Bright Future Technology Holdings Limited
輝煌明天科技控股有限公司

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 1351

ANNUAL REPORT 2021

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. DONG Hui *(Chairman & Chief Executive Officer)*
Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui
Ms. TIAN Liuyihang *(resigned on 21 June 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Kin Wai
Mr. WEI Hai Yan
Mr. ZHANG Fanchen *(appointed on 8 October 2021)*
Mr. CHEN Shuo *(resigned on 8 October 2021)*

AUDIT COMMITTEE

Mr. LIU Kin Wai *(Chairman)*
Mr. WEI Hai Yan
Mr. ZHANG Fanchen *(appointed on 8 October 2021)*
Mr. CHEN Shuo *(resigned on 8 October 2021)*

REMUNERATION COMMITTEE

Mr. CHEN Shuo *(Chairman) (resigned on 8 October 2021)*
Mr. ZHANG Fanchen *(Chairman)*
(appointed on 8 October 2021)
Mr. YANG Dengfeng
Mr. LIU Kin Wai

NOMINATION COMMITTEE

Mr. DONG Hui *(Chairman)*
Mr. WEI Hai Yan
Mr. ZHANG Fanchen *(appointed on 8 October 2021)*
Mr. CHEN Shuo *(resigned on 8 October 2021)*

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian

AUTHORISED REPRESENTATIVES

Mr. YANG Dengfeng
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CORPORATE INFORMATION

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STOCK CODE

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COMPANY WEBSITE ADDRESS

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FINANCIAL PERFORMANCE HIGHLIGHTS

Commencement of operation of the Wuhan short-video base

Upon its commencement of operation in April 2021, the Wuhan short-video base has ramped up the Group's short-video production capactiy and fueled the growth of its short-video marketing solutions business, whilst providing back-end pilot support for its short-video incubation matching platform.

Official launch of the SaaS subscription solutions

By the enrichment of business forms and customer base, and through activation of new growth drivers and optimisation of cash flow, the Group is better positioned to face market uncertainty.

New partnering opportunities with top media

Having further strengthened its channel network, the Group has enhanced its service capabilities, expanded its market presence and increased its market share.

Comprehensive Media Resource Partner
Core Service Provider
Core Distributor

Retaining title of core service provider for Tencent's app store for successive years

Strengthened stable cooperation with media which bears testimony to the high regard held by the Group's business partners for the Group's technology, service excellence and market influence.

Gross revenue of approxmiately RMB **1.29 billion**

Revenue for **2021** increased year-on-year by **27.5%** or approximately RMB490 million

Impressions of advertisements grew by **23.2%**

Adjusted net profit of approximately RMB**51.65 million** (adding back listing expenses, share-based compensation and income tax expense)

Dividend of RMB**0.16** per share

CHAIRMAN'S STATEMENT

Letter to Shareholders

Dear Shareholders,

2021 has been quite a tumultuous ride but yet, on behalf of the board (the "**Board**") of directors (the "**Directors**") of Bright Future Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I am pleased to report resilient performance delivered by our Group amidst the throes of COVID and a challenging market and regulatory climate, a feat fuelled by our insightful growth strategies and strong execution infrastructure, and backed by our solid customer base and established presence in the marketing solutions industry.

2021 PERFORMANCE HIGHLIGHTS

We have emerged from a most challenging first year as a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on firm footing through our constant pursuit of adapting to varying marketing conditions, acclimating to evolving regulatory landscape, accelerating innovative and strategic investments, keeping pace with shifting customer needs, proactively forging new revenue streams and reliable strategic partnerships with some of China's leading media channels, such as Toutiao (頭條), Kuaishou (快手), Qutoutiao (趣頭條), Baidu (百度) and CooTek (觸寶).

Our continuous efforts to evolve, revamp and recalibrate our service offerings, technical processes, and strategic focus have enabled us to ride out the waves of a volatile business environment, and propelled us to the next chapter of growth. We are thus able to close the year of 2021 on a positive note, charting a revenue of RMB488.0 million and a year-on-year increase by approximately RMB105.3 million or approximately 27.5% from approximately RMB382.8 million for the year ended 31 December 2020. Attesting to our prompt, reliable and effective services, our growth momentum in revenue has found support in our repeat customers, who contributed to approximately RMB1,069.0 million of the Group's revenue during the year under review, representing an increase of approximately RMB164.9 million or 18.2% from approximately RMB904.1 million for the year ended 31 December 2020 (based on the gross basis of revenue recognition). The Group's impressions of advertisements i.e. the total number of views generated from its advertisements also registered growth from approximately 79.41 billion for the year ended 31 December 2020 to approximately 97.82 billion for the year under review. Our profit was, however, held back in 2021 by (i) share-based compensation of approximately RMB39.1 million, as well as (ii) costs incurred for (a) improvements to our cloud repository AI management system (雲素材庫AI管理系統), (b) quality enhancements to our short-video content in response to the growing demand for quality short videos, and (c) our continued and steady expansion of staff, resulting in increase in salaries, wages and bonuses (as disclosed in the profit warning announcement issued by the Company dated 10 March 2022). As such costs and expenses are mainly incurred in our efforts to scale up our operations, step up our productivity, and ramp up our video quality to meet the surging demand for quality short-video marketing solutions and scoop up market share ahead of our rivals (including costs attributable to recruitment and retention of talent, as well as technological innovation and development), we remain confident in the long-term viability of our business and future growth prospects. In appreciation of our Shareholders, whose continued support has contributed to our encouraging performance against the prevailing challenges in these uncertain times, the Board is pleased to initiate dividend payment for the first time since our listing by recommending the payment of a final dividend of RMB$0.16 (equivalent to approximately HK$0.20) per Share for the year ended 31 December 2021. As a result of the deferred income tax expense of approximately RMB21.2 million arising from the unremitted retained earnings of the Group's subsidiaries in the PRC in connection with the final dividend proposed by the Board, a loss of approximately RMB17.3 million was eventually recorded (as compared to profit of approximately RMB67.3 million in 2020), and hence the deviation of the (loss)/profit for the year from the expected range as disclosed in the profit warning announcement issued by the Company on 10 March 2022.

CHAIRMAN'S STATEMENT

Our proven ability to leverage expansive data insights, employ solid predictive analytics, utilise cutting-edge technology and harness practical expertise of our seasoned advertising optimisers to consistently and timely provide our clients with optimal customised solutions, has made us proud winners of awards such as the prestigious "iResearch Marketing Award" (金瑞營銷獎) in 2021 for "Best Innovative MarTech Enterprise" (最佳創新MarTech企業獎) and "Best New Economy Company Award" (最佳新經濟公司大獎) at the 5th Golden Hong Kong Stock Award Ceremony (第五屆金港股頒獎典禮) to name a few. We are also truly honoured that our commitment and dedication to attune to the latest trends, strategies, effective processes and best practices of investor relations has been aptly recognised, having bagged the "Best Digital Investors Relations Award" (最佳數字化投資者關係獎) at the "5th China IR Annual Awards" (第五屆中國卓越IR年度評選) organised by Roadshow China (路演中) and its brand "Excellence IR" (卓越IR), with the awards being among the most influential accolades in investor relations within China.

From signing on with Huawei Ads as one of its service providers through to landing the coveted spot as Baidu's core service provider for the year of 2022, as well as being named by Kuaishou as one of its top 10 service providers (十佳合作代理商), we managed yet again to win over the trust and confidence of our business partners, as evident in our growing pool of top channel resources. Sitting at the forefront of the short-video marketing industry's latest advancements, we are able to draw on our technical and creative expertise and lean on our adaptive data-driven and 5G-led strategies to execute strongly on our strategic priorities. Thus, eyeing the opportunities that arise from the latest Chinese policies promoting digital transformation of traditional industries, we have channelled our resources and efforts into procuring new projects from those sectors.

Over the course of the year, through continuous innovation, optimisation, and enhancement of our technical infrastructure, service tools and processes, we were able to adapt to emerging needs in the market, streamline our workflows, and achieve growth in a disruptive landscape by integrating advancements in data management and artificial intelligence into our existing systems. As one of our key strategic initiatives and a milestone of our commitment to service quality and customer satisfaction, we have successfully recalibrated and aligned our operations under the "AIPL integrative model", with AIPL being the acronym for "Awareness, Interest, Purchase and Loyalty", the key tenets forming the Group's revamped business model, and with each corresponding to the respective components of the "intelligent marketing solutions" we offer to our clients, namely "influential placement", "precision marketing", "intelligent content" and "intelligent livestreaming". 2021 also marks a major breakthrough of our Group's solutions delivery model, with the launching of our own proprietary full service intelligent marketing management platform, LinkDoAI, through which our vast range of technical, cloud-based, front and back-end support systems and tools are seamlessly merged and effectively executed under the three main pillars, namely the "AI algorithm platform", the "cloud-based repository AI management system" and the "intelligent project management system". Backed by such practical framework that promotes continuous innovation and improvements in our operating processes and efficacy, we are able to advance our ongoing innovative efforts to cement and extend our technological edge over our competition.

To cope with the overflowing demand for quality short videos in the market, we have levelled up our production scale (reaching a monthly short-video production capacity of around 14,000 clips by the end of the year under review) through our Wuhan short-video base, which commenced operations in April 2021. Although our gross profits in 2021 were in part weighed down by the additional costs of staffing our new short-video base (having its own in-house content production crew comprising of scriptwriters, directors, editors and post-production crew, etc.), and expenses that entailed from quality improvements of our video resources and systematic enhancements made to our "cloud-based repository AI management system" (being the backbone of our video output which makes accessible and searchable our extensive collection of stock video content housed and aggregated in our cloud-based video repository), we are confident that our investments in those key operational, management, staffing and strategic initiatives serve to reinforce our long-term position by putting in place the necessary capabilities and infrastructure to support our growth potential.

CHAIRMAN'S STATEMENT

Building on our past progress and our enhanced proprietary capabilities, we have organically expanded our service portfolio and value-added components as we began our venture into the high growth sinking market (i.e. markets other than the first and second-tier Chinese cities) with a vision to provide quality services at competitive prices. With the prevalence of short videos and livestreaming in the e-commerce marketing scene, we are poised to provide our clients with optimal data analytics tools, extensive platform resources and innovative technologies which they can readily leverage to embed engaging interactive contents in their marketing campaigns that cater to the palette of the sinking market crowd.

In order to unlock new revenue streams, we have also hopped on the SaaS bandwagon, a trend which has gained traction across wide industry verticals. Our enterprise-level SaaS product, launched early on in 2021, is meticulously blended to appeal to cost-sensitive clients, which brings together our comprehensive applications, tools, resources, systems and infrastructure in a coherent, complementary and coordinated manner such that users can leverage the fully functional software at nominal upfront costs with flexible subscription plans. Albeit yet at an earlier phase of development, with more functions and upgrades still on the way, our SaaS product has already landed us the "Best SaaS Company Award" (最佳SaaS公司獎) at the "2022 Global Investment Trends and the 6th Golden Hong Kong Stock Award Ceremony (2022全球投資趨勢暨第六屆金港股頒獎典禮)", in acknowledgment of the strides we took in the SaaS arena in terms of our capabilities in the empowerment of traditional businesses, commitment to data security, maintenance of platform stability, and facilitation of digital transformation of enterprises.

BUSINESS OUTLOOK FOR 2022

The year ahead promises to be no less challenging, yet we are set to tide over such hurdles and leap into our next phase of growth by taking bold, strategic moves and proactively capitalise on opportunities ahead of us.

Whilst we are actively forging new revenue streams, driving innovations forward, uplifting customer experience and strengthening our brand in the market, we are not ceding any ground in our race to gain an edge over our competitors. We have, in fact, been banking on our acute awareness of changes to the market and regulatory environment, our firm grasp of future trends, and the efficiency, quality and versatility of our operations to ride out the rough year of 2021 by identifying and capitalising on market opportunities as they arise. To position ourselves as leaders of upcoming trends and live up to our commitment in bringing to our clients the latest the marketing solutions industry has to offer, we stand ready to kickstart the year 2022 by experimenting with and embracing the concepts and technologies of the niche "metaverse" (a digital reality that supports social commerce by combining aspects of social media, online gaming, augmented reality ("**AR**") and virtual reality ("**VR**")). Being a virtual realm that simulates reality, the metaverse's unique blending of digital and physical experiences offers broader access to customers with ample room for personalisaition which fittingly complements the entrenched virtual connectivity of modern e-commerce with the promise of more engaging, immersive and round-the-clock shopping experiences. With big tech and social networking giants taking the lead, many global luxury and retail brands began to dapple in virtual showrooms, digital catalogues and real-time product presentations powered by 3D, AR and VR technologies to tap into the wallets and captivate the minds of modern shoppers. Coming off the heels of the COVID pandemic, innovative technologies are increasingly blurring the lines between online and offline retail as AR and VR tools allow shoppers to visualise and experiment with products before committing to purchase, hence it is expected that the pace of adoption of metaverse in e-commerce settings will soon pick up in the Chinese market. In anticipation of the growing marketing needs for brands that are looking to capitalise on metaverse opportunities, we strive to equip ourselves with the relevant technological and execution expertise to help our clients pivot their marketing strategies to drive compelling messages that resonate with a more informed, socially active and discerning Chinese audience.

CHAIRMAN'S STATEMENT

In light of the volatile and challenging market environment, the PRC marketing solutions industry is undergoing an era of transformation, with industry development trending towards 3 main directions, namely: (1) data empowerment: where we see all aspects of the industry, from marketing objectives, marketing strategies, marketing creativity, marketing effects to sales, embracing a more digitised and quantifiable approach; (2) content upgrades: in response to a paradigm shift in market preference for advertising content which propelled the industry to move beyond the use of traditional display formats such as text and still images to the highly popular short-video content and livestreaming sessions (a staple of e-commerce marketing in China), and the emergence of new content forms utilising elements of the metaverse, such as AR/VR technology; (3) service integration: shaped by the competitive marketing arena, specialists for different areas of marketing are being gradually replaced by "one-stop" service providers which offer holistic services that better realise the integration, utilisation and empowerment of data.

With the industry pivoting towards a more competitive and technologically advanced direction, we will strategically steer our future research and development efforts to adapt to such changes mainly through upgrades and improvements to, and better utilisation of our 3 core capabilities, namely our content capabilities, digital capabilities and service capabilities. Improvements to our content capabilities are focused mainly on our short-video products and livestreaming content, including the use of AI to achieve automatic video clip generation, AI powered livestreaming rooms, and the development of content (e.g. interactive and real-time content capable of incorporating AR/VR technology) in response to the metaverse trends. The effectiveness of our solutions depends on how well we leverage our digital capabilities, i.e. our ability to acquire and analyse market data. Having due regard to data privacy concerns, only desensitised data is being utilised to strengthen our algorithm computing power to achieve higher-precision delivery effects. In terms of service capabilities, we strive to devote more efforts into enhancing the offline service capabilities of our SaaS subscription services, so as to further extend its application in retail and e-commerce settings.

In line with the national policy in support of traditional industries, we are drumming up support for domestic brands through various promotional efforts and marketing initiatives. Apart from offering them newcomers' discounts, we are also reaching out to our media platform partners to, among others, explore opportunities of co-hosting local brand awareness campaigns and consumer engagement events. Going forward, we will delve into focused research on domestic brands so as to tailor our solutions to assist them in stepping up the marketing game to meet the evolving needs and palette of local shoppers.

Meanwhile, although the Chinese consumption market may continue to face strong headwinds from the ebbs and flows of COVID-19 variants and the ensuing containment measures, we are confident that with our solid technological infrastructure, rich operation experiences and keen strategic foresights, we are able to weather the storm of COVID unscathed and press ahead with our future plans. Yet against the backdrop of economic uncertainty, we shall remain vigilant in our response to the pandemic and closely monitor the market changes whilst focusing on driving revenue and seizing opportunities to fuel growth for the year to come.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to express our heartfelt gratitude to our valued shareholders, customers, suppliers and business partners for their continuous trust, support and confidence in our work amidst a particularly challenging year. Last, but certainly not least, I would like to acknowledge and extend our sincerest appreciation to our management team for their collective insight which proved invaluable during such trying times, and our employees for their hard work and dedication in contributing to the growth of our Group.

Dong Hui
Chairman of the Board and Chief Executive Officer
28 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW

China's economic resilience in the pandemic-plagued world was highlighted by its solid growth momentum, with strong export growth against COVID headwinds being carried on into early 2021. Yet slower growth lurked in the final months of the year under review as the new wave of COVID and regulatory pressures mounting on sectors ranging from gaming, technology and education to real estate brought on by the nation's dogged pursuit of the "Common Prosperity" initiative weighed on its economy.

Once the main driver of domestic growth, the Chinese property market was dealt a solid blow by the government's well-intentioned "three red lines" deleveraging policy in 2020, with pace of growth in the sector being inevitably set to weaken by the spillover from the travails of the real estate shakeup.

Turning to another front, China's antitrust and data security protective measures have not only tightened its grip over the industry's players but also steered them into channeling their innovative efforts in "hard tech" sectors such as high-end manufacturing, AI, Biotech, chips, robotics and climate tech. While such regulatory squeeze did strip its tech titans of hefty sums and operational flexibility and straddled them with soaring costs, it did signify a change in the trajectory of the industry, which has since recalibrated its focus on critical tech infrastructure and the digitalisation of traditional industries. The sweeping regulatory moves are thus merely echoing the Chinese policy makers' wish for a domestic tech empowered economy with reduced reliance on foreign tech, and with investments already pivoting to the industry's new-found favourites, only time will tell if the effects of such transformation attempt will play out.

