

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



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2020 Environmental, Social and Governance Report

ABOUT THIS REPORT

Bright Future Technology Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present our first annual Environmental, Social and Governance Report for the year ended 31 December 2020 (the “ESG Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) matters. The board of directors of the Company (the “Board”) has overall responsibility for the Group’s ESG strategy and reporting.

The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

REPORTING PERIOD

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2020 to 31 December 2020 (the “Reporting Period”).

REPORTING SCOPE

The ESG Report covers all major subsidiaries of the Group in the People’s Republic of China (the “PRC”) with core business that principally engaged in provision of mobile advertising services in the PRC. The Group will continue to assess the impacts of its business on the major ESG aspects and include the same in the ESG Report.

REPORTING BASIS

The ESG Report is prepared in accordance with the ESG Reporting Guide* set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. Certain key performance indicators (“KPIs”) which are considered as material by the Group during the Reporting Period are disclosed in the ESG Report. The Group will continue to optimise and improve the disclosure of KPIs. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

REPORT AVAILABILITY

The ESG Report is available in electronic version, which can be viewed or downloaded on the Company’s website (www.btomorrow.cn) and the Stock Exchange’s website (www.hkexnews.hk).

CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us through the Company’s website at www.btomorrow.cn.

* “Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and related Listing Rules” published in December 2019 (“2019 Amendments”) will be effective for issuers’ financial years commencing on or after 1 July 2020, whereas the Reporting Period of the Group commences on 1 January 2020. As such, 2019 Amendments are not applicable to the Group in its preparation of the ESG Report.

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STAKEHOLDERS ENGAGEMENT

We identified the key stakeholders of our business operations and interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none"> – To comply with the laws – Proper tax payment – Promote regional economic development and employment 	<ul style="list-style-type: none"> – On-site inspections and checks by different government departments – Discussion through work conferences – Work reports preparation and submission for approval 	<ul style="list-style-type: none"> – Strengthened safety management – Accepted the government's supervision, inspection and evaluation – Operated, managed and paid taxes according to laws and regulations – Actively undertook social responsibilities
Shareholders and Investors	<ul style="list-style-type: none"> – Low risk – Return on the investment – Information disclosure and transparency – Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> – Annual General Meeting ("AGM") – Interim Reports and Annual Reports – Website – Announcements 	<ul style="list-style-type: none"> – Issued notices of general meeting and proposed resolutions according to regulations – Disclosed the Company's information by holding AGM, and publishing Interim Reports and Annual Reports – Disclosed the Company contact details on website and in reports to ensure all communication channels are available and effective
Employees	<ul style="list-style-type: none"> – Safeguard the rights and interests of employees – Working environment – Career development opportunities – Self-actualisation – Health and safety 	<ul style="list-style-type: none"> – Conference – Training, seminars, briefing sessions – Cultural and sport activities – Emails – Face to face meeting/discussion/communication when needed 	<ul style="list-style-type: none"> – Provided a healthy and safe working environment – Developed a fair mechanism for promotion – Cared for employees by helping those in need and organising employee activities – Target at low employees grievance/complaint, no legal case on employee relationship – Maintain certain employee turnover to keep talents for the organisation

