remaining balance of IPO proceeds from the Global Offering
	%	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
AI technologies and technology capabilities; offering of our AdTensor platform	35%	35.3	16.9	16.9	18.4	2021: 13.1 2022: 5.3
Local service capabilities and global footprint	20%	20.2	—	—	20.2	2021: 10.4 2022: 9.8
IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system	20%	20.2	13.9	—	20.2	2021: 11.3 2022: 8.9
Sales and marketing and local presence in selected regions in China	15%	15.1	5.2	—	15.1	2021: 7.8 2022: 7.3
Strategic investments and mergers and acquisitions	10%	10.1	—	—	10.1	2021: 5.5 2022: 4.6
Total		100.9	36.0	16.9	84.0	84.0

The temporary delay in utilising the IPO proceeds for enhancing our IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system, with a goal to develop an integrated and transparent system for our global operations was primarily due to we prioritised and allocated more human resources in upgrading our system in respond to the new demands raised by our e-commerce advertisers for the provision of online shipment tracking system and logistics management system as the transport of their products were significantly affected by the suspension of flights and transportation restrictions as a result of the continued impact of COVID-19, which delayed our implementation plan for the ORACLE system.

The temporary delay in utilising the IPO proceeds for strengthening our sales and marketing and local presence in selected regions in China was primarily due to the uncertainty of the impact of the COVID-19 outbreak on our online advertising business increased in the second half of 2020 and we temporary postponed our plans for strengthening our sales and marketing and local presence in selected regions in China. As of the date of the announcement, we have resumed the relevant plans.

As of the date of this announcement, the Company does not intend to change the purpose of the IPO proceeds as set out in the Prospectus and will gradually utilise the IPO proceeds in accordance with their intended purpose before the end of 2022. The unutilised net proceeds of the Company have been placed as interest-bearing deposits with licensed banks in Hong Kong.

Subsequent Events

The lingering COVID-19 pandemic and strained Sino-US relations have brought additional uncertainties to the Group's operating environment and might impact the Group's operations and financial position. The Group will closely monitor the development of the COVID-19 and strained Sino-US relations, assess and actively respond to their impact on the financial condition, operating results and other aspects of the Group. In the event that there is any significant financial impacts, the Company will release further announcement as and when appropriate.

Save as disclosed above, as of the date of this announcement, there was no other significant event subsequent to 31 December 2020.

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2020.

Annual General Meeting

The AGM is scheduled to be held on Friday, 11 June 2021. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

Closure of the Register of Members

The register of members of the Company will be closed from Tuesday, 8 June 2021 to Friday, 11 June 2021, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Friday, 11 June 2021. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on Monday, 7 June 2021.

Publication of the 2020 Annual Results and Annual Report

This announcement is published on the website of the Stock Exchange (***www.hkexnews.hk***) and the Company's website (***www.adtiger.hk***). The annual report for the year ended 31 December 2020 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in April 2021.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITION

In this announcement, unless the context otherwise require, the following expressions shall have the following meaning:

"Audit Committee"	the audit committee of the Board
"AdTensor"	our proprietary ad optimisation and management platform
"AGM"	annual general meeting of our Company
"AI"	artificial intelligence
"Beijing AdTiger"	Beijing AdTiger Media Co., Limited (北京虎示傳媒有限公司), a company incorporated in the PRC with limited liability on 11 May 2016, an operating and indirect wholly— owned subsidiary of the Company
"Board"	the board of Directors
"CAGR"	compound annual growth rate
"Company"	ADTIGER CORPORATIONS LIMITED, a company incorporated in the Cayman Islands as an exempted company with limited liability, the Share of which are listed and traded on the Main Board of the Stock Exchange
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	2019 novel coronavirus disease
"CPA"	cost per action, a performance-based pricing model where advertising is paid on the basis of each action of the mobile device user such as download, installation or registration. CPI is typically referred to as CPA

"CPC"	cost per click, a non-performance-based pricing model where advertisers are charged on the basis of each click of the ad
"CPI"	cost per install, a performance-based pricing model where advertisers are charged on the basis of each installation of the app
"CPM"	cost per mille, a non-performance-based pricing model where advertisers are charged on the basis of thousand impressions
"click-through(s)"	the number of clicks on the ad, represents the action device users click on the ad during a certain period of time
"Director(s)"	the director (s) of the Company
"Eligible Persons"	An employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company as determined by the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) at its absolute discretion to be offered to grant an option to subscribe for such number of Shares
"ERP"	enterprise resource planning, business process management software that allows an organisation to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Group", "we", "us" or "our"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards
"INED(s)"	the independent non-executive Director(s)

"impression(s)"	the number of ad views, represents the total number of times our ad is viewed by a user or displayed on a web page during a certain period of time
"IT"	the information and technology
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	10 July 2020, the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Over-allotment Option"	has the meaning ascribed to it under the Prospectus
"Post-IPO Share Option Scheme"	the share option scheme conditionally adopted by the Company, further details of which are described in the subsection headed "Statutory and General Information — D. Post-IPO Share Option Scheme" in Appendix IV to the Prospectus
"Prospectus"	the prospectus of the Company dated 29 June 2020
"Reporting Period"	the year ended 31 December 2020
"Reorganisation"	the reorganisation of the Group in preparation of the Listing, details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus
"R&D"	the research and development

"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company, currently of nominal value US$0.0005 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US" or "United States"	the United States of America
"US$" or "USD"	United States dollars, the lawful currency of the United States

By order of the Board
ADTIGER CORPORATIONS LIMITED
CHANG Sufang
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 31 March 2021

As of the date of this announcement, the executive Directors are Ms. CHANG Sufang and Ms. LI Hui; the non-executive Director is Mr. HSIA Timothy Chunhon; and the independent non-executive Directors are Mr. YAO Yaping, Mr. CHAN Foon, and Mr. ZHANG Yaoliang.