Also hit hard by the 2021 regulatory overhaul were the private education and gaming sectors, with the former nearly decimated by the "Double Reduction Policy" and the latter's development being crippled by amplified gaming restrictions. Meanwhile, climate push and strict implementation of safety targets by the PRC regulators during the Reporting Period also served as further brakes to the Chinese growth engine, which aggravated by weeks of power rationing and outages as well as surging raw material costs, have inevitably hampered manufacturing activities and stunted industrial output.

Having wreaked an unprecedented toll on the global economy since its outbreak, the COVID pandemic continued its reign in 2021 as the emergence of its highly contagious variants dampened global growth momentum and prospects. Although China did manage to pull off a swift recovery from a calamitous start in 2020 through its zero tolerance approach to COVID-19 (the "**Zero-COVID Policy**"), the restrictive measures that had once managed to wrestle down infections were, however, being severely tested when the more deadly Delta strain reared its head in some of its major cities in mid-2021. The resurgence of COVID cases, exacerbated by the new wave of Omicron infections nearing the end of the Reporting Period, has prompted the Chinese authorities to resort to mass testing, stringent border and movement controls, targeted lockdowns, extensive contact tracing, and robust quarantine mandates to quell nascent sporadic outbreaks. Albeit lauded for its post-COVID recovery which dwarfs most world players, China is, once again, struggling to hold the fort against the latest onslaught of the highly transmissible novel COVID variants. Yet, as China forges on with its hard elimination policy, economic costs are inevitably mounting: with the nation's production, supply chains and exports being weighed down by unpredictable disruptions and thwarted deliveries, whilst flagging consumption and confidence from upended routines and shuttered services have hammered other sectors of the Chinese economy, especially that of catering, hospitality and tourism. As COVID-19 continues its global devastation with its variants careening about, there is still no end in sight to the pandemic and its crippling effect on the global economy. Being at the forefront of the twin COVID threats, China is thus slapped with the uphill task of treading the fine line between the need to stem the spread of the virus and the Zero-COVID Policy's unwelcome drag on economic growth. As the pandemic continues to unfold, evolve and permeate across the nation, the efficacy of the Chinese mitigation measures in subduing the COVID surge remains to be seen. Although the Group's operations and business activities are mostly confined to the digital realm and hence has not been directly swept up in the COVID rampage, the Group will continue to cast a fine eye over the ongoing saga and is ready to timely and strategically respond to any shift in the crisis dynamics and its operating environment.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Intelligent marketing solutions market experienced vibrant growth in the earlier months of 2021, with short videos and livestreaming being on the rage. However, pressure has been mounting halfway through 2021 as China's state-wide regulatory crackdown stifled marketing plans and budgets, ramped up competition and spelled slower growth for the industry. Yet, the industry is expected to usher in an upward trend and continue its strong performance as the restructuring and upgrading efforts to follow will accelerate the weeding out of uncompetitive players and opportunities for expansion will widen. According to the 2021 China Internet Advertising Data Report (《2021中國互聯網廣告資料報告》)*, China's internet industry has achieved advertising revenue of RMB543.5 billion in 2021, recording a year-on-year increase of 9.32%. E-commerce platforms continued its domination, accounting for more than one-third of the total market revenue, whilst advertising revenue generated by video platforms, being home to the highly lucrative e-commerce livestreaming, has shot up by 30.28%.

Amidst the regulatory storm that swept abruptly and brutally across the targeted industries, the Group and its operations were largely left unscathed as those from the private education and gaming sectors only account for less than one percent of its customers, whilst the battered property developers are not even among the mix. However, with the regulatory upheaval having waylaid such traditionally big ad spenders, lowered growth expectations and cuts in their ad budgets have trickled down and ricocheted throughout the advertising industry, resulting in intensified competition in an arena rife with players of all sizes, which have, to some extent, exerted pressure on the Group's customer acquisition and retention. Yet, such concerns were in part allayed by the Group's innovative and holistic service capabilities as well as its responsive, tailored approach to customer care and support, which lends it an edge over its peers in reining in and retaining a firm grip on its customers, especially its major clientele.

Against the backdrop of heightened uncertainty and competitive market pressures, the Group is set to further its venture into expanding its media network and diversifying its channel coverage. From signing on with HUAWEI Ads as one of its service providers through to landing the coveted spot as Baidu's core service provider for the year of 2022, the Group has, during the year under review, taken strides in the delivery of more innovative, diverse, adaptive and holistic digital marketing solutions, and will press on its efforts in honing its service capabilities. Aside from solidifying its customer base, the Groups is proactively seeking out new customers. Giving full play to its technological prowess in the field of short-video marketing, drawing on its years of experience in managing digital marketing projects, and riding the current policy wave in support of a digital makeover of the traditional industries, the Group is engaged in active bidding to procure new projects from those sectors.

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

To keep pace with the pandemic accelerated digital transformation, businesses across industries are increasingly gravitating towards tech trends such as big data analytics, cloud technology, AI, and automation to drive user acquisition and enhance consumer stickiness. Short videos continue to reign supreme in the digital marketing arena as the typically seconds-to minutes-long clips, in their brevity, capture eloquently the essence of brands and deliver their messages in a digestible, relatable and aesthetic manner that entice, captivate and engage even viewers with shorter attention span or time. As of June 2021, the number of video clip users (with video clips being defined as videos that usually last for no more than 5 minutes) in China amounted to 888 million, up by 14.4 million from December 2020, accounting for 87.8% of all Chinese internet users, according to CNNIC**, a national IT think tank. Qianzhan Economist (前瞻經濟學人)*** also predicts that with the development potential of short videos being further tapped since the pandemic outbreak, the market size of the short-video industry in China would carry on with its compound annual growth rate of approximately 44% till 2022, whilst a slower rate of 16% is anticipated from 2023 to 2025, with the market size of the short-video industry expected to reach RMB700 billion in 2026. The intriguing, detailed and immersive viewing experience delivered by online short videos has also sped up the proliferation of short-video marketing, with its slice within the market of digital marketing being projected to further widen from 24.1% in 2020 to 42.5% in 2025, as supported by iResearch data. The gradual commercial deployment of 5G technology and its expansive applications across diverse sectors and industry verticals throughout global markets also spurred on the digital revolution, with accelerated data transmission and enhanced user experiences facilitated through effective integration of livestreaming, interactive e-commerce and social media content, with iResearch forecasting that e-commerce sales achieved through livestreaming would reach 24.3% of China's total online retail sales by 2023.

E-commerce livestreaming took off in China after the onset of COVID and is gaining prominence globally due to its effective sales conversion ability. However, the nation's surging sales channel that comes to rely heavily on internet personalities was shaken by the fines for tax evasions being slapped on prominent influencers who shot to fame with the rise of short-video platforms. Yet, such scrutiny has not swayed the Group from its pursuit of extended livestreaming features in its marketing solutions package as no reliance is placed on top anchors to harness their star power to peddle sales. Instead, the Group mainly utilises its own proprietary full service intelligent marketing management platform (鄰度全鏈路智能營銷管理平台), the LinkDoAI, which is armed with intelligent marketing capabilities and data analysis competencies, to conduct systemic analysis of user preferences so as to effectively draw in traffic for livestreaming sessions through improved exposure and optimal user matching algorithms, and thereby improving the gross merchandise volume for its e-commerce clients.

** The 48th Statistical Report on Chinese Internet Development published by the China Internet Network Information Centre (CNNIC) (中國互聯網網路資訊中心).

*** Forward Industry Research Institute collated Qianzhan Economist APP

Allowing its users to spread out costs over time, Software as a Service (SaaS) is increasingly deployed in a wide array of core business areas, with some of the Chinese market's big names taking the lead in embracing the cloud-based product to complement and upgrade their services. As the industry is embarking on a path of enhanced digitalisation and service automation, the Group's emphasis will be laid on reeling in new customers for its SaaS product as well as broadening the clientele for its e-commerce livestreaming business, with extended coverage to include bags and apparel, electronical appliances, and food and beverages etc. The latter half of 2021 saw the release of the first phase of the Group's cloud-based enterprise-level SaaS solutions, with certain planned features set to be implemented in future releases. The robustness and utility of the SaaS subscription model, by allowing access to the Group's comprehensive range of customisable solutions and cutting-edge innovative tools on a light budget, defines the Group's response to the market's surging demand for cost-effective and quality intelligent marketing solutions. Designed with simplicity and functionality at heart, the user-friendly interface of the SaaS subscription model is characterised by its clarity and ease of operations with configurable settings and parameters. With embedded linkage, the integrative SaaS model allows for intelligent real-time bidding of ad inventories on major media platforms, with the convenience of a built-in "one-click" option. Albeit still in the early days of release, the Group's SaaS product, curated with high performance, functionality, reliability and future trends in mind, has managed to garner much attention and interest, and earned it industry acclaim, as winner of "Best SaaS Company Award" (「最佳SaaS公司獎」) at the "2022 Global Investment Trends and the 6th Golden Hong Kong Stock Award Ceremony" (2022全球投資趨勢暨第六屆金港股頒獎典禮). With the doling out of free, time-limited trials for the Group's existing and potential customers to get a taste of the full-functional SaaS solutions before committing to subscribe, the Group's recent venture is yet to realise much in terms of revenue. However, with the free experience's enticing offering of the unique opportunity to tap into what the Group's cutting-edge technology can bring to marketing campaigns, it is believed that as the free trials come to an end, more would be nudged towards the paid experience.

With Chinese e-commerce giants leading the foray, businesses of all sizes are plunging in to scoop up a slice of the sinking market (a colloquial term for markets other than the first and second-tier cities in China). Fuelled by a rise in disposable income, uptick in mobile usage and growth in internet penetration in the nation's once neglected market, competition for users as well as their engagement and wallets are intense. Eyeing the success of Kuaishou and Pinduoduo, increasingly more brands are funnelling resources into developing marketing and content strategies catered to the palette of the less affluent crowd. Yet appealing to an audience with tighter purse strings and a notable preference for engaging content spells challenges for branded players, thus sparking the need for them to recalibrate their existing marketing efforts and engagement strategies to attain customer acquisition and retention goals. In order to preempt potential stumbling blocks for new market entrants and attain growth for existing players, the Group is set to blend in innovative technologies, effective strategies and tailored approaches to optimise marketing solutions for its diverse clientele.

Armed with the requisite experience and expertise to implement adaptive strategies and provide timely, effective and reliable solutions to its customers, the Group is well-equipped to ride the tide of opportunities and iron out the hurdles noted above. To stay ahead of the game and attuned to the evolving advertising landscape, the Group is constantly evaluating, innovating, optimising and complementing the mix of its holistic solutions so as to keep up with the latest market trends and navigate the tricky waters of consumer sentiment to formulate effective brand strategies for its customers.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has, since its inception, devoted much effort in providing high impact, holistic marketing services that optimally serve its customers' needs, from strategic marketing planning, advertisement production and placement to post-publication monitoring. With the staggering growth of the Chinese economy in the early months of 2021 being taken down a notch by COVID concerns and regulatory pressures as the nation eased into the last two quarters of the year, businesses with trimmed budgets and lighter wallets are yearning for more effective and refined precision marketing solutions. As competition intensified in the marketing landscape, the pendulum is tilting towards the proliferation of intelligent marketing, with growing reliance on data analysis to quantify marketing goals, strategies and performance rather than as mere statistical references to aid decision making. In line with the latest trends and the Group's commitment to support its customers in their successful implementation of marketing strategies that effectively engage and reach out to their target audience, the Group strives to provide its customers with data-driven insights and assist them in the development of precise audience targeting strategies that ensure strong campaign performance.

Notwithstanding the throes of the coronavirus outbreak, the looming threat of the Chinese regulatory hammer and the downward pressures on the growth trajectory of the Chinese economy, the Group has delivered resilient performance, recording an increase in revenue to approximately RMB488.0 million for the year ended 31 December 2021, representing an increase of approximately RMB105.3 million or approximately 27.5% when compared with the same period in 2020. In tandem with such increase, a gross basis revenue of approximately RMB1,069.0 million is being generated from repeat customers during the year under review, representing an increase of approximately RMB164.9 million or 18.2% from approximately RMB904.1 million for the year ended 31 December 2020 (based on the gross basis of revenue received). Equally on the rise were the Group's impressions of advertisements, i.e. the total number of views generated from its advertisements, which leaped from approximately 79.41 billion for the year ended 31 December 2020 to approximately 97.82 billion during the Reporting Period. The Group's profit was held back in 2021 by share-based compensation of approximately RMB39.1 million and costs incurred for (a) improvements to the Group's cloud repository AI management system (雲素材庫AI管理系統), (b) quality enhancements to the Group's short-video content in response to the growing demand for quality short videos, and (c) the continued and steady expansion of staff, resulting in increase in salaries, wages and bonuses (as disclosed in the profit warning announcement issued by the Company dated 10 March 2022). Yet a loss of approximately RMB17.3 million was eventually recorded (as compared to a profit of approximately RMB67.3 million in 2020) due to deferred income tax expense of approximately RMB21.2 million arising from the unremitted retained earnings of the Group's subsidiaries in the PRC (and thus the deviation of the (loss)/profit for the year from the expected range as disclosed in the profit warning announcement issued by the Company on 10 March 2022).

Led by a core management team with strong background in technological research and development from working for China's most prominent tech giants, the Group has charted much progress in the development of and eventual implementation of holistic programmatic short-video placement. In line with the Group's aim to redefine marketing with innovative technology, the Group not only sets itself apart from traditional marketing solutions providers, but is also among the only few within the industry having its own proprietary full-service integrated system, which is empowered by its big data and information technology capabilities, backed by its self-developed Data Management Platform ("**DMP**"), complemented by its built-in enterprise resource planning ("**ERP**") and customer relationship management ("**CRM**") functions, and completed by its cloud-based repository system for stock videos and images.

Tailored to address the particular needs of its customers, the Group has spearheaded the "AIPL integrative model" (AIPL 全鏈路模塊), with AIPL being the acronym for "Awareness (認知), Interest (興趣), Purchase (購買) and Loyalty (忠誠)", the key tenets forming the Group's strategic agenda and business model, which also embodies the Group's commitment towards service quality and customer satisfaction. Meanwhile, the Group's focus, ever since its incorporation, has always been on providing its customers with marketing solutions backed by advanced digital analytics. With the Group's operations edging closer towards full automation and the proliferation of AI driven processes within its front and back-end systems, the services so rendered is now accorded the apt label of "intelligent marketing solutions" (智慧營銷解決方案), which comprises of 4 key components, namely, "influential placement" (影響力投放), "precision marketing" (精準廣告), "intelligent content" (智慧內容) and "intelligent livestreaming" (智慧直播), with each corresponding to one of the AIPL tenets.

Awareness (認知)

Awareness can be fostered through influential placement (影響力投放). The key is to reap the benefits from ad placement on top media (頭部媒體) by tapping into their wide audience scope and/or readership, capitalising on the efficacy of their systems as well as amplifying the campaign impact through their high exposure and reach. Through its intelligent project management system (智能項目管理系統), the Group is able to comprehensively analyse and evaluate all relevant data which allows for real-time adjustment of its placement strategies, which would effectively reduce the costs for ad placement with top media, thereby achieving maximum exposure, thus awareness, at minimal costs. As top media resources are often exclusive to or can only be obtained at lower price by their core advertising agents and close business partners, the Group thus strives to attain and maintain such esteemed status and tight relationship with the industry's prominent players.

Moving forward, the Group would, in the continual race to hook in clients, further enrich its channel resources by deepening its collaborative ties with the mainstream media, as well as utilising the influence of the sinking market's top runners, such as Kuaishou Ad, to enhance the effectiveness and exposure of its clients' campaigns.

In terms of building up its list of top media resources, the Group has had its share of breakthroughs during the Reporting Period, having bagged the "Service Distributor Authorisation Certificate" (服務型分銷商授權證書) awarded by Baidu as well as being named the "Comprehensive Media Resource Partner" (全方位媒體資源合作夥伴) of CooTek (觸寶). Whilst donning the role of core service provider for Tencent's app store (應用寶), and being a service provider of HUAWEI (華為) Ads, the Group has cemented its collaboration with Baidu, with its status being elevated from that of its service distributor to its "core distributor" (核心分銷商) for the year 2022.

Interest (興趣)

With diversification of target consumer demographics being enhanced by the pandemic-fuelled digital transformation, precision marketing goals are achieved through the Group's precise audience segmentation of long to medium tailed media, as guided by their target-specific audience reach, and realised through the Group's intelligent project management system (智能項目管理系統), so as to induce interest in the targeted audience towards the Group's customers' products. Through technical capabilities such as the presentation of smarter and more effective pre-placement strategical analysis (更智能有效的投前策略分析), the attainment of intelligent batch upload of advertisements (智能批量廣告上線), the implementation of AI data monitoring (AI數據監察) and the realisation of intelligent report output (智能報表輸出), the utilisation of the intelligent project management system (智能項目管理系統) enables discovery of the "more interested crowd" (更感興趣的人群), information of which can be employed by the Group to achieve "smarter traffic usage" (更聰明的流量運用) and yield the intended precision marketing effects.