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Stakeholder	Expectation	Engagement channel	Measures
Customers	<ul style="list-style-type: none"> – Safe and high-quality services – Stable relationship – Information transparency – Integrity – Business ethics 	<ul style="list-style-type: none"> – Customer feedback form – Site visit – Reports – Email – Regular meeting – By phone 	<ul style="list-style-type: none"> – Promotion by various marketing activities – Organised meeting by site visit
Suppliers/Partners	<ul style="list-style-type: none"> – Long-term partnership – Honest cooperation – Fair and open attitude – Information resources sharing 	<ul style="list-style-type: none"> – Business meetings, supplier conferences, phone calls, interviews – Review and assessment 	<ul style="list-style-type: none"> – Performed contracts according to agreements – Enhanced daily communication, and established long-term cooperation with quality suppliers
Peer/Industry associations	<ul style="list-style-type: none"> – Experience sharing – Corporations – Fair competition 	<ul style="list-style-type: none"> – Seminars and courses – Site visits 	<ul style="list-style-type: none"> – Stuck to fair play, cooperated with peers to realize win-win
Financial Institution	<ul style="list-style-type: none"> – Compliance with laws and regulations – Disclosure information 	<ul style="list-style-type: none"> – Consulting – Information disclosure – Reports 	<ul style="list-style-type: none"> – Complied with regulatory requirements in a strict manner – Disclosed and reported true information in a timely and accurate manner according to laws and regulations
Banks	<ul style="list-style-type: none"> – Timely repayment of loan – Honest cooperation 	<ul style="list-style-type: none"> – Meeting – Site visit – Routine communication 	<ul style="list-style-type: none"> – Settled repayment of loan and interest according to contracts terms – Comply with debt covenants
Public and communities	<ul style="list-style-type: none"> – Community involvement – Social responsibilities 	<ul style="list-style-type: none"> – Charity – Visit 	<ul style="list-style-type: none"> – Gave priority to local people seeking jobs from the Company so as to promote community building and development

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A. ENVIRONMENTAL ASPECTS

Aspect A1: Emissions

Given the nature of the operations, the Group poses less negative impact on the environment than most traditional industries, the Group is not aware of any material environmental liability risk or compliance costs. However, in order to demonstrate the Group's commitment to sustainable development and compliance with laws and regulations relating to environmental protection, the Group endeavours to minimise the environmental impact of the business activities and maintain green operations and green office practices. In striving to do the right thing as a company, the Group recognises that it has a responsibility to reduce the negative impact of the operations and take account of the resources and materials it uses each day.

The Group's businesses are mostly carried out locally in offices. The Group has encompassed the general approach towards controlling environmental impacts of office activities. The Group's most significant environmental impacts are greenhouse gas ("GHG") emissions from electricity consumption, the sources of which mainly include computer equipment, the air-conditioning systems and the lighting systems. Generally, the Group's GHG emission mainly includes carbon dioxide ("CO₂"). During the Reporting Period, the Group has no significant discharge into water and land, or generation of hazardous waste and packaging materials due to its business nature. In line with the aim to minimise emissions, the Group has implemented energy saving practices which are mentioned in the section headed "Use of Resources" to reduce the GHG emissions.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

Major air pollutants emissions from a vehicle during the Reporting Period are as follows:

Air Pollutant Emissions	
Type of Air Pollutants	Air Pollutants Emissions (kg)
	2020
Sulphur Dioxide	0.05
Nitrogen Oxides	0.10
Particulate Matter	0.03

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The GHG emission from the operation during the Reporting Period is as follows:

GHG Emission	
Type of GHG emissions	Equivalent CO ₂ emission (kg)
	2020
Scope 1 Direct emissions	1,536.12
Scope 2 Indirect emissions	44,216.93
Total	45,753.05
Intensity (kg/Revenue RMB\$'000)	0.12

Note:

The calculation of the GHG emission is based on the "A Corporate Accounting and Reporting Standard" from The GHG Protocol.

Scope 1: Direct emissions from a vehicle that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3 is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group

Non-hazardous waste generated from the operation during the Reporting Period is as follows:

Non-hazardous waste	
	(tons)
	2020
Non-hazardous waste	3
Intensity (tons/revenue RMB\$'000)	0.0000078



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Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuel for vehicles and electricity. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows.

- Switching off lights and turning off unnecessary energy-consuming devices such as air-conditioning system when staff leaves the office;
- Adopting LED lighting in offices;
- Promoting environmental protection such as saving water and electricity by slogan or poster in offices;
- Encouraging the use of paper by printing or photocopying on both sides of paper, where applicable;
- Encouraging the employee to use suitable font size/shrinkage mode to minimise pages, if possible;
- Using online office system to minimise the use of paper;
- Utilising materials that facilitate clean production environment to effectively reduce the consumption of detergents and running water;
- Bringing our own cups to avoid using paper cups;
- Collection of paper box for recycling purpose;
- Using air-conditioning system only for temperature over 25°C;
- Regular maintenance of office equipment and vehicle with good condition for operational efficiency;
- Strictly following the procurement plan in order to avoid duplication of purchase and idle resources; and
- Preference will be given to office equipment with relatively high energy efficiency.