In a similar vein, the intelligent content (智慧內容) limb is marked by the Group's efforts in short-video content development with an acute focus on producing "more interesting" content (更讓人感興趣的內容), which is more effective in procuring actual purchases. Backed by an experienced content creation team and further empowered by its data-driven cloud repository AI management system (雲素材庫AI管理系統), the Group is able to perform detailed and accurate analysis of its accumulated materials and market trends so as to timely and cost-effectively roll out products that are more appealing and marketable. Optimisation of the short-video curation process in terms of "content effectiveness" (內容效力) is attained through enhanced trending predictions generated through data feedback of the influential placement (影響力投放) and precision advertising data ports. As part of its content strategy, the Group also relies on staffing increase and the broadening of its actor pool, as well as optimisation of training to ramp up its in-house productivity of short-video content generation. As demand for quality short-video advertising content is likely to continue to outpace demand for years to come, the Group is channeling its efforts to further develop the "incubation" limb of its short-video incubation matching platform (短視頻孵化撮合平台) through partnering with Wuhan's universities and colleges to educate and train content creators on delivery of engaging content. Going forward, it is expected that with further upgrades and improvements on the way, the cloud repository AI management system (雲素材庫AI管理系統) play a strengthened role in speeding up the Group's short-video production capacity.

While the niche AR/VR technology promises a higher degree of personal control by consumers over the advertising content and shareable user experiences which come off as less intrusive and more engrossing, the widespread use of which in the Chinese marketing realm has not quite taken off. However, noting the enhanced brand communication and perception that can be achieved by the more immersive, engaging and transformative AR/VR experiences, we are stepping up our research and development efforts to expand our "content" capabilities by exploring the possibility of infusing AR and VR elements to enrich our self-curated content.

Purchase (購買)

Intelligent livestreaming (智能直播) forms a crucial part of the "purchase" tenet as the Group plays to its strength in data analytics as driven by its solid marketing technology algorithms (營銷科技算法) by providing its clients with a wide spectrum of services, such as audience-oriented market analysis (受眾市場分析), selling-point creation (賣點打造), livestreaming planning (直播策劃), KOL nurturing (網紅培育) and platform operation (平台運營) that aims at triggering the purchasing process and achieve direct sales conversion. Riding on the boom of China's vibrant e-commerce livestreaming (直播帶貨), the Group leans on its technological and analytical expertise and competencies in consumer preference and perception matching to send "the more interested crowd" flocking to its customers' livestreaming rooms and spur on consumption.

Loyalty (忠誠)

The Group's intention to debut in stages its SaaS subscription solutions (SaaS訂閱解決方案), an enterprise-level SaaS product, is congruent with the Group's current business direction, i.e. to bring a customised and user-centric focus to the realm of enterprise digital operations solutions in order to foster loyalty in its customers.

With such in mind, the Group has formulated its own subscription solutions model (SaaS訂閱解決方案模型) and has mapped out the implementation framework, starting with the rolling out of the "marketing cloud" (營銷雲) which features a host of functions and tools to improve the efficiency of customer flow such as intelligent ad placement (智能投放), intelligent reporting (智能報表), and intelligent monitoring (智能監測) to enhance traffic generation efficiency for the Group's clients (提高客戶的引流效率). The next to make its way into the SaaS solutions would be the "commercial cloud" (商業雲), which covers AI-powered niche options such as short-video incubation matching platform (短視頻孵化撮合平台) to promote real-time interactive engagement between the Group's clients and their own customers and to support optimal matching of video content with the Group's clients' specifications. "Service cloud" (服務雲), the final piece to complete the package involves the innovative marriage of systems such as the enterprise resource management system and customer resource management system to provide the Group's clients with precise customer insights with an emphasis on efficient operation and refined management of private domain traffic (私域流量運營) for enhanced customer retention.

The Group's SaaS product is backed by a three-pronged system, namely a data system, content system and ad placement system, which are intertwined but yet can be operated independently. The data system allows its user to access data from major media platforms, such as user portrait labels which facilitates analysis of placement effects, with the generation of post-placement data reports to monitor real-time ad performance and outcome. On the other hand, its content system boasts of a collection of content production tools, including posters, short videos, etc., and completed with an embedded short-video trading platform (being linked to the trading interface of the Group's short-video incubation and matching platform). With linkage and access to major media platforms' available ad inventories being integrated seamlessly within its interface, the product's unique ad placement system allows for the coordinated planning, management and execution of real-time bidding of ad inventories on multiple platforms, with the ease of the "one-click" option and without the need for redirection. Aside from its core functions, the SaaS is also armed with an information system which assists its users in formulating their ad placement strategies by furnishing them with information on updated trends in the market.

The SaaS subscription model, with its fully-functional first phase being released in the latter half of the year under review, provides improved access and offers enhanced affordability of the Group's robust quality solutions and cutting-edge innovative tools that can effectively drive customer loyalty and retention. Being the core of the "loyalty" pillar in the AIPL integrative business coverage model, it is believed that the launch of the SaaS subscription solutions can effectively transform the Group's technical advantages into customer stickiness, cash flow benefits and business model advantage, and advance the Group towards its eventual transition into an expert in enterprise digital operations solutions (企業數字化運營解決方案專家).

The Group expects that with its SaaS product being capable of encapsulating the full range of updated tools and technologies readily customisable and accessible directly by its subscribers, the Group would be able to bypass the need to devote extensive manpower to serve individual clients. The lower costs of subscription-based products would also align well with sinking market needs and thus help solidify the Group's presence in the low-tiered cities. Utilisation of the SaaS would further contribute to the enrichment of the Group's data sources and its technological infrastructure would also prove instrumental to the Group's future optimisation and upgrading efforts.

Competitive strengths and strategies

The following measures taken, strategies formulated and plans to be implemented by the Group during the Reporting Period and beyond thus not only serve to highlight the Group's distinctive technological advancements and accomplishments in its operations and management but also encapsulate the key areas that will underpin the Group's strategic thrust and define the course of the Group's operations going forward:

Strategically enhance the Group's service capabilities towards attaining full solution delivery

One of the Group's major breakthroughs that edges it ever so closer towards full solution delivery is the launching of its own proprietary full service intelligent marketing management platform (鄰度全鏈路智能營銷管理平台), LinkDoAI, which is developed through the revamping, enhancement and extension of the Group's existing systems and technological infrastructures. To ensure the seamless integration and synergy across its wide range of technical, cloud-based and back-end support systems, during the Reporting Period, the Group reclassified its existing systems and tools under three main heads, namely the "AI algorithm platform" (AI算法平台), the cloud repository AI management system (雲素材庫AI管理系統) and the "intelligent project management system" (智能項目管理系統), which together constitute the LinkDoAI.

By pairing its big data mining and digital analytics capabilities with predictive modelling, which coupled with the deployment of highly adaptable solutions made possible by its utilisation of automated publishing tools and its access to vast and ever-expanding cloud-based databases of stock images and videos, the seamless and expeditious execution of the Group's extensive and comprehensive range of integrated systems facilitates the streamlining of business flow, the optimisation of back office management as well as elevating its service quality and customer experience. The LinkDoAI thus provides a practical framework upon which the Group can expand its service offerings and create products capable of generating additional values for its customers and thereby maintaining customer loyalty. The integrative model would also promote continuous improvement in the Group's operating processes and efficacy. The Group is set to hone its precision marketing capabilities through further upgrades and improvements to the LinkDoAI system so as to optimise the profitability of its operations.

The Group's proprietary LinkDoAI rests on the below pillars, being the three main blocks that constitute the entirety of the Group's operation system:

AI algorithm platform (AI算法平台)

With higher-precision AI deep learning recommendation algorithm forming its core, the AI algorithm platform is founded on desensitised data, which lends support to the other two blocks through accurate data analysis.

Cloud repository AI management system (雲素材庫AI管理系統)

Cloud repository AI management is achieved through the modular management (模塊化管理) of the Group's massive trough of videos accumulated over years, intelligent analysis of ad placement data (投放數據的智能分析) , and through the intelligent merging of clips and other editing functions to achieve creativity duplication (創意複製) such that the Group's short-video output operations can edge closer towards full automation. With the consistent expansion of stock material sources accumulated by the Group's Wuhan short-video base (武漢短視頻基地), which is further armed with the continuous optimisation and upgrading of AI technology, the Group is confident that further improvements in efficiency can be achieved in the future. By the end of 2021, the Group's video repository boasts of around 200,000 stock videos (up from 2020's estimated 70,000) as well as a monthly video production capacity of around 14,000 clips (as compared to 2020's figure of around 6,000 clips per month).

Intelligent project management system (智能項目管理系統)

Comprising of the front-end "Bright Future AI smart placement system" (輝煌AI智投系統) and the back-end ERP and CRM systems, the intelligent project management system enables the attainment of effective connection between the Group's internal platform and that of the publication medias and/or platform. The improved accuracy in the data so collected and the efficiency of resource sharing (資源共享效率) can in turn be translated into efficiency upgrades throughout the whole ad placement process, covering even the preparatory stages and post-placement monitoring, thereby effectively trimming the Group's clients' decision-making costs and customer acquisition costs.

Optimally expanding and tailoring supply to capture demand and executing improvements in the business chain through an open platform that supports short-video matching with embedded incubation elements

Short videos have, in recent years, become advertising and platform staples. To effectively capture the opportunities presented by the rapid rise and reign of short-video platforms such as Douyin and Kuaishou and capitalise upon them, the Group is among the first to enter the game, offering its clients one-stop short-video advertising services featuring core functions such as content production (i.e. idea creation, scripted filming, post-production), precision marketing (i.e. performance-based marketing strategy planning, stock footage creation, advertisement optimisation, data analytics, media monitoring), and e-commerce marketing (i.e. driving shop traffic, livestreaming operation, Douyin operation) starting from as early as April 2018.

Yet notwithstanding the soaring popularity of short videos and their application potential in modern digital marketing strategies, the increasing demand for quality short-video solutions is still unsatiated as supply remains constrained, a phenomenon exacerbated by the paucity of quality short-video content providers in the market. On the other hand, the supply of quality short videos in the sinking market, with consumption potential yet to be fully unleashed, still falls markedly short as the prevailing market price is deemed too high by smaller businesses with tighter purse strings. Having its sights fixed firmly on tapping into the market demand for quality short-video solutions and breaking into the sinking market where Kuaishou, its business partner, reigns supreme, the Group recognises the need to vastly expand its supply beyond its current level. The Group's short-video incubation matching platform (短視頻孵化撮合平台) thus comes as a timely response to the critical need to meet the overflowing demand for quality videos. Albeit yet to reach its full deployment, the open integrative platform, once taken off, would spell an end to the Group's singular reliance on self-curated content, as other video content creators can be roped in to ramp up production capacity and provide more cost-effective options for price-sensitive clients. While the platform's matching mechanism, empowered by precise data analytics, enables optimal pairing of content produced by external short-video creators with clients' specifications, the "incubation" element, an unprecedented take on similar platforms, is what sets it apart from that of the Group's industry peers. Designed to lift the bar on the overall quality of short videos so traded on the platform, the "Incubation" component is realised by the Group's efforts in nurturing young talent through university and school training programs (which has already been accomplished in Wuhan) or honing the skills of existing creators from small and medium-sized video suppliers through training courses. The pilot scheme has been rolled out in Wuhan as the next phase of the "incubation" limb with selective university and college students receiving training from the Group's in-house expert team on short-video production, with the content so curated being utilised as back-end support of the platform's matching function. During the Reporting Period, part of the functions of the short-video incubation matching platform (mainly access to stock videos) have already been embedded in the SaaS product, the "LinkDoAI Cloud" (鄰度AI雲). Further updates are on the way, which would include the launching of the short video trading (短視頻交易) function on the "LinkDoAI Cloud" as well as the rolling out of a web version.

Meanwhile, the Group, has also levelled up its production scale reaching a monthly short-video production capacity of around 14,000 clips through its Wuhan short-video base, which commenced its operations in April 2021, and supported by an expert in-house content production crew comprising of scriptwriters, directors, editors and post-production crew etc.

Further penetration of highly engaged and robust user community

With short-video sharing and livestreaming counting among its primary services, Kuaishou, being home to many interest groups, positions itself as a "leading content community and social platform" (according to its prospectus). Thus eyeing the opportunity arising from Kuaishou's hotly anticipated debut in the Hong Kong stock market, the Group cemented the cooperation as part of its plan to further solidify its presence in the sinking market where Kuaishou thrives over its competitors.

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

During the Reporting Period, the Group strives to further its penetration into the sinking market by kicking off plans to develop more cost-effective solutions (such as the Group's short-video incubation matching platform (短視頻孵化撮合平台) and by debuting its SaaS subscription solutions (SaaS訂閱解決方案)) that better cater to the lower-end market's more cost-conscious clientele.

Continued commitment to technological innovations to bolster business agility with data-driven insights

Back in 2020, the Group constructed its own cloud-based repository system for all stock videos and images created since its incorporation to cope with the surging demand for quality short-video content. Through the process of modulisation (模塊化), (i.e. the breaking down of video footage into small segments and distinct parts which are then labelled according to their subject matters, creative value, previous usages and conversion rates) the stock videos can be readily assessed and utilised for different advertising projects, thus bringing the Group's short-video output operations closer to full automation.

During the Reporting Period, the modular management (模塊化管理) of videos uploaded to the cloud-based repository system is being systematically implemented and executed by the LinkDoAI's cloud repository AI management system. Armed with programmatic data analytics functions, the system is instrumental to the Group's short-video advertising operations as it provides valuable insights to the creative process of short-video editing. The system, now being fully optimised and utilised, thus brings agility to the short-video content creation process as it allows for the effective and efficient management, analysis and repurposing of creative content.

Another major advancement in modulisation (模塊化) achieved during the Reporting Period is the introduction of the "multi-labelling" function which enables application of multiple diverse tags and labels to a single stock material (對單一素材進行多樣化標簽) such that it can be deployed in different campaigns and utilised for a wide array of purposes. The profound integration of such function into the cloud repository AI management system allows for more in-depth analysis of the ad placement results which can provide unique insights on the editing and merging of clips and enable the making of "trending forecasts" (爆款預測). Among the latest addition in terms of features, the rolling out of the innovative "Media Style Suggestion" (媒體風格建議) function provides suggested matching of stock content with different media platforms through advanced labelling analysis (such as content labelled "dance" (跳舞) is a better match with Douyin, whilst "red packets giveaway" (撒紅包) appeals more to Kuaishou's audience.

Going forward, the Group would continue its ongoing efforts to expand its short-video production team and promote further automation through fortifications and upgrading of its cloud repository system to achieve higher efficiency and productivity.

Utilise influencer marketing to amplify campaign visibility

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

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

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

Whilst the Group is taking strides in the launching of its own SaaS product and its pioneering short-video trading platform, the Group has not lost sight of its operation goals in the influencer marketing realm, which would continue to have its place amongst the Group's key strategic priorities.

Real-time sales generation and optimisation through e-commerce livestreaming

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

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

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

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the year ended 31 December 2021 and the year ended 31 December 2020.

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue	**488,028**	382,763
Cost of services	**(390,565)**	(266,580)
Gross profit	**97,463**	116,183
Selling and distribution expenses	**(2,334)**	(2,667)
General and administrative expenses	**(93,456)**	(51,203)
Net impairment losses on financial assets	**(874)**	(657)
Other gains, net	**17,002**	10,261
Operating profit	**17,801**	71,917
Finance income	**273**	130
Finance costs	**(5,548)**	(932)
Finance costs – net	**(5,275)**	(802)
Profit before income tax	**12,526**	71,115
Income tax expense	**(29,781)**	(3,781)
(Loss)/profit for the year	**(17,255)**	67,334
Adjusted net profit *(Note)*	**51,652**	78,504

Note: Adjusted net profit, a non-HKFRSs measure, is calculated by adding back listing expenses, share-based compensation and income tax expense, which are non-indicative of the Group's operating performance, to the (loss)/profit for the year.

Revenue

During the year ended 31 December 2021, the Group recorded revenue of approximately RMB488,028,000, representing an approximate increase of 27.5% as compared to approximately RMB382,763,000 recorded for the year ended 31 December 2020. Such increase was primarily attributable to the steady growth of the Group's business during the Reporting Period.

A breakdown of the Group's revenue for the periods indicated are set forth in the table below:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services		
– gross method	**426,515**	302,851
– Influential placement services – net method	**60,612**	79,912
– Intelligent livestreaming services – net method	**769**	–
SaaS subscription solutions services	**132**	–
Total	**488,028**	382,763

Cost of services

The Group's cost of services mainly comprises of advertising traffic costs, expenses on technological and quality improvements to its short videos and employee benefit expenses. During the year ended 31 December 2021, the Group recorded cost of services of approximately RMB390,565,000, representing an increase of approximately 46.5% as compared to approximately RMB266,580,000 recorded for the year ended 31 December 2020. Such increase was primarily attributable to costs incurred for (i) improvements to the Group's cloud repository AI management system (雲素材庫AI管理系統), (ii) quality enhancements to its short video content in response to the growing demand for quality short videos, and (iii) the continuous and steady expansion of staff, resulting in increase in salaries, wages and bonuses.

Gross profit

During the year ended 31 December 2021, the Group recorded gross profit of approximately RMB97,463,000, representing a decrease of approximately 16.1% as compared to approximately RMB116,183,000 recorded for the year ended 31 December 2020. The decrease in gross profit was primarily attributable to costs incurred for (i) improvements to the Group's cloud repository AI management system (雲素材庫AI管理系統), (ii) quality enhancements to its short video content in response to the growing demand for quality short videos, and (iii) the continuous and steady expansion of staff, resulting in increase in salaries, wages and bonuses.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses mainly comprise of (i) employee benefit expenses; (ii) entertainment expenses; (iii) office expenses; and (iv) travelling expenses. During the year ended 31 December 2021, the Group recorded selling and distribution expenses of approximately RMB2,334,000, representing a decrease of approximately 12.5% as compared to approximately RMB2,667,000 recorded for the year ended 31 December 2020. Such decrease was primarily attributable to the Group's improved cost control and execution capabilities.

General and administrative expenses

The Group's general and administrative expenses mainly comprise of employee benefit expenses, legal and professional fees, consultancy fee, short-term lease expenses, server charges and IT fees and auditor's remuneration. During the year ended 31 December 2021, the Group recorded general and administrative expenses of approximately RMB93,456,000, representing an increase of approximately 82.5% as compared to approximately RMB51,203,000 recorded for the year ended 31 December 2020. Such increase was primarily attributable to the addition of share-based compensation of approximately RMB39.1 million.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets represented the expected credit losses from its trade receivables and other receivables. During the year ended 31 December 2021, the Group recorded net impairment losses of approximately RMB874,000.

Other gains – net

The Group's other gains – net comprise primarily of government grant, net gain on disposal of financial assets at fair value, and value added tax refunds. During the year ended 31 December 2021, the Group recorded other gains – net of approximately RMB17,002,000, representing an increase of approximately 65.7% as compared to approximately RMB10,261,000 recorded for the year ended 31 December 2020. Such increase was primarily attributable to the increase in government subsidies and value-added tax refunds during the year ended 31 December 2021.

Finance costs – net

During the year ended 31 December 2021, the Group recorded net finance costs of approximately RMB5,275,000, representing an increase of approximately 557.7% as compared to approximately RMB802,000 recorded for the year ended 31 December 2020 as a result of the increase in interest expenses on borrowings.

Income tax expense

The Group is exempted from Cayman Islands income tax, and no provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the year ended 31 December 2021. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the year ended 31 December 2021, the Group recorded income tax expense of approximately RMB29,781,000, representing an increase of approximately 687.6% as compared to approximately RMB3,781,000 recorded for the year ended 31 December 2020. Such increase was primarily attributable to the decrease in effects of preferential tax rates applicable to the Group's PRC subsidiaries, the increase in non-deductible expenses and deferred income tax expense recognised on the unremitted retained earnings of the Group's subsidiaries in the PRC.

(Loss)/profit for the year

During the year ended 31 December 2021, the Group recorded loss of approximately RMB17,255,000, representing a decrease of approximately 125.6% as compared to profit of approximately RMB67,334,000 recorded for the year ended 31 December 2020. Such decrease was primarily attributable to (i) the recognition of the share-based compensation of approximately RMB39.1 million, (ii) the deferred income tax expense recognised on the unremitted retained earnings of the Group's subsidiaries in the PRC, and (iii) costs incurred for (a) improvements to the Group's cloud repository AI management system (雲素材庫AI管理系統), (b) quality enhancements to its short video content in response to the growing demand for quality short videos, and (c) the continued and steady expansion of staff, resulting in increase in salaries, wages and bonuses.

As the Board proposed a final dividend of approximately RMB80,000,000 from the retained earnings, the Group is required to provide deferred income tax liability of approximately RMB21.2 million on the unremitted retained earnings of its subsidiaries established in the PRC using the applicable withholding tax rate in accordance with Hong Kong Accounting Standard 12 Taxation. Accordingly, the deferred income tax expense incurred thereof contributed to the deviation of the (loss)/profit for the year from the expected range as disclosed in the profit warning announcement issued by the Company on 10 March 2022.

Non-HKFRS Measure: Adjusted net profit

To supplement its historical financial information which is presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group believes that this non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS.

The Group defines adjusted net profit as profit for the year adjusted by adding back listing expenses, share-based compensation and income tax expense incurred during the Reporting Period. The Group eliminates the potential impacts of these items that the management does not consider to be indicative of the Group's operating performance.

The table below reconciles the Group's adjusted net profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is the net profit for the year:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Reconciliation of net (loss)/profit to adjusted net profit		
Net (loss)/profit for the year	**(17,255)**	67,334
Add:		
Listing expenses	**–**	7,389
Share-based compensation		
– Non-recurring	**38,240**	–
– Recurring	**886**	–
Income tax expense	**29,781**	3,781
Adjusted net profit	**51,652**	78,504

Liquidity and capital structure

As at 31 December 2021, the Group recorded total assets of approximately RMB583,320,000 (31 December 2020: approximately RMB577,755,000), total liabilities of approximately RMB287,725,000 (31 December 2020: approximately RMB283,302,000) and total equity of approximately RMB295,595,000 (31 December 2020: approximately RMB294,453,000). As at 31 December 2021 and 2020, the Group has a net cash position.

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

Borrowings

As of 31 December 2021, total borrowings amounted to approximately RMB82,102,000 (31 December 2020: approximately RMB82,500,000). The Group's borrowings comprised of bank borrowings and unsecured loans from shareholders and key management personnel. As at 31 December 2021, the Group's bank borrowings bear interest rate of 3.85% to 5.5% (31 December 2020: 3.61%) per annum.

The unsecured loans from shareholders and key management personnel as at 31 December 2020 were interest-free and initially recognised at their principal amounts. No subsequent interest expense accretion was recognised during the year ended 31 December 2021.

Capital expenditures

The Group's capital expenditures during the year ended 31 December 2021 mainly consisted of expenditures on property, plant and equipment. For the year ended 31 December 2021, the Group has recorded approximately RMB2,308,000 capital expenditures, as compared to approximately RMB1,045,000 recorded for the year ended 31 December 2020.

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

No significant investments were held, nor were there any material acquisitions or disposals by the Group or any of its subsidiaries, associates or joint ventures during the year ended 31 December 2021.

Pledge of assets

As of 31 December 2021, none of the Group's asset was subject to any pledge.

Contingent liabilities

As of 31 December 2021, the Group had no material contingent liabilities.

Employees

As of 31 December 2021, the Group had 261 full-time employees, the majority of whom were based in Shenzhen, China. As required under PRC regulations, the Group has participated in various employee social security plans organised by applicable local municipal and provincial governments, including employee training and incentive plans.

PROSPECTS

The Group consistently strives to stay ahead of the curve in emerging market trends and in tune with the dynamics of the increasingly competitive marketing landscape. Thus, the Group has, in recent years, set its sights on the future of the sinking market, the potential of domestic brands and the possibilities of the metaverse by deftly adapting its expertise and steering its operations to capture opportunities opened up by the accelerated proliferation of digital technology and the rage of e-commerce (especially in the sinking market), the national policy in support of traditional industries and domestic brands, as well as the draw and promise of a metaverse boom in years to come.

Outlined below are the key initiatives taken or intended to be taken by the Company which underscores both the Group's vision to forge advancements in the digital marketing realm founded on innovation and quality services, and the strategic priorities that underpins delivery of its aspirations.

Leaning into fledgling opportunities for greater reach and more diverse clientele by building on advanced technical infrastructure

Boasting of a sharp technological edge, robust channel network and solid partnerships, the Group is well-poised to capture budding opportunities in the market. Furthering on its commitment to deliver tailored marketing support and insightful content strategies to its customers, the Group's cooperation with fledgling domestic brands allow it the unique opportunity to amplify its market presence and brand relevance, as well as to extend its reach to traditional sectors that are new to digital marketing. Premised on its existing services, the Group plans to further diversify its service portfolio by developing innovative marketing strategies, such as KOL influencer marketing, community and cultural-focused marketing, and virtual anchor cooperation, etc. Also top on the Group's agenda is the facilitation of co-branding among its domestic brands clientele so as to attain enhanced brand exposure and sales performance.

Delivering top-notch bespoke services unparalleled in a market dearth of quality options

The group is accustomed to serving top-tier clientele, counting some of the biggest names in Chinese tech amongst its customers, for which quality is deemed critical. By taking its holistic premium services originally geared towards such clientele to the sinking market, the solutions offered by the Group, with cutting-edge precision targeting empowered by its innovative and integrative LinkDoAI, thus boasts of more comprehensive, sophisticated and technologically advanced infrastructure when pitted against existing players in a market where quality is at best secondary to price. Going forward, the Group, in its constant strive to stay at the technological forefront and ahead of trends and advances in the intelligent marketing realm, is keen on devoting more R&D efforts to continually upgrade and extend the system capabilities of its LinkDoAI and broaden its slate of functions.

Leveraging years of solid partnership with the industry's biggest players to secure quality and reliable media resources

Through its built-in supply chain advantage emanated from years of experience serving the high-end market, the Group is entitled to more exclusive resources that ensures enhanced visibility and cost effective traffic-driving that achieves higher precision in marketing than those accustomed to serving the lower tiered markets. The Group's close collaboration and strong partnership with media and/or platforms having taken root in the sinking market such as Kuaishou further cements its supply chain edge over existing players. To adapt to the varying advertising needs of its clients in the digital e-commerce age and/or help cement their foothold in the sinking market, the Group is committed to continually enrich its media resources so as to optimally and effectively optimise their campaign exposure and achieve targeted dissemination.

Targeting cost-sensitive customers by offering affordable customisable solutions channeled through the SaaS model

The Group's SaaS initiative is ideal for reeling in cost-conscious customers, such as SMBs operating in the sinking market and fledgling domestic brands, as a mere payment of periodic subscription fee would unlock access to the Group's full range of sharp backend operational and technical support that integrates the industry's preeminent up and downstream resources and thoroughly lined with a host of customisable options and specialised features. With further functional upgrades and feature roll-outs on the way, the flexible subscription-based model is set to optimally encapsulate the overflowing demand for cost-effective quality marketing solutions.

Weaving in livestream strategies to facilitate instant conversion and enhance value for SaaS subscribers

The holistic, extensive and diversified service offerings umbrellaed under the AIPL integrative business coverage model is an effective draw for businesses that yearn for one-stop solutions whilst having to contain costs without compromising quality. By promoting seamless fusion of immersive livestreaming experience and instant checkout options to facilitate direct sales conversion, the Group's SaaS solutions are also primed to offer cost-effective solutions that aligns well with the needs of businesses operating in the lower-end market. Next up on the development front is the introduction of AI powered livestreaming rooms, an innovative move to complement the Group's content strategies which are geared towards emerging trends such as the metaverse.

Building a hub for quality short video exchange with acute focus on coping with market demand and improving customer experiences

Kuaishou's rise to fame testifies to the soaring popularity of short videos in the sinking market. It is thus imperative for its overall strategy to maximise coverage and penetration of the market that the Group keep up with the overflowing demand from the SMBs serving the market. It is anticipated that once the use of the Group's proprietary short-video incubation matching platform (短視頻孵化撮合平台) is taken up, it would spell an end to such mismatch in supply and demand for quality videos as the "incubation" limb, which involves the nurturing, assisting and training of independent video creators, would maximise the quantity and optimise the quality of the Group's overall short video production, whilst the "matching" mechanism would deliver the most befitting video selections to its clients. As cultivating and nurturing talent in content curation is central to the "incubation" tenet, the Group has already kickstarted training programmes for university and college students in Wuhan. Forging onwards towards the full incorporation of the short-video incubation matching platform in its SaaS solutions, the Group will press on with the development of its technical backbone and core functions so as to attain optimal content matching.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event occurred that materially affect the Group's financial condition or operation following the Reporting Period and up to the date of this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. DONG Hui (董暉) ("Mr. Dong"), aged 35, was appointed as Director on 8 November 2018, and was re-designated as executive Director, Chairman of the Board and chief executive officer on 25 March 2019, and is primarily responsible for supervising overall strategic development and planning and making major decision for the Group. Mr. Dong is the chairman of the nomination committee of the Company; and is also a director of various subsidiaries of the Group.

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

Mr. Dong has over 10 years of experience in mobile internet industry. Mr. Dong worked as a supervisor of the developing team at Digu Information Technology (Shenzhen) Co., Ltd* (嘀咕信息技術(深圳)有限公司) from May 2010 to April 2011. Mr. Dong then served as the software engineer and the senior product manager of Tencent Technology (Shenzhen) Company Limited, a subsidiary of Tencent Holdings Limited from April 2011 to August 2015, and was responsible for developing mobile payment and mobile app related commercial works.

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

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

Mr. YANG Dengfeng (楊登峰) ("Mr. Yang"), aged 39, was appointed as Director on 8 November 2018. Mr. Yang was re-designated as executive Director and chief technology officer on 25 March 2019, and is primarily responsible for overall strategic planning and supervising the technological development of the Group. Mr. Yang is a member of the remuneration committee of the Company; and is also a director of various subsidiaries of the Group.

Mr. Yang was one of the founders of the Group. Mr. Yang is a party acting in concert with Mr. DONG Hui, executive Director, Chairman and chief executive officer of the Company.

Mr. Yang has over 11 years of experience in mobile internet industry. Mr. Yang worked as the programmer for the mobile internet in Tencent Technology (Shenzhen) Company Limited, a subsidiary of Tencent Holdings Limited, from July 2006 to June 2007, during which he was responsible in research and development of internet safety system and data mining software. Mr. Yang joined Shenzhen Tencent Computer System Co., Ltd.* (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent Holdings Limited, in December 2008 and worked as vice supervisor for mobile payment system development project, which he was primarily responsible for strategic development and management of mobile internet payment platform, including researching for new products and services and functions to be provided via these mobile internet payment platform, until he left the position in May 2015. Mr. Yang was the chief executive officer of Shenzhen Zhuazhua Technology Co., Ltd. (深圳爪爪科技有限公司) from April 2015 to December 2015.

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

DIRECTORS AND SENIOR MANAGEMENT

Ms. GAO Yuqing (高雨晴) ("Ms. Gao"), aged 32, joined the Group in December 2015 as director and one of the founders, later promoted to the position of head of the performance-based advertising team. Ms. Gao was later appointed as an executive Director on 25 March 2019. Ms. Gao is primarily responsible for overseeing management of the Group. Ms. Gao was a commerce manager at Beijing Qihu Keji Co. Ltd. (北京奇虎科技有限公司), a subsidiary of 360 Security Technology Inc. (三六零安全科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601360.SH), and a company principally engages in the business of development of internet safety and protection software and the provision of anti-virus services, from July 2011 to November 2015. Ms. Gao received a bachelor degree in Software Engineering from Tianjin University of Agriculture (天津農學院) in June 2011. Ms. Gao is the spouse of Mr. DONG Hui, executive Director, Chairman and chief executive officer of the Company.

Mr. CEN Senhui (岑森輝) ("Mr. Cen"), aged 33, joined the Group in December 2015 and has been chief operating officer. Mr. Cen was re-designated as executive Director and chief operating officer on 25 March 2019. Mr. Cen is a director of Shenzhen Lindu Technology Company Limited* (深圳鄰度科技有限公司). Mr. Cen is primarily responsible for overall operational management and overseeing daily operation of the Group. Mr. Cen has accumulated around 9 years of experience in information technology industry. Mr. Cen worked as a project manager of Nokia Beijing branch (諾基亞通信系統技術(北京)有限公司) from June 2011 to October 2014, which he was responsible to the research and development of 4G mobile network, as well as the tender for technological projects. Mr. Cen then worked as Channel Manager (渠道經理) at Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司), a company principally engages in video-centric IoT (internet of things) services, integrated security service and big data services, from October 2014 to April 2015. Later, Mr. Cen worked as the marketing director of Shenzhen Zhuazhua Technology Co., Ltd. (深圳爪爪科技有限公司) from May to December 2015.

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

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Kin Wai (劉健威) ("Mr. Liu"), age 40, is an independent non-executive Director of the Company. Mr. Liu has been appointed as an independent non-executive Director of the Company on 22 August 2019 with effect from the listing of the Company's shares on the main board of The Stock Exchange of Hong Kong Limited. Mr. Liu is primarily responsible for providing independent opinion and judgment to the Board. Mr. Liu is the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. Liu had more than 16 years of experience in assurance services and financial and capital management work. Some of his work experiences are set out in the table below:

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

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

Mr. WEI Hai Yan (魏海燕) ("Mr. Wei"), aged 56, is an independent non-executive Director of the Company. Mr. Wei has been appointed as an independent non-executive Director of the Company on 22 August 2019 with effect from the listing of the Company's shares on the main board of The Stock Exchange of Hong Kong Limited. Mr. Wei is primarily responsible for providing independent opinion and judgment to the Board. Mr. Wei is a member of the audit committee and the nomination committee of the Company.

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

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

Mr. ZHANG Fanchen (張凡琛) ("Mr. Zhang"), aged 36, is an independent non-executive Director of the Company.

Mr. Zhang has been appointed as an independent non-executive Director of the Company, the chairman of the remuneration committee, and as members of both the audit committee and the nomination committee of the Company on 8 October 2021.

Mr. Zhang has more than 14 years of experience in corporate finance, listing, restructuring, and mergers and acquisitions practice.