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Energy consumption by the Group during the Reporting Period is as follows:

Energy Consumption	
Type of energy	Energy consumed (kWh)
	2020
Unleaded petrol	6,260.10
Purchased electricity	65,746.17
Total	72,006.27
Energy intensity (kWh/Revenue RMB\$'000)	0.19

Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training; enlists employees' support in improving the Group's performance; promotes environmental awareness amongst the customers, business partners and shareholders; supports community activities in relation to environmental protection and sustainability; and evaluates regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in the sections "Emissions" and "Use of Resources", the Group strives to minimise the impacts to the environment and natural resources.

B. SOCIAL ASPECTS

Aspect B1: Employment

The Group believes that a key to our success depends on our ability to attract, retain and motivate qualified personnel. We endeavour to attract and retain appropriate and suitable personnel to serve the Group. The Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of the Group. The Group's employment handbook sets out our standards for compensation and dismissal, recruitment, working hours, rest periods, equal opportunity, anti-discrimination, and other benefits and welfare.

The Group entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of the PRC. The package includes basic wages, over-time work allowances, performance based cash bonuses and employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

We aim to foster an amicable and motivating environment to enhance our employees' incentives and loyalty to the Group. We primarily recruit our employees in the PRC through recruitment agencies, on-campus job fairs and online recruiting channels, including our corporate website, job search websites and social networking platforms. We believe this will maintain good relationship with our employees as we believe that our employees are valuable assets to the Group.

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During the Reporting Period, there was no material non-compliance regarding employment brought against the Group or its employees.

Below is a detailed breakdown of our employees by gender, age group and employment category as at 31 December 2020:

	2020	
	Number of staff	% of total
By gender		
Male	102	45
Female	126	55
Total	228	100
By age group		
30 or below	198	87
31-40	26	11
41-50	2	1
Above 50	2	1
Total	228	100
By employment category		
Normal	201	88
Middle	18	8
Senior	9	4
Total	228	100

Below is a detailed breakdown of our employee turnover rate by gender and age group during the Reporting Period:

	2020
Turnover rate by gender	
Male	48%
Female	42%
Turnover rate by age group	
30 or below	45%
31-40	46%
41-50	Nil
Above 50	Nil

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Aspect B2: Health and Safety

The Group strives to provide and maintain a safe, healthy and hygienic workplace for our employees and protect them from occupational hazards. Besides, as required under PRC regulations, we participate in various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries.

During the Reporting Period, there was no work related injuries case. There were no non-compliance cases noted in relation to laws and regulations for health and safety.

Aspect B3: Development and Training

The Group recognises the importance of training for the development of our employees as well as the Group. We have adopted a training protocol, pursuant to which we provide pre-employment and regular continuing management and technical training to our employees. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in the PRC and prohibits the use of child labour and forced labour. Employment contracts and other records documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, we did not identify any issue related to child labour or forced labour within the Group.

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Aspect B5: Supply Chain Management

The Group works closely with its customers and suppliers who are committed to high quality, environmental, health and safety standards.

Our suppliers for the intermediary services are ultimately media publishers (i.e. app developers and technology companies which offer advertisement inventories through their proprietary media). To become the core advertising agents of these media publishers, we have to pass through the selection procedures and to meet the criteria set by them. For media publishers which do not recognise us as their core advertising agents, we procure the advertisement inventories from such media publishers through their core advertising agents or other advertising agents with access to the advertisement inventories. We procure from advertising agents for advertisement inventories of these media publishers pursuant to our customers' requests. Taking into account, among others, (i) the inability of meeting transaction amount target in a progressive discount scheme for the core advertising agent of the media publisher due to limitation on our working capital; and (ii) the flat discount rate to virtual tokens consumed offered by advertising agents could be more favourable to us if we fail to attain certain transaction amount target as mentioned, we might decide to procure advertisement inventories through advertising agents rather than obtaining the status of core advertising agent of corresponding media publisher due to cost-effectiveness.