Mr. Zhang worked as a senior auditor in Ernst & Young Hua Ming LLP, Shanghai Branch from August 2008 to July 2011. From August 2011 to July 2014 and from July 2014 to June 2015, Mr. Zhang worked first at the investment banking department (投資銀行部) of Huatai United Securities Co., Ltd.* (華泰聯合證券有限責任公司) and then at the international mergers and acquisitions department* (國際併購部) of Sinolink Securities Co., Ltd.* (國金證券股份有限公司), respectively. From July 2015 to September 2018, he worked at the investment banking department of Morgan Stanley Securities (China) Co., Ltd. and was principally responsible for corporate finance, listing, mergers and acquisitions as well as restructuring. From September 2020 to March 2021, Mr. Zhang was the president of Wan Lung Securities Limited, a company principally engages in the business of securities, futures and asset management in Hong Kong. Since September 2018, Mr. Zhang has been serving as the chief financial officer of 360 Ludashi Holdings Limited (the shares of which are listed on the Stock Exchange (stock code: 3601)) and is principally responsible for overseeing strategy planning, capital operation and financial management.

Mr. Zhang received a bachelor's degree in accounting from Sichuan University* (四川大學) in June 2008 and a master's degree in business administration from Shanghai Advanced Institute of Finance* (上海高級金融學院) of Shanghai Jiao Tong University* (上海交通大學) in June 2016. Mr. Zhang is a non-practicing member of The Chinese Institute of Certified Public Accountants* (中國註冊會計師協會) and a member of the Association of Chartered Certified Accountants (英國特許公認會計師公會) and has passed Chinese Sponsor Representative examination* (中國保薦代表人勝任能力考試).

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

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

Name	Age	Position	Roles and Responsibilities
Dong Hui (董暉)	35	Executive Director and chief executive officer	overall strategic development and planning and major decision making
Yang Dengfeng (楊登峰)	39	Executive Director and chief technology officer	overall strategic planning and supervising technological development of our Group
Gao Yuqing (高雨晴)	32	Executive Director and head of performance-based advertising team	advise on overall strategic planning of our Group and lead the performance-based advertising team
Cen Senhui (岑森輝)	33	Executive Director and chief operating officer	overall operational management and overseeing daily operation of our Group
Wu Yang (武洋)	31	Chief financial officer	supervising internal audit, finance and accounting matters

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

Ms. WU Yang (武洋) ("Ms. Wu"), aged 31, has been the chief financial officer of the Company since May 2017. Ms. Wu is primarily responsible for overseeing the Company's internal accounting and audit matters, as well as supervising internal fund management and annual budget.

Ms. Wu has more than 6 years of experience in accountancy work. Prior to joining the Group, Ms. Wu was the project manager at Dalian Chunyu Accounting Management Consulting Co., Ltd.* (大連市春雨會計管理諮詢有限公司) from June 2013 to April 2017, which she was responsible for providing auditing and accounting services, as well as consultation services on internal control matters.

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

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian (曹炳昌) ("Mr. Tso"), aged 42, was appointed as the company secretary of the Company on 16 October 2020. Mr. Tso obtained his bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2003. He obtained his master degree in corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso is currently a practicing and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). Mr. Tso has over 17 years of experience in accounting and financial management. From September 2003 to December 2008, Mr. Tso worked for Ernst & Young and last held the position of manager and was responsible for the assurance and advisory business services. From December 2008 to May 2010, Mr. Tso worked for Greenheart Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 94), as financial controller. From May 2010 to August 2012, Mr. Tso worked for Maxdo Project Management Company Limited as senior vice president of the investment team. Mr. Tso founded Teton CPA Company, an accounting firm, in January 2013 and he has been the sole proprietor since then.

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

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of Bright Future Technology Holdings Limited (the "**Company**") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021.

CORPORATE INFORMATION AND SHARE OFFER

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the provision of intelligent marketing solutions services, comprising of 4 key components, namely, "influential placement", "precision marketing", "intelligent content" and "intelligent livestreaming", in the PRC. Details of the principal activities of the Company's subsidiaries are set out in note 33 to the consolidated financial statements of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group, the outlook of future development of the business of the Group as well as a discussion and analysis of the Group's performance during the year ended 31 December 2021 and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed "Management Discussion and Analysis" of this annual report. The financial risk management of the Group are set out in note 3 to the consolidated financial statements of this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income and the consolidated statement of financial position on pages 74 to 75 of this annual report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.16 (equivalent to HK$0.20) per Share for the year ended 31 December 2021 to the shareholders of the Company. The final dividend is subject to the approval of the shareholders of the Company at the AGM to be held on Friday, 20 May 2022. The proposed final dividend will be paid to the shareholders on Thursday, 30 June 2022 whose names appear on the Company's register of members on Monday, 30 May 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 May 2022 to Friday, 20 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 13 May 2022.

For determining the entitlement to the proposed final dividend (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Thursday, 26 May 2022 to Monday, 30 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 25 May 2022.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Listing Rules, the Company's environmental, social and governance report, which aptly captures the Group's efforts to align environmental, social and corporate governance with our strategic growth and integrate the same into our business operations, will be available on our website no later than five months after the financial year ended 31 December 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks relating to the Group's business and industry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group fully understands that employees, customers and suppliers are the key to its sustainable and stable development. The Group is committed to establishing a close relationship with its employees, customers, and suppliers so as to ensure the Group's sustainable development. During the Reporting Period, there was no significant or material disputes between the Group and its employees, customers and suppliers.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed above, as far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year ended 31 December 2021, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the Group's five largest customers and the largest customer accounted for approximately 76.4% and 33.2%, respectively, of the Group's total revenue for the year ended 31 December 2021. Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for approximately 70.1% and 32.6%, respectively, of the costs of services for the year ended 31 December 2021.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had material interest in the Group's five largest customers or suppliers during the year ended 31 December 2021.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2021, the Group had 261 full-time employees.

The number of employees employed by the Group varies from time to time depending on need. The remuneration package of our employees includes salaries, wages, and bonuses and Share-based compensation, which are generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Remuneration Committee of the Company was set up for the reviewing of the Company's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors, Supervisors and senior management and comparable market practices.

The total remuneration cost incurred by the Group for the year ended 31 December, 2021 was RMB81.5 million. Details of the remuneration are set out in note 9 to the consolidated financial statements of this annual report.

For the year ended 31 December, 2021, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

FOREIGN EXCHANGE RISK MANAGEMENT

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

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 33 to the consolidated financial statements in this annual report.

RESERVES

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

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company did not have any distributable reserves.

FINANCIAL RESULTS

A summary of the results, assets, liabilities of the Group for the past financial years is set out on page 130 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 24 to the consolidated financial statements in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company, except that the trustee of the Share Award Scheme, purchased an aggregate of 21,076,000 shares of the Company from an independent third party at a total consideration of approximately HK$24,730,578.4.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2021 are set out in note 20 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors during the year ended 31 December 2021 and up to the date of this annual report were:

Executive Directors:

Mr. DONG Hui *(Chairman and Chief Executive Officer)*
Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui
Ms. TIAN Liuyihang *(resigned on 21 June 2021)*

Independent Non-executive Directors:

Mr. LIU Kin Wai
Mr. WEI Hai Yan
Mr. ZHANG Fanchen *(appointed on 8 October 2021)*
Mr. CHEN Shuo *(resigned on 8 October 2021)*

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

In accordance with articles 108(a) & 108(b) of the Articles of Association, Ms. GAO Yuqing and Mr. LAU Kin Wai will retire by rotation and being eligible, will offer themselves for re-election at the AGM.

In accordance with article 112 of the Articles of Association, Mr. ZHANG Fanchen will retire and being eligible, will offer themselves for re-election at the AGM.

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the note 30 to the consolidated financial statements, there was no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director of the Company or an entity connected with any Director has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the remuneration of the Directors are set out in note 30 to the consolidated financial statements in this annual report.

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force for the year ended 31 December 2021. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year, which remains in force.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 30 to 35 of this annual report.

SHARE OPTION SCHEME

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

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

Eligible persons

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

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

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

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

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

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

Maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes ("**Other Schemes**") of the Group is 500,000,000, being no more than 10% of the Shares in issue as of the Listing Date (the "**Scheme Mandate Limit**").

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

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

As at 31 December 2021 and the date of this annual report, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme and therefore the total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares, representing 10% of the issues share capital of the Company.

Maximum entitlement of each participant

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

Life of the Share Option Scheme

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

Subscription price

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

Consideration

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

SHARE AWARD SCHEME

The Share Award Scheme was adopted on 7 May 2021 (the "**Adoption Date**"). The purposes and objectives of the Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Eligible participants

Persons eligible to receive awards under the Share Award Scheme are employee(s) selected by the Board.

Maximum number of Shares

The Board shall not make any further award which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme exceeding ten percent of the total issued share capital of the Company from time to time.

The maximum number of shares which may be awarded to a Selected Employee under the Share Award Scheme shall not exceed one percent of the total issued share capital of the Company in any 12-month period. The Board will, however, refrain from making any further award, should it involve allotment of new Share or purchase of existing Share from public shareholders rendering the Company unable to meet the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

Remaining life of the Share Award Scheme

The Share Award Scheme shall initially be valid and effective for a period of ten years commencing on the Adoption Date and shall expire on the day immediately preceding the tenth anniversary thereof, after which period no further award shall be made.

On 20 July 2021, the Board resolved to grant a total of 3,855,381 Awarded Shares, which have been acquired by Futu Trustee from Brilliant League, to 40 Selected Employees of the Group pursuant to the Share Award Scheme, details of which are set out in the Company's announcement dated 23 July 2021.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in the Company

Name	Capacity/Nature of Interest[1]	Number of Shares	Approximate percentage of shareholding interest
Mr. Dong	Interested in a controlled corporation[2]	321,897,769	64.38%
Ms. Gao	Interest of spouse[3]	321,897,769	64.38%
Mr. Yang	Interested in a controlled corporation[2]	321,897,769	64.38%

Notes:

1. All interests stated are long position.

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

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

(ii) Interest in associated corporations

Name	Name of associated corporation	Capacity/Nature	Percentage of interest
Mr. Dong	BRILLIANT LEAGUE LIMITED	Beneficial owner	100%
	VAST OCEAN LIMITED	Beneficial owner	100%
Mr. Yang	HIGHLAND TRIUMPH LIMITED	Beneficial owner	100%

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2021.

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

As at 31 December 2021, according to the register kept by the Company under Section 336 of SFO and so far as was known to the Directors, the following persons (otherwise than in the capacity of the Director or chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/Nature of Interest(1)	Number of Shares	Approximate percentage of shareholding interest
BRILLIANT LEAGUE LIMITED	Beneficial interest and interest held jointly with other person(2)	321,897,769	64.38%
VAST OCEAN LIMITED	Interest held jointly with other person(2)	321,897,769	64.38%
Mr. Dong	Interested in a controlled corporation(2)	321,897,769	64.38%
Ms. Gao	Interest of spouse(3)	321,897,769	64.38%
HIGHLAND TRIUMPH LIMITED	Beneficial interest and interest held jointly with other person(2)	321,897,769	64.38%
Mr. Yang	Interested in a controlled corporation(2)	321,897,769	64.38%
Ms. WU Cheng	Interest of spouse(4)	321,897,769	64.38%
C-star Limited	Interest held jointly with other person(5)	38,216,850	7.64%
Ms. SU Yuwen	Interested in a controlled corporation(5)	38,216,850	7.64%
Mr. WEN Mingyang	Interested in a controlled corporation(5)	38,216,850	7.64%
Ms. YANG Xiaofan	Interest of spouse(6)	38,216,850	7.64%

Notes:

1. All interests stated are long position.

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

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

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

5. C-star is owned as to 50% by Ms. SU Yuwen (蘇玉文) and 50% by Mr. WEN Mingyang (溫明陽), both being key staff of the Group.

6. Ms. YANG Xiaofan is the spouse of Mr. WEN Mingyang, and is thus deemed to be interested in Mr. Wen's entire interest in the Shares

Save as disclosed above, as at 31 December 2021, according to the register kept by the Company under Section 336 of the SFO and so far as were known to the Directors, there was no other person (in the capacity of the Director or chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021 and up to the date of this annual report, none of the Directors is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

CONNECTED TRANSACTIONS

The Group has not conducted any non-exempt continuing connected transaction for the year ended 31 December 2021. Details of related party transactions of the Group for the year ended 31 December 2021 are set out in note 29 to the consolidated financial statements. The related party transactions disclosed in note 29 were not regarded as connected transactions and were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

REPORT OF THE DIRECTORS

UPDATE ON DIRECTORS' INFORMATION

Save as disclosed herein, there is no change in information of Directors, since the date of publication of the annual report of the Company for the year ended 31 December 2020, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATIONS

During the year ended 31 December 2021, no charitable and other donations was made by the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 53 to 68 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry with all the Directors, each of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended 31 December 2021.

USE OF NET PROCEEDS FROM SHARE OFFER

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

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

The table below sets out the planned applications of the net proceeds and actual usage up to 28 March 2022:

Use of proceeds		Planned allocation of Net Proceeds *HK$ million*	Planned allocation of Net Proceeds(2) *RMB million*	Utilised amount (as at 28 March 2022) *RMB million*	Unutilised amount (as at 28 March 2022) *RMB million*	Expected timeline for utilising the remaining balance of net proceeds from the Share Offer(1)
Expansion of the Group's intermediary services	64.9%	55.8	45.6	45.6	–	N/A
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	15.0	12.5	2.5	On or before 30 September 2022(3)
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	7.4	6.3	1.1	On or before 30 September 2022(3)
The Group's general working capital	3.3%	2.9	2.4	2.4	–	N/A
Total	100.0%	86.0	70.4	66.8	3.6	

Notes:

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

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

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

REPORT OF THE DIRECTORS

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed "Management Discussion and Analysis", no important events affecting the Company occurred since the year ended 31 December 2021 and up to the date of publication of this annual report.

AUDITOR

PricewaterhouseCoopers has been appointed as auditor of the Company for the year ended 31 December 2021.

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

On behalf of the Board

DONG Hui
Chairman, Chief Executive Officer and Executive Director
Shenzhen, PRC, 28 March 2022

CORPORATE GOVERNANCE REPORT

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

CORPORATE STRATEGY AND CULTURE

The Group positions itself as one of China's leading expert in mobile internet marketing technology and solutions by staying true to its vision of "delivering more value to businesses". In order to accomplish its mission of "assisting Chinese enterprises in completing the digital transformation of their businesses", the Board regularly reviews and drives improvements in the Company's development strategies to ensure that its corporate culture is consistent with the company's strategies, values and plans, whilst being adaptive to the macroeconomic environment and development trends.

In the ever-changing mobile Internet industry, the Group regards and embraces technology as its core competitiveness, and with talent being deemed an important asset of the Group, great importance is attached to its attraction, retention and development. Thus, the Group strives to adhere to a long-term talent strategy, and has in place comprehensive staff development and incentive systems, as well as a comprehensive staff training system, as regularly optimised. During the year under review, in addition to regular staff training, the Group also launched special training programs such as "Internal Instructor Certification Activities" (內部講師認證活動) and "Talent Gathering Program" (聚能計劃). At the same time, the Group also actively encourages its employees to participate in external training programs organised by its in-depth partners.

The Group advocates the business philosophy of "seeing changes, embracing changes, and leading changes", and encourages colleagues from top to bottom to always pay heed to the iterative updates of peripheral technologies and business environment so as to continuously enhance its competitiveness, and spearhead the healthy, orderly and long-term development of the internet economy through the delivery of more advanced technologies and better service quality. Contemporaneously, the Group operates its business in accordance with the law and in an ethical and responsible manner, whilst fulfilling its social responsibility in promoting coordinated and sustainable economic, social and environmental development.

CLOSURE OF THE REGISTER OF MEMBERS

The Company has adopted the CG Code as its own code of corporate governance. Save for the deviation disclosed below, in the opinion of Directors, the Company has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2021.

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2021, only three regular board meetings were held to review and discuss the annual results, the interim results and the approval on the change of directors. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

Pursuant to code provision A.2.1 of the CG Code, the role of both the Chairman and chief executive officer should be separate and should not be performed by the same individual.

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

THE BOARD OF DIRECTORS

Responsibilities

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

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

Board Composition

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

Executive Directors:

Mr. DONG Hui *(Chairman & Chief Executive Officer)*
Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui
Ms. TIAN Liuyihang *(resigned on 21 June 2021)*

Independent Non-executive Directors:

Mr. CHEN Shuo *(resigned on 8 October 2021)*
Mr. LIU Kin Wai
Mr. WEI Hai Yan
Mr. ZHANG Fanchen *(appointed on 8 October 2021)*

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

During the year ended 31 December 2021, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

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

ANALYSIS OF THE DIVERSITY OF THE BOARD

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

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant laws, rules and regulations.

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

The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Pursuant to code provision A.6.5 of the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Below is the record of participation in continuous professional development programme by the Directors during the year ended 31 December 2021 relevant to the directors' duties and responsibilities, regulatory updates and business, financial and operational matters of the Group.

	Attending seminars/ conferences/ forums	Reading materials
Executive Directors		
Mr. DONG Hui	✔	✔
Mr. YANG Dengfeng	✔	✔
Ms. GAO Yuqing	✔	✔
Mr. CEN Senhui	✔	✔
Independent Non-executive Directors		
Mr. LIU Kin Wai	✔	✔
Mr. WEI Hai Yan	✔	✔
Mr. ZHANG Fanchen		✔

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

Each of the independent non-executive Directors entered into an appointment letter with the Company on 16 October 2020 (except Mr. ZHANG Fanchen who entered into an appointment letter with the Company on 8 October 2021) which may be terminated by either party giving not less than one month prior notice in writing or paying equal amounts of payment in lieu of notice and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Memorandum and Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

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

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

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

BOARD MEETINGS

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice will generally be given. The agenda and accompanying Board papers are dispatched to the Directors or committee members seven days (and in any event not less than three days) before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised on the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

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

ATTENDANCE RECORDS OF BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of each Director and each member of the Board Committees of the Company at the relevant meetings held during the year ended 31 December 2021 are as follows:

	Actual Attendance/Number of Meetings a Director is entitled to attend				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	General Meeting
No. of meetings held during the year	3	2	2	2	1
Executive Directors					
Mr. DONG Hui	2/3	2/2	–	–	1/1
Mr. YANG Dengfeng	3/3	–	2/2	–	1/1
Ms. GAO Yuqing	3/3	–	–	–	1/1
Mr. CEN Senhui	3/3	–	–	–	1/1
Ms. TIAN Liuyihang *(resigned on 21 June 2021)*	1/1	–	–	–	1/1
Independent Non-executive Directors					
Mr. LIU Kin Wai	3/3	–	2/2	2/2	1/1
Mr. WEI Hai Yan	3/3	2/2	–	2/2	1/1
Mr. CHEN Shuo *(resigned on 8 October 2021)*	3/3	2/2	2/2	2/2	1/1
Mr. ZHANG Fanchen *(appointed on 8 October 2021)*	–	–	–	–	–

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiries with all the Directors, each of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended 31 December 2021.

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2021 are set out in note 30 to the consolidated financial statements in this annual report.

The biographies of the senior management are disclosed in the section headed "Directors and Senior Management" in this annual report. Remuneration paid to the top senior management (excluding the Directors) for the year ended 31 December 2021 fell within the following bands are as follows:

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

DIRECTORS' LIABILITY INSURANCE

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

BOARD COMMITTEES

Nomination Committee

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

The Nomination Committee comprises three members, namely Mr. DONG Hui, Mr. CHEN Shuo (resigned on 8 October 2021), Mr. WEI Hai Yan and Mr. ZHANG Fanchen (appointed on 8 October 2021). Mr. DONG Hui currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include:

– reviewing the structure, size, composition and diversity of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

– determining the policy for the nomination of Directors;

– identifying individuals suitably qualified to become members of the Board;

– selecting or making recommendations to the Board on the individuals nominated for directorship;

– assessing the independence of Independent non-executive Directors;

– reviewing the Board Diversity Policy;

– making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and

– performing other duties incidental to the duties of the Committee delegated as appropriate by the Board or as stipulated in the CG Code from time to time.

During the year ended 31 December 2021, the Nomination Committee held two meetings during which the Nomination Committee has performed the following major works:

– reviewed the structure, size, composition and diversity of the Board;

– recommended to the Board on the appointment or re-appointment of directors at the forthcoming annual general meeting;

– reviewed the Board Diversity Policy;

– assessed the independence of independent non-executive Directors; and

– recommended to the Board on the appointment of independent non-executive Director.

Nomination Policy

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

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

– Reputation for integrity;

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

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

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

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

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

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

Board Diversity Policy

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

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. As at the date of this Annual Report, the Board comprises seven Directors, one of whom is female. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business, and allowed opinion from different gender and background be heard and discussed, and Board diversity (including gender diversity) has been achieved. The Board targets to maintain the current level of at least one female representation on the Board. The Board will continue review its structure to ensure it suits the requirement of its business and support the development of the Group. If situation evolves and the Board determines that an additional or replacement Director is required to achieve gender diversity or to suits the business requirements and support the development of the Group, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from management, shareholders and advisors of the Company, or internal promotion, with regarding to the range of diversity perspectives set forth in the Board Diversity Policy.

During the year ended 31 December 2021, there was no change in the board structure, however, the Nomination Committee has reviewed the board diversity policy from time to time to ensure its continued effectiveness.

Remuneration Committee

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

The Remuneration Committee is comprised of three members, namely Mr. CHEN Shuo (resigned on 8 October 2021), Mr. LIU Kin Wai, Mr. YANG Dengfeng and Mr. ZHANG Fanchen (appointed on 8 October 2021). Mr. ZHANG Fanchen currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include:

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

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

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

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

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

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

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

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

During the year ended 31 December 2021, the Remuneration Committee held two meetings during which the Remuneration Committee has performed the following major works:

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

- considered and recommended to the Board on the remuneration packages of executive Directors and senior management for the year ended 31 December 2021;

- considered and recommended to the Board on the remuneration packages of independent non-executive Directors for the year ended 31 December 2021; and

- recommended to the Board on the remuneration package of independent non-executive Director.

Audit Committee

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

The Audit Committee is comprised of three independent non-executive Directors, namely Mr. LIU Kin Wai, Mr. CHEN Shuo (resigned on 8 October 2021), Mr. WEI Hai Yan and Mr. ZHANG Fanchen (appointed on 8 October 2021) with Mr. LIU Kin Wai possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. Mr. LIU Kin Wai is the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the Company's external auditor.

The primary duties of the Audit Committee include:

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

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

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

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

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

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

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

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

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

– performing the corporate governance functions delegated by the Board.

During the year ended 31 December 2021, the Audit Committee held two meetings and the Auditor Committee has performed the following major works:

– considered and recommended to the Board on the approval of the audited annual results of the Company and its subsidiaries for the year ended 31 December 2020;

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

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

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

– considered and recommended to the Board on the approval of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities in relation to the preparation of the financial statements for the year ended 31 December 2021 and in ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 69 to 73 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board oversees and manages the overall risks associated with its operations, and has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee are responsible for reviewing and supervising the financial reporting process and internal control system of the Group.

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

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

The main thrust of the Group's risk management and internal control systems is its ability to dynamically and effectively capture and evaluate significant emerging risks and risk changes, both quantitatively and qualitatively, and to timely manage risks by appropriate risk responses and mitigation strategies. Thus, the Group strives to keep abreast of and actively monitor the ongoing compliance with the relevant laws and regulations that govern business operations and oversee the implementation of any necessary measures. In addition, the Group plans to provide Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

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

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

In addition, the Company has also appointed Goldlink Capital (Corporate Finance) Limited as its external compliance advisor with effect from 15 November 2021 to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

During the year ended 31 December 2021, the Audit Committee reviewed the overall effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget.

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

Whistleblowing Policy and Anti-corruption

The Group fully acknowledges the importance of anti-corruption and whistle-blowing policies to good corporate governance.

Since its inception, the Group has formulated a strict anti-corruption policy which are in compliance with the prevailing anti-corruption laws and regulations where its business operations and units are located, which covers aspects such as conflicts of interest, gifts and entertainment, discrimination and sexual harassment, company property, etc. Accordingly, a special e-mail account was set up by the Group for receiving whistleblowing reports, with employees being encouraged to report violations in a secure and confidential manner. A special team was also formed by the Group to verify and investigate the whistleblowing reports and, where necessary, employ legal measures. The Group treats the information of the whistleblower as strictly confidential and will incentivise them with cash rewards.

AUDITOR'S REMUNERATION

For the year ended 31 December 2021, the total remuneration paid or payable to the Company's auditors, PricewaterhouseCoopers, for annual audit and other audit services were approximately RMB2,400,000 and nil, respectively.

The Board and the Audit Committee have agreed on the re-appointment of PricewaterhouseCoopers as the external auditor of the Group for the year ending 31 December 2022 and the proposal will be submitted for approval at the annual general meeting to be held on around 20 May 2022.

COMPANY SECRETARY

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

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

The Group founded an investor relations function position, with fostering relationship between the Group and its investors and shareholders, providing them with the requisite information and services, responding to their various enquiries in a timely manner, and maintain active and timely communication with them being among his/her main responsibilities.

With a view to enhance investors' understanding of the Group, the Group actively communicates with its investors through various channels, including emails, online results conferences, online brokerage seminars, investor conference calls and company research, etc. During regular and ad hoc online meetings, relevant information and data is provided by the Group's management directly to media reporters, securities analysts, fund managers and investors, etc., whilst their queries are being met timely with full and accurate responses.

Meanwhile, the Group's website and official account are also constantly updated to provide investors and the public with the latest information on all aspects of the Group.

SHAREHOLDERS' RIGHTS

Procedures for the convening of an Extraordinary General Meeting by Shareholders and putting forward proposals and procedures

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

If within 21 days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Making enquiries to the Board

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

DISCLOSURE OF INSIDE INFORMATION

The Company has developed its disclosure policy to provide a general guide to the Group's Directors, officers, senior management and relevant employees on handling confidential information, monitoring of information disclosure, responding to queries, to ensure that information of the Company is disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The Group has executed supervision programs to confirm the strict prohibition from unauthorised access to and use of inside information.

DIVIDEND POLICY

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

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

(b) any corporate development plans;

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

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

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

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

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

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

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

STAFF DIVERSITY

The Group had a workforce of 261 employees as of 31 December 2021. Among them, approximately 55.9% of the workforce (including senior management) were female, and 100% of the Group's senior management positions (excluding Directors) were held by female. The Group considers the total diversity (including gender diversity) of the Group is balanced as a whole and intends to maintain a similar level of gender diversity of the overall workforce, and will continue to promote diversity through training programs, employee networks, equitable hiring and recruitment practices.

CONSTITUTIONAL DOCUMENTS

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

INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of Bright Future Technology Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 74 to 129, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition for intelligent marketing solutions services Refer to Note 4(a) and Note 6 to the consolidated financial statements. For the year ended 31 December 2021, the Group recognised revenue of RMB487,896,000 from provision of intelligent marketing solutions services, of which RMB426,515,000 is recognised on gross basis, and RMB61,381,000 is recognised on net basis. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account of the nature of specified services and whether the Group controls the specified services before it is transferred to customer. The indicators that an entity controls the specified good or service before it is transferred to the customer include but not limited to (a) the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) the entity bears certain inventory risk; (c) the entity has discretion in establishing price and (d) the entity has discretion in selecting suppliers. We focused on this area due to the significant judgements involved in determining the Group's role as a principal or an agent in the arrangements of intelligent marketing solutions services with customers, which will impact the presentation of revenue and related costs in the consolidated financial statements.	We have performed the following procedures to address this key audit matter: • We understood, evaluated and tested, on sample basis, the key controls in place over management's assessment of revenue recognition, including management's approval and review of sales contracts. • We discussed with management, understood the business models and the indicators used in assessing the revenue recognition on gross or net basis under different circumstances. We evaluated the appropriateness of both accounting policies and principal-agent assessment under different circumstances for each indicator. • We, on a sample basis, obtained and tested the supporting evidences for each indicator that the management considered in the principal-agent assessment. The supporting evidences include but not limited to contracts with customers and reports generated from data management platform which manages advertisement creation and placement, in order to assess whether the Group is primarily responsible for fulfilling the promise to provide the specified service, has discretion in selecting suppliers, establishing price and bears certain inventory risks. • We performed overall evaluation on the appropriateness of the judgement made by the management and considered the weight of the indicators for gross versus net assessment in revenue recognition. Based on the procedures performed, the judgements made by management for principal-agent assessment on revenue from intelligent marketing solutions services were supportable by the evidences we obtained.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Yee Mau.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	Note	***RMB'000***	*RMB'000*
Revenue	*6*	**488,028**	382,763
Cost of services	*7*	**(390,565)**	(266,580)
Gross profit		**97,463**	116,183
Selling and distribution expenses	*7*	**(2,334)**	(2,667)
General and administrative expenses	*7*	**(93,456)**	(51,203)
Net impairment losses on financial assets	*17*	**(874)**	(657)
Other gains, net	*8*	**17,002**	10,261
Operating profit		**17,801**	71,917
Finance income	*10*	**273**	130
Finance costs	*10*	**(5,548)**	(932)
Finance costs – net		**(5,275)**	(802)
Profit before income tax		**12,526**	71,115
Income tax expense	*11*	**(29,781)**	(3,781)
(Loss)/profit for the year		**(17,255)**	67,334
(Loss)/profit attributable to:			
Owners of the Company		**(17,255)**	67,334
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**1,806**	(139)
Items that may not be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,909)**	(818)
Total comprehensive (loss)/income for the year		**(17,358)**	66,377
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(17,358)**	66,377
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company			
– Basic and diluted (expressed in RMB cents per share)	*12*	**(3.50)**	17.16

The notes on pages 78 to 129 are an integral part of these consolidated financial statements. Details of dividends to owners of the Company are set out in Note 13.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	**2021** *RMB'000*	2020 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**7,548**	5,031
Intangible assets	*15*	**–**	46
Deposits and prepayments	*17*	**808**	1,901
Deferred income tax assets	*18*	**414**	265
Total non-current assets		**8,770**	7,243
Current assets			
Trade receivables	*17*	**333,691**	335,074
Deposits, prepayments and other receivables	*17*	**124,480**	138,261
Cash and cash equivalents	*19*	**116,379**	97,177
Total current assets		**574,550**	570,512
Total assets		**583,320**	577,755
LIABILITIES			
Non-current liabilities			
Borrowings	*20*	**41,000**	–
Lease liabilities	*23*	**1,950**	1,114
Deferred income tax liabilities	*18*	**21,237**	–
Total non-current liabilities		**64,187**	1,114
Current liabilities			
Trade payables	*21*	**118,586**	130,472
Other payables and accruals	*22*	**20,957**	22,856
Borrowings	*20*	**41,102**	82,500
Contract liabilities	*6*	**23,995**	34,208
Lease liabilities	*23*	**2,676**	2,263
Current income tax liabilities		**16,222**	9,889
Total current liabilities		**223,538**	282,188
Total liabilities		**287,725**	283,302
EQUITY			
Share capital	*24*	**42,607**	42,607
Reserves	*25*	**110,679**	92,282
Retained earnings		**142,309**	159,564
Total equity		**295,595**	294,453
Total equity and liabilities		**583,320**	577,755

The notes on pages 78 to 129 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 74 to 129 were approved by the Board of Directors on 28 March 2022 and were signed on its behalf.

Dong Hui
Director

Yang Dengfeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital	Reserves	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25)*		
Balance at 1 January 2021	**42,607**	**92,282**	**159,564**	**294,453**
Profit for the year	**–**	**–**	**(17,255)**	**(17,255)**
Other comprehensive income	**–**	**(103)**	**–**	**(103)**
Total comprehensive income for the year	**–**	**(103)**	**(17,255)**	**(17,358)**
Transactions with owners:				
Share-based compensation	**–**	**39,126**	**–**	**39,126**
Repurchase of shares	**–**	**(20,626)**	**–**	**(20,626)**
Balance at 31 December 2021	**42,607**	**110,679**	**142,309**	**295,595**
Balance at 1 January 2020	70	28,667	100,097	128,834
Profit for the year	–	–	67,334	67,334
Other comprehensive income	–	(957)	–	(957)
Total comprehensive income for the year	–	(957)	67,334	66,377
Transactions with owners:				
Recapitalisation upon listing	31,886	(31,886)	–	–
Issuance of new shares upon listing	10,651	106,513	–	117,164
Share issuance costs	–	(17,922)	–	(17,922)
Appropriation for surplus reserve	–	7,867	(7,867)	–
Balance at 31 December 2020	42,607	92,282	159,564	294,453

The notes on pages 78 to 129 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	27	64,084	(80,089)
Interest received		273	130
Income taxes paid		(2,360)	(1,581)
Net cash generated from/(used in) operating activities		61,997	(81,540)
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		67,625	210
Proceeds from repayment of loans to related parties		2,580	–
Payments for purchase of property, plant and equipment		(2,308)	(1,045)
Payments for purchase of financial assets at fair value through profit or loss		(67,500)	–
Payments for loans to directors	29(b)	(4,500)	–
Payments for loans to employees		(8,500)	–
Net cash used in investing activities		(12,603)	(835)
Cash flows from financing activities			
Proceeds from issues of shares, net of issuance costs		–	107,363
Proceeds from borrowings		166,551	75,000
Loans from related parties	29(b)	29,100	7,500
Repayments of borrowings		(159,449)	(7,973)
Repayments of loans from related parties	29(b)	(36,600)	(22,501)
Payments of principal elements of lease payments		(3,518)	(1,736)
Payments of interest on borrowings and lease		(5,548)	(889)
Repurchase of shares	25(b)	(20,626)	–
Net cash (used in)/generated from financing activities		(30,090)	156,764
Net increase in cash and cash equivalents		19,304	74,389
Cash and cash equivalents at beginning of the year		97,177	23,805
Effects of exchange rate changes on cash and cash equivalents		(102)	(1,017)
Cash and cash equivalents at end of the year	19	116,379	97,177

The notes on pages 78 to 129 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Bright Future Technology Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited on 11 November 2020.

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

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Company's board of directors on 28 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

The Group has applied all the new and amended standards that effective for the financial period beginning on 1 January 2021. The adoption of these new and revised standards does not have any material impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these consolidated financial statements.