Regarding suppliers for the precision advertising services, they are mostly advertising agents which are responsible for arranging advertisements to be published on various long to medium tailed media, which have a variety of traffic sources and are more suitable for our precision advertising services. We select the suppliers for our precision advertising services based on their reputation, historical performances and genuineness of effective results recorded during the course of businesses.

Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period.

An analysis of the Group's number of suppliers by geographical location during the Reporting Period is as follows:

Number of suppliers by geographical area	2020
The PRC	317
Total	317

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Aspect B6: Product Responsibility

Quality control

As an advertising operator in the PRC, we are subject to criminal, administrative and civil liabilities pursuant to the Advertising Law. In particular, we may face liabilities shall the advertisements we arranged to be published contravene with the provisions of the Advertising Law. We take adequate precautions to ensure that the advertising content delivered by us is not false, fraudulent, misleading, or otherwise illegal, so not to prejudice our established business relationships with the suppliers and the media publishers. For example, we impose contractual obligations on our customers to ensure that their advertising content, including the advertising design and production, complies with relevant laws and regulations. We also conduct review of advertisers for their proper qualifications. In addition, for advertising content related to certain types of products and services, such as alcohol, we have established internal review policies to confirm that the advertisers have obtained requisite government approvals, including operating qualifications, proof of quality inspection for the advertised products, government pre-approval of the content of the advertisements and filings with the local authorities.

We have an experienced management team with complementary backgrounds. Members of our senior management team have led our Group to continually drive innovation and achieve market leadership in China. We are confident that our senior management will further lead to the growth of our Company and pave the way for us to achieve our mission.

Intellectual property

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We protect our intellectual property rights through registering copyright for our self-developed software. We also enter into confidentiality agreements with our employees, as well as including confidentiality provisions in the contracts with our suppliers and customers. In general, all of our employees must enter into a standard confidentiality agreement acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, third parties may obtain and use intellectual property that we own or licence without our consent. Regarding domain names, we generally renew our domain name registrations once every year and applications for their renewal are usually approximately made no later than one month prior to their expiration. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. If any of our domain name registrations cannot be renewed for any reason, the domain name registrar may deregister the relevant domain name.



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Data privacy and security

During our ordinary course of business, we do not collect any personally identifiable information with our Data Management Platform (“DMP”) or self-developed software which usually obtains advertising related information. For data as accessed by us through the advertisement placement systems operated by the media publishers, the media publishers possess the database which may include personally identifiable information of users. However, the relevant information is subject to data privacy protection, and we do not have the authority to access or collect it from their advertisement placement systems. The anonymised non-identifiable data we received, which are open to the public and only related to the advertisements themselves, do not constitute as “personal information” under the applicable PRC privacy laws and regulations per the view of our lawyer. We also enter into confidentiality agreements with our employees who have access to any privacy information. The confidentiality agreements provide that, among others, these employees are legally obligated not to misuse the confidential information while in office, to surrender all confidential information in possession while resigning, and to retain their confidential obligations after they leave office. The employees bear compensation liability if they breach their confidential obligations or otherwise commit misconduct resulting in leakage of our confidential information. We take safety precautions in information storage and processing. Our information technology network is configured with multiple layers of protection to secure our databases and servers. We back up user data on a daily basis in separate secured data back-up system to minimise the risk of user data loss or leakage. We have also implemented a variety of protocols and procedures, such as regular system checks, password policy, server access logging, network access authentication, user authorisation review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorised access to our network. We continue to improve and enhance our data and system security through timely upgrades and maintenance to ensure the proper management of our operational data.

During the Reporting Period, there were no disputes between the Group and our customers in respect of the quality of services provided by us and there were no cases of non-compliance against laws and regulations related to products responsibilities.

Aspect B7: Anti-Corruption

To ensure operation efficiency and employees’ development in a fair and honest working environment, the Group has formulated whistleblowing policy to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering. Channels such as by letter, meeting or phone call for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

The Group has been in strict compliance with laws and regulations related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

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Aspect B8: Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.