		Effective for the financial year beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
HKFRS (amendment)	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance Contract	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 17, HKFRS 4 and HKAS 16	Extension of the Temporary Exemption from Applying HKFRS 9 and Property, Plant and Equipment	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

2.3 Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations *(Continued)*

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

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

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

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

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

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

2.7 Property, plant and equipment

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, plant and equipment *(Continued)*

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

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

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

2.8 Intangible assets

(a) Software and database

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

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

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

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

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

(b) Research and development expenditures

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets *(Continued)*

(c) Amortisation method and period

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

- Software and database 5 years

2.9 Impairment of non-financial assets

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

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

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following categories:

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

- those to be measured at amortised cost.

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

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

(b) Recognition and derecognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(c) Measurement

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

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

Debt instruments

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

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

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

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

Equity instruments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Investments and other financial assets *(Continued)*

(d) Impairment

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

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

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

2.11 Offsetting financial instruments

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

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Share capital

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Trade and other payables

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

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

2.16 Borrowings

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

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

2.17 Current and deferred income tax

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

(a) Current income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax *(Continued)*

(b) Deferred income tax

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

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

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

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

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

2.18 Employee benefits

(a) Pension obligations

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits *(Continued)*

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

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

(c) Employee leave entitlements

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

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

2.19 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement date and grant date.

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Share-based payments *(Continued)*

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancelation of some or all the equity instruments granted).

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.20 Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition

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

The Group earns revenue from two different business models including (a) intelligent marketing solutions services and (b) SaaS subscription solutions services.

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

(a) Intelligent marketing solutions services

The Group generates revenue from providing intelligent marketing solutions services, comprising of 4 key components, namely, "influential placement", "precision marketing", "intelligent content" and "intelligent livestreaming", to the Group's advertisers. The services include traffic acquisition from top media platforms (i.e. media publishers or advertising agents), content production, raw data analysis and advertising campaign optimisation. The Group charges the advertisers based on specified action such as download, installation, registration of the mobile device users ("cost per action" or "CPA"), sales of the advertisers ("cost per sales" or "CPS"), cost per download ("CPD"), cost per click ("CPC") or cost per mille ("CPM"); and the costs charged by the media publishers or advertising agents to the Group vary based on CPA, CPS, or the monetary value of virtual tokens which are consumed for procuring advertisement inventories and based on CPD, CPC or CPM.

(i) Integrated intelligent marketing solutions services – gross method

For revenue from providing integrated intelligent marketing solutions services, while none of the factors individually are considered presumptive or determinative, the Group controls the specified service before that service is transferred to a customer and is the principal in this arrangement because: (i) The Group is primarily responsible for identifying and contracting with third-party advertisers which the Group view as customers, and delivering the specified integrated intelligent marketing solutions services to the advertisers. (ii) In some instances, the Group is subject to certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring user traffic from media publishers or advertising agents cannot be compensated by the total consideration obtained from the advertisers, which is similar to inventory risk. (iii) The Group is responsible for performing all the billing and collection activities, including retaining credit risk. Therefore,the Group reports revenue earned from the advertisers and costs paid to the media publishers or advertising agents related to these transactions on a gross basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

(a) Intelligent marketing solutions services *(Continued)*

(ii) Influential placement services – net method

For revenue from providing specific component (i.e. influential placement) of intelligent marketing solutions services, the Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to an advertiser, because (i) the Group does not have the latitude to select media publisher which is designated in the contract with the advertiser; (ii) the media advertisement space is not owned by the Group, and the Group does not have any commitments to purchase the advertising space, and therefore the Group does not have inventory risk; and (iii) the Group charges the advertisers based on CPC, CPD, CPT or CPM, which is the same pricing mechanism that the media publishers or advertising agents charge the Group, and measured by the monetary value of virtual tokens consumed for procuring advertisement inventories, although the Group has discretion in determining the price charged to the advertiser. Therefore, the Group determines it is the agent in the transaction based on the weight of the aforementioned factors. The Group reports the amount received from the advertisers and the amounts paid to the media publishers or advertising agents related to these transactions on a net basis.

(iii) Intelligent livestreaming services

Intelligent livestreaming services revenue primarily include revenue from e-commerce marketing (i.e. driving shop traffic, livestreaming operation, Douyin operation). The Group provides livestreaming services for merchants to promote and sell goods on livestreaming platform and charges commissions on the sales of goods completed through its platform based on agreed commission rates. The Group does not take controls of goods sold through its platform. Commission revenue related to intelligent livestreaming are recognised at a point in time when sale transaction of goods is completed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Revenue recognition *(Continued)*

(b) SaaS subscription solutions services

SaaS subscription solutions services revenue are primarily revenue from paid subscriptions in the application of LinkDoAI Cloud. The Group provides to users certain subscription packages offerings with certain privilege features in the application. The subscription fee for these packages is timebased and is collected upfront from subscribers. The receipt of subscription fee is initially recorded as contract liabilities and recognised as revenue ratably over the subscription period. The Group records revenue on gross basis.

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

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

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

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

2.22 Lease

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 Lease *(Continued)*

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

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

The lease payments are discounted using the incremental borrowing rate.

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

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

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

2.23 Government grants

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

Instrument used by the Group

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

Exposure

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cash and cash equivalents	**388**	4,763
Other payables and accruals	**16**	2,314

Sensitivity

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
HKD/RMB exchange rate – increase (10%)	**34**	245
HKD/RMB exchange rate – decrease (10%)	**(34)**	(245)

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Fair value interest rate risk

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

(b) Credit risk

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

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

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

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

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group's management divides customers into different categories and reviews regularly the recoverable amount of receivables to ensure that adequate impairment losses are made for irrecoverable amounts. As at 31 December 2021 and 2020, the loss allowance provision for trade receivables is disclosed in Note 17.

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(i) Credit risk of trade receivables

For the year ended 31 December 2021, the expected credit losses rate of trade receivables from third parties are determined as follows:

	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years past due	Total
Expected loss rate	**0.16%**	**0.50%**	**4.73%**	**10.49%**	**61.84%**	**100.00%**	**–**
Gross carrying amount *(RMB'000)*	**218,873**	**86,156**	**30,028**	**810**	**283**	**371**	**336,521**
Loss allowance provision *(RMB'000)*	**351**	**427**	**1,421**	**85**	**175**	**371**	**2,830**

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

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

During the years ended 31 December 2021 and 2020, the Group entered into factoring arrangements to increase liquidity by transferring certain trade receivables due from a customer to a commercial bank in mainland China and these trade receivables were derecognised due to the transfer of risks and rewards to the commercial bank.

(ii) Credit risk of other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Impairment on other receivables is measured as 12-month expected credit losses. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime expected credit loss.

Management has performed assessment on the recoverability of these balances and do not identify events leading to significant increase in credit risk since origination. In calculating the expected credit loss rates, the management considers the historical loss rates for employees, and adjusts for forward-looking macroeconomic data. At this reporting period end, the loans to employees were categorized in stage 1. Management considers that the expected credit loss is immaterial as at each year end date.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

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

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

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total *RMB'000*
At 31 December 2021				
Borrowings	**41,981**	**4,163**	**41,986**	**88,130**
Trade payable	**118,586**	**–**	**–**	**118,586**
Other payables and accruals (excluding payroll and welfare payables and other tax payable)	**2,284**	**–**	**–**	**2,284**
Lease liabilities	**2,958**	**1,760**	**275**	**4,993**
	165,809	**5,923**	**42,261**	**213,993**
At 31 December 2020				
Borrowings	82,500	–	–	82,500
Trade payable	130,472	–	–	130,472
Other payables and accruals (excluding payroll and welfare payables and other tax payable)	7,374	–	–	7,374
Lease liabilities	2,428	1,046	108	3,582
	222,774	1,046	108	223,928

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's objectives when managing capital are to

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

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (Note 27(c)) divided by total equity. As at 31 December 2021 and 2020, the Group has a net cash position.

3.3 Fair value estimation

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

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

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

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

As at 31 December 2021 and 2020, the Group had no financial assets measured at fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

(a) Gross versus net assessment in revenue recognition

As disclosed in Note 2.21, the Group provides intelligent marketing solutions services to its customers using different business models, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal versus agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to: (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on different circumstances.

(b) Impairment for trade receivables

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

(c) Current and deferred income taxes

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

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 SEGMENT INFORMATION

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

6 REVENUE

Revenue comprises of proceeds from providing intelligent marketing solutions services and SaaS subscription solutions services. The analysis of the Group's revenue by category for the years ended 31 December 2021 and 2020 was as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services – gross method	**426,515**	302,851
– Influential placement services – net method	**60,612**	79,912
– Intelligent livestreaming services – net method	**769**	–
SaaS subscription solutions services	**132**	–
Total	**488,028**	382,763

The timings of revenue recognition by category is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
At a point in time	**487,896**	382,763
Over time	**132**	–
Total	**488,028**	382,763

The Group has concentration of risk from a major customer as the customer contributed to approximately 26% and 25% of the Group's total revenue for the years ended 31 December 2021 and 2020, respectively.

As at 31 December 2021 and 2020, the trade receivables from the aforesaid major customer amounted to approximately RMB99,054,000 and RMB153,809,000, representing approximately 29% and 46% respectively of the Group's total trade receivables.

During the years ended 31 December 2021 and 2020, the incremental costs incurred to obtain contracts was not significant.

6 REVENUE *(Continued)*

(a) Contract liabilities

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Contract liabilities	**23,995**	34,208

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet provided as at the reporting date.

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**17,073**	22,246

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

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

7 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Advertising traffic costs	**366,978**	251,885
Employee benefit expenses *(Note 9)*	**90,140**	39,650
Consultancy fees	**7,373**	4,821
Office expenses	**4,822**	2,077
Depreciation and amortisation *(Notes 14 and 15)*	**4,604**	2,423
Server charges and IT fees	**4,477**	4,708
Auditor's remuneration	**2,400**	3,000
Short-term lease expenses	**1,422**	668
Travelling expenses	**1,105**	907
Listing expenses	**–**	7,389
Others	**3,034**	2,922
Total cost of services, selling and distribution expenses, and general and administrative expenses	**486,355**	320,450

Note: During the year ended 31 December 2021, the Group incurred expenses for the purpose of research and development of approximately RMB29,657,000 (2020: RMB23,415,000).

8 OTHER GAINS, NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Government grant *(note)*	**10,152**	6,000
Value added tax ("VAT") refunds	**6,725**	4,255
Gains on disposal of financial assets at fair value through profit or loss	**125**	6
	17,002	10,261

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

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Salaries, wages, and bonuses	**42,399**	34,549
Share-based compensation *(Note 26)*	**39,126**	–
Pension costs – defined contribution plans *(note)*	**3,462**	238
Other social security costs, housing benefits and other employee benefits	**5,153**	4,863
	90,140	39,650

Note: Pensions – defined contribution plans

Employees of the Group companies in the PRC are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employee's salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

During the year ended 31 December 2021, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2020: Nil).

(a) Five highest paid individual

The five individuals whose emoluments were the highest in the Group include 2 directors for the year ended 31 December 2021 (2020: 2), and their emoluments are reflected in the analysis shown in Note 30. The emoluments payable to the remaining 3 individuals for the year ended 31 December 2021 (2020: 3) are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Salaries, wages, and bonuses	**2,790**	3,398
Share-based compensation	**38,240**	–
Pension costs – defined contribution plans	**98**	7
Other social security costs, housing benefits and other employee benefits	**104**	96
	41,232	3,501

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

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

The emoluments fell within the following bands:

	Year ended 31 December	
	2021	2020
Emoluments bands:		
HKD1,000,001 to HKD1,500,000 (equivalent to approximately RMB830,600 to RMB1,245,900)	1	2
HKD1,500,001 to HKD2,000,000 (equivalent to approximately RMB1,245,900 to RMB1,661,200)	–	1
HKD24,000,000 to HKD24,500,000 (equivalent to approximately RMB19,934,400 to RMB20,349,700)	2	–

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2021 and 2020.

10 FINANCE COSTS – NET

	Year ended 31 December	
	2021 *RMB'000*	2020 *RMB'000*
Finance income		
Interest income from bank deposits	273	130
Finance costs		
Interest expenses on bank borrowings	(5,145)	(535)
Interest expenses on lease liabilities	(403)	(274)
Exchange gains and losses	–	(43)
Interest expenses on loans from shareholders	–	(80)
	(5,548)	(932)
Finance costs – net	**(5,275)**	(802)

11 INCOME TAX EXPENSE

(a) Cayman Island and BVI Income Tax

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

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

(b) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any estimated assessable profits during the years ended 31 December 2021 and 2020.

(c) PRC Enterprise Income Tax ("EIT")

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The general enterprise income tax rate in the PRC is 25%.

Shenzhen Bright Future Technology Company Limited ("Shenzhen Bright Future") acquired the qualification of "Software Enterprise" in 2017 and was entitled to an exempt from EIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, if certain requirements are met, commencing from its first profitable year. Shenzhen Bright Future also acquired the qualification of "High and New Technology Enterprise" ("HNTE") in 2018 and renewed it in 2021, and subject to a reduced preferential EIT rate of 15% for 3-year period from 2021 to 2023 according to the applicable tax preference applicable to the HNTE.

Shenzhen Lindu Technology Company Limited ("Shenzhen Lindu") acquired the qualification of "Software Enterprise" in 2017 and was entitled to an exempt from EIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, if certain requirements are met, commencing from its first profitable year. Shenzhen Lindu also acquired the qualification of HNTE in 2019 and subject to a reduced preferential EIT rate of 15% for 3-year period from 2019 to 2021 according to the applicable tax preference applicable to the HNTE.

Huzhou Bright Future Technology Company Limited ("Huzhou Bright Future") acquired the qualification of "Software Enterprise" in 2020 and was entitled to an exempt from EIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, if certain requirements are met, commencing from its first profitable year.

11 INCOME TAX EXPENSE *(Continued)*

(c) PRC Enterprise Income Tax ("EIT") *(Continued)*

Khorgas Velocity Network Technology Company Limited ("Khorgas Velocity Network") was established in Khorgos Development Zone of Xinjiang in 2017, which was exempt from EIT from the first year of operation for a 5-year period from 2017 to 2021 according to the regulations set out by the local authorities.

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Current income tax	**8,693**	2,384
Deferred income tax *(Note 18)*	**21,088**	1,397
Income tax expense	**29,781**	3,781

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Profit before income tax expense	**12,526**	71,115
Tax calculated at the statutory PRC tax rate of 25%	**3,132**	17,778
Effects of different tax rates in other jurisdictions	**1,334**	2,842
Effects of preferential tax rates applicable to PRC subsidiaries of the Group	**(6,894)**	(14,590)
Tax losses for which no deferred income tax asset was recognised	**6,734**	376
Non-deductible expenses	**9,778**	302
Super deduction of research and development expenses	**(5,540)**	(2,927)
Withholding tax on unremitted retained earnings	**21,237**	–
Income tax expense	**29,781**	3,781

12 (LOSSES)/EARNINGS PER SHARE (EXPRESSED IN RMB CENTS PER SHARE) – BASIC AND DILUTED

(a) Basic (losses)/earnings per share

	Year ended 31 December	
	2021	2020
(Loss)/profit attributable to owners of the Company *(RMB'000)*	**(17,255)**	67,334
Weighted average number of ordinary shares in issue *(thousands) (note)*	**492,362**	392,418
Basic (losses)/earnings per share *(in RMB cents)*	**(3.50)**	17.16

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2020 has been retrospectively adjusted for the effect of the recapitalisation issue on 11 November 2020 (Note 24(a)).

(b) Diluted (losses)/earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume all dilutive potential ordinary shares.

As the Group incurred loss for the year ended 31 December 2021, the impact of employee incentive plan was not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive, and there was no potentially dilutive ordinary share outstanding as at 31 December 2020. Accordingly, diluted (losses)/earnings per share for the year ended 31 December 2021 and 2020 are the same as basic (losses)/earnings per share.

13 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended 31 December 2021 and 2020.

On 28 March 2022, the board of directors recommended a final dividend of RMB0.16 (equivalent to HKD0.20) per share (totally RMB80,000,000) for the year ended 31 December 2021. This proposed final dividend is subject to the approval of the shareholders at the annual general meeting and is not reflected as dividend payable in these consolidated financial statements.

14 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Electronic equipment	Motor vehicles	Leasehold improvements	Right-of-use assets – leased offices	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021						
Cost	587	1,238	332	635	7,533	10,325
Accumulated depreciation	(155)	(661)	(26)	(151)	(4,301)	(5,294)
Net book amount	432	577	306	484	3,232	5,031
Year ended 31 December 2021						
Opening net book amount	432	577	306	484	3,232	5,031
Additions	50	654	–	1,604	4,767	7,075
Depreciation charge	(97)	(351)	(79)	(484)	(3,547)	(4,558)
Closing net book amount	385	880	227	1,604	4,452	7,548
At 31 December 2021						
Cost	637	1,892	332	2,239	12,300	17,400
Accumulated depreciation	(252)	(1,012)	(105)	(635)	(7,848)	(9,852)
Net book amount	385	880	227	1,604	4,452	7,548
At 1 January 2020						
Cost	491	831	–	515	6,482	8,319
Accumulated depreciation	(70)	(408)	–	(34)	(2,220)	(2,732)
Net book amount	421	423	–	481	4,262	5,587
Year ended 31 December 2020						
Opening net book amount	421	423	–	481	4,262	5,587
Additions	96	407	332	210	1,051	2,096
Disposals	–	–	–	(90)	–	(90)
Depreciation charge	(85)	(253)	(26)	(117)	(2,081)	(2,562)
Closing net book amount	432	577	306	484	3,232	5,031
At 31 December 2020						
Cost	587	1,238	332	635	7,533	10,325
Accumulated depreciation	(155)	(661)	(26)	(151)	(4,301)	(5,294)
Net book amount	432	577	306	484	3,232	5,031

14 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cost of services	**3,374**	1,792
Selling and distribution expenses	**77**	92
General and administrative expenses	**1,107**	678
	4,558	2,562

15 INTANGIBLE ASSETS

	Software and database *RMB'000*
At 1 January 2021	
Cost	539
Accumulated amortisation	(493)
Net book amount	46
Year ended 31 December 2021	
Opening net book amount	46
Amortisation charge	(46)
Closing net book amount	–
At 31 December 2021	
Cost	539
Accumulated amortisation	(539)
Net book amount	–
At 1 January 2020	
Cost	539
Accumulated amortisation	(432)
Net book amount	107
Year ended 31 December 2020	
Opening net book amount	107
Amortisation charge	(61)
Closing net book amount	46

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

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost		
Trade receivables *(Note 17)*	**333,691**	335,074
Deposits, prepayments and other receivables (excluding prepayments) *(Note 17)*	**32,545**	21,650
Cash and cash equivalents *(Note 19)*	**116,379**	97,177
	482,615	453,901
Financial liabilities at amortised cost		
Borrowings *(Note 20)*	**82,102**	82,500
Trade payables *(Note 21)*	**118,586**	130,472
Other payables and accruals (excluding payroll and welfare payables and other tax payable) *(Note 22)*	**2,284**	7,374
Lease liabilities *(Note 23)*	**4,626**	3,377
	207,598	223,723

The carrying amounts of the financial instruments approximated their fair values at 31 December 2021 and 2020.

17 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables – third parties	**336,521**	337,210
Loss allowance	**(2,830)**	(2,136)
	333,691	335,074

As at 31 December 2021 and 2020, the trade receivables were denominated in RMB.

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**2,136**	1,479
Addition	**694**	657
At the end of the year	**2,830**	2,136

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

(a) Trade receivables *(Continued)*

The Group normally allows a credit period of 30 to 150 days to its customers. Aging analysis of the trade receivables as at 31 December 2021 and 2020, based on date of recognition, is as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Aging		
Up to 3 months	**220,570**	261,530
3 to 6 months	**37,847**	71,551
6 months to 1 year	**76,777**	1,716
1 to 2 years	**784**	1,755
Over 2 years	**543**	658
	336,521	337,210

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

(b) Deposits, prepayments and other receivables

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Prepayments to media publishers and advertising agents	**92,743**	118,512
VAT recoverable	**9,299**	10,692
Rental and other deposits	**5,682**	4,919
Loans to employees *(note)*	**8,500**	–
Loan to a director *(Note 29(b))*	**1,920**	–
Others	**7,324**	6,039
Less: Loss allowance *(Note 3.1(b))*	**(180)**	–
	125,288	140,162
Less: Non-current deposits and prepayments	**(808)**	(1,901)
	124,480	138,261

Note: Loans to employees represent housing loans to certain employees (including a loan of RMB1,500,000 to a member of key management). These loans are unsecured and to be repaid in 1 year from the inception date of the loan. Loan amounted to RMB7,500,000 is interest-free and loan amounted to RMB1,000,000 bears interest rate of 3.4% per annum.

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

(b) Deposits, prepayments and other receivables *(Continued)*

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**–**	–
Addition	**180**	–
At the end of the year	**180**	–

18 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

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

During the years ended 31 December 2021 and 2020, there is no offsetting of deferred income tax assets and deferred income tax liabilities. The amounts are shown on the consolidated statements of financial position as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Deferred income tax assets		
– to be recovered within 12 months	**414**	265
Deferred income tax liabilities		
– to be recovered within 12 months	**(21,237)**	–

18 DEFERRED INCOME TAX ASSETS/(LIABILITIES) *(Continued)*

Movement in deferred income tax assets and liabilities during the years ended 31 December 2021 and 2020 is as follows:

	Deferred income tax assets			Deferred income tax liabilities
	Allowance for doubtful debts	**Deferred government grant**	**Total**	**Withholding tax** (note (b))
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	**265**	**–**	**265**	**–**
Credited/(charged) to profit or loss	**149**	**–**	**149**	**(21,237)**
As at 31 December 2021	**414**	**–**	**414**	**(21,237)**
At 1 January 2020	162	1,500	1,662	–
Credited/(charged) to profit or loss	103	(1,500)	(1,397)	–
As at 31 December 2020	265	–	265	–

Notes:

(a) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. The Group did not recognise deferred income tax assets of RMB7,698,000 and RMB964,000 in respect of accumulated tax losses amounting to RMB33,228,000 and RMB3,856,000 as at 31 December 2021 and 2020 respectively in certain of the Group's subsidiaries, which can be carried forward to offset against future taxable income, except for RMB7,164,000 and nil have no expiry date, all of which will expire before 2026 and 2025 respectively.

(b) As at 31 December 2020, the retained earnings of the Group's subsidiaries not yet remitted to holding companies incorporated outside Mainland China, for which no deferred income tax liability had been provided, were approximately RMB194,483,000.

As at 31 December 2021, due to the change in the dividend policy of the Group as evidence that a final dividend from the retained earnings was proposed by the board of directors of the Company on 28 March 2022 (Note 13), the Group is required to recognise deferred income tax liability of approximately RMB21,237,000 on the unremitted retained earnings of its subsidiaries established in the Mainland China using the applicable withholding tax rate.

19 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cash at bank	**116,379**	97,177

Bank balances are denominated in the following currencies:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
RMB	**115,902**	91,488
HKD	**474**	5,660
USD	**3**	29
	116,379	97,177

20 BORROWINGS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Non-current		
Secured bank borrowings	**41,000**	–
Current		
Guaranteed bank borrowings	**41,102**	75,000
Unsecured loans from shareholders and key management personnel *(Note 29(b)(i))*	**–**	7,500
	41,102	82,500
	82,102	82,500

The unsecured loans from shareholders and key management personnel as at 31 December 2020 were interest-free and initially recognised at their principal amounts. No subsequent interest expense was recognised during the year ended 31 December 2021.

As at 31 December 2021, the Group's bank borrowings bear interest rate of 3.85% to 5.5% (31 December 2020: 3.61%) per annum.

20 BORROWINGS *(Continued)*

The maturity of borrowings is as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**41,102**	82,500
After 2 years	**41,000**	–
	82,102	82,500

The pledge and guarantee related to bank borrowings is as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Secured by the pledge of Mr. Dong's residence and guaranteed by two subsidiaries of the Company and Ms. Gao Yuqing ("Ms. Gao")	**20,000**	–
Secured by the pledge of Mr. Dong's residence and guaranteed by Mr. Dong and Ms. Gao	**2**	–
Secured by the pledge of Mr. Dong's residence and Ms. Gao's residence	**41,000**	–
Guaranteed by Dragon Hero Corporation Limited	**–**	75,000
Guaranteed by Mr. Dong and Mr. Yang and a financial guarantee company	**5,900**	–
Guaranteed by Mr. Yang and Mr. Dong and the Company	**10,000**	–
Guaranteed by Mr. Dong and Mr. Yang, the Company and a financial guarantee company	**5,200**	–
	82,102	75,000

21 TRADE PAYABLES

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Aging		
Up to 3 months	**11,453**	30,802
3 to 6 months	**1,923**	17,829
Over 6 months	**105,210**	81,841
	118,586	130,472

22 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Accrued staff costs	**10,877**	15,414
Value-added tax and surcharge	**7,796**	68
Accrued auditors' remuneration	**1,609**	3,000
Accrued listing expenses	**–**	3,323
Others	**675**	1,051
	20,957	22,856

23 LEASE LIABILITIES

Amounts recognised in the statements of financial position

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Lease liabilities		
Current	**2,676**	2,263
Non-current	**1,950**	1,114
	4,626	3,377

Interest expense in relation to the lease liabilities of RMB403,000 have been included in the finance costs for the year ended 31 December 2021 (2020: RMB274,000).

The total cash outflow from financing activities for the prepayment of lease liabilities for the years ended 31 December 2021 and 2020 were RMB3,921,000 and RMB2,100,000, and the total cash outflow from operating activities for short-term lease payments in 2021 and 2020 were RMB1,331,000 and RMB668,000.

24 SHARE CAPITAL

	Number of shares	Nominal value of shares	Equivalent nominal value of shares *RMB'000*
Issued:			
As at 1 January 2020	795,600	HKD78,000	70
Recapitalisation upon listing *(Note (a))*	374,204,400	HKD37,420,440	31,886
Issuance of new shares upon listing *(Note (b))*	125,000,000	HKD12,500,000	10,651
As at 31 December 2020 and 31 December 2021	500,000,000	HKD50,000,000	42,607

Notes:

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

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

25 RESERVES

	Share premium *RMB'000*	Surplus reserve *RMB'000*	Exchange reserve *RMB'000*	Capital reserve *RMB'000*	Share-based compensation reserves *RMB'000*	Shares held for share award scheme *RMB'000*	Other reserve *RMB'000*	Total reserves *RMB'000*
At 1 January 2021	**56,705**	**17,325**	**(978)**	**4,860**	**–**	**–**	**14,370**	**92,282**
Contribution from shareholders (a)	**–**	**–**	**–**	**–**	**(38,240)**	**(3,858)**	**42,098**	**–**
Share-based compensation *(Note 26)*	**–**	**–**	**–**	**–**	**39,126**	**–**	**–**	**39,126**
Repurchase of shares (b)	**–**	**–**	**–**	**–**	**–**	**(20,626)**	**–**	**(20,626)**
Currency translation differences	**–**	**–**	**(103)**	**–**	**–**	**–**	**–**	**(103)**
At 31 December 2021	**56,705**	**17,325**	**(1,081)**	**4,860**	**886**	**(24,484)**	**56,468**	**110,679**
At 1 January 2020	–	13,410	(21)	4,860	–	–	10,418	28,667
Appropriation for surplus reserve (c)	–	3,915	–	–	–	–	3,952	7,867
Issuance of new shares upon listing *(Note 24(b))*	106,513	–	–	–	–	–	–	106,513
Transfer from share premium to share capital for recapitalisation issue *(Note 24(a))*	(31,886)	–	–	–	–	–	–	(31,886)
Share issuance costs (d)	(17,922)	–	–	–	–	–	–	(17,922)
Currency translation differences	–	–	(957)	–	–	–	–	(957)
At 31 December 2020	56,705	17,325	(978)	4,860	–	–	14,370	92,282

25 RESERVES *(Continued)*

(a) Contribution from shareholders

On 13 July 2021, the Controlling Shareholders transferred: (i) an aggregate of 3,855,381 shares of the Company for the purpose of sponsoring 2021 Share Incentive Plan of the Group to Futu Trustee which is an employee share trust controlled by the Company, and (ii) an aggregate of 38,216,850 shares of the Company for 2021 C-star Share Award of the Group to a company owned by two employees of the Group. The transaction was regarded as a contribution from the Controlling Shareholders and was recognised as other reserve using the fair value of the Company's shares prevailing (Note 26).

(b) Repurchase of shares

On 21 September 2021, Futu Trustee purchased an aggregate of 21,076,000 shares from an independent third party for the purpose of the share award scheme. These shares were acquired at the prevailing market price.

(c) Appropriation for surplus reserve

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

(d) Share issuance costs

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

26 SHARE-BASED PAYMENTS

(a) 2021 Share Incentive Plan

On 13 July 2021, the shareholder of the Company, Brilliant League which is wholly-owned by one of the Controlling Shareholders, Mr. Dong, transferred a total of 3,855,381 shares to Futu Trustee, an employee share trust controlled by the Company. On 20 July 2021, the Board resolved to grant 3,855,381 shares held by Futu Trustee to 40 employees of the Group at nil consideration.

The shares awarded to the aforesaid employees are subject to a vesting schedule in tranches from the grant date over a certain service period, on condition that employees remain in service without any performance requirements.

Details of shares awarded are as follows:

Grant Date	Number of shares awarded	Vesting condition
20 July 2021	3,855,381	30% of the shares to be vested on any date after the last day of the period of 12 months commencing on the date of acceptance form
		30% of the shares to be vested on any date after the last day of the period of 24 months commencing on the date of the acceptance form
		40% of the shares to be vested on any date after the last day of the period of 36 months commencing on the date of the acceptance form

(b) 2021 C-star Share Award

On 13 July 2021, two Shareholders of the Company, Brilliant League and Highland Triumph, which are wholly-owned by the Controlling Shareholders of the Company, Mr. Dong and Mr. Yang, transferred an aggregate of 38,216,850 shares to C-star Limited ("C-star") at nominal consideration. C-star is owned as to 50% by Ms. Su Yuwen and 50% by Mr. Wen Mingyang, both being key employees of the Group without any other conditions. The Company accounted for this transaction as equity settled share-based payment to employees and recognised a share-based payment expense of approximately RMB38,240,000 immediately (Note 25(a)).

27 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Profit before income tax	**12,526**	71,115
Adjustments for:		
Depreciation	**4,558**	2,362
Amortisation	**46**	61
Finance costs – net	**5,275**	802
Gains on disposal of financial assets at fair value through profit or loss	**(125)**	(6)
Net impairment losses on financial assets	**874**	657
Share-based payment expenses	**39,126**	–
Change in working capital:		
Trade receivables	**689**	(112,352)
Deposits, prepayments and other receivables	**25,113**	(64,292)
Trade payables	**(11,886)**	14,921
Contract liabilities	**(10,213)**	9,577
Other payables and accruals	**(1,899)**	(2,934)
Cash generated from/(used in) operations	**64,084**	(80,089)

(b) Non-cash investing and financing activities

There were no material non-cash investing and financing activities for the years ended 31 December 2021 and 2020, other than the addition of right-of-use assets upon the commencement of each lease contract.

(c) Reconciliation of liabilities generated from financing activities

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Cash and cash equivalents	**116,379**	97,177
Borrowings – repayable within 1 year (including overdraft)	**(41,102)**	(82,500)
Borrowings – repayable after 1 year	**(41,000)**	–
Lease liabilities	**(4,626)**	(3,377)
Net cash	**29,651**	11,300

27 CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities generated from financing activities *(Continued)*

	Other assets		Liabilities from financing activities			
	Cash *RMB'000*	FVPL *RMB'000*	Lease liabilities *RMB'000*	Borrowings due within 1 year *RMB'000*	Borrowings due after 1 year *RMB'000*	Total *RMB'000*
Net debt as at 1 January 2021	**97,177**	**–**	**(3,377)**	**(82,500)**	**–**	**11,300**
Cash flows	**19,304**	**(125)**	**3,921**	**41,398**	**(41,000)**	**23,498**
Non-cash movement	**(102)**	**125**	**(5,170)**	**–**	**–**	**(5,147)**
Net debt as at 31 December 2021	**116,379**	**–**	**(4,626)**	**(41,102)**	**(41,000)**	**29,651**
Net debt as at 1 January 2020	23,805	204	(4,352)	(30,501)	–	(10,844)
Cash flows	74,389	(210)	2,010	(51,411)	–	24,778
Non-cash movement	(1,017)	6	(1,035)	(588)	–	(2,634)
Net debt as at 31 December 2020	97,177	–	(3,377)	(82,500)	–	11,300

28 COMMITMENT

Capital commitments

The Group did not have any material capital commitments as at 31 December 2021 and 2020.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

During the years ended 31 December 2021 and 2020, the directors are of the view that the following are related parties of the Group.

(a) Transactions with related parties

(i) Key management personnel compensation

	Year ended 31 December	
	2021 ***RMB'000***	2020 *RMB'000*
Salaries, wages, and bonuses	**4,004**	4,214
Pension costs – defined contribution plans	**166**	11
Other social security costs, housing benefits and other employee benefits	**1,004**	707
	5,174	4,932

29 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
City Energy Holdings Limited	**–**	80

(b) Balances with related parties

(i) Loans from shareholders and key management personnel

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Beginning of the year	**7,500**	22,501
Additions	**29,100**	7,500
Interest expenses accretion	**–**	80
Repayments	**(36,600)**	(22,581)
End of the year	**–**	7,500

As at 31 December 2021 and 2020, borrowings were advanced from shareholders and key management personnel:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Mr. Dong	**–**	5,000
Mr. Yang Dengfeng	**–**	2,500
	–	7,500

(ii) Loans to shareholders and directors

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Beginning of the year	**–**	–
Additions	**4,500**	–
Interest expenses accretion	**–**	–
Repayments	**(2,580)**	–
End of the year	**1,920**	–

29 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties *(Continued)*

(ii) Loans to shareholders and directors *(Continued)*

The information about loans of the Group, in favour of Mr. Dong Hui and directors are as follows:

Name of the borrower	Nature of connection	Total amount receivable *RMB'000*	Aggregate outstanding amounts at the beginning of the year *RMB'000*	Aggregate outstanding amounts at the end of the year *RMB'000*	Maximum outstanding during the year *RMB'000*	Aggregate amounts fallen due but not been paid *RMB'000*	Aggregate provisions for doubtful bad debts made *RMB'000*	Term	Interest rate	Security
At 31 December 2021										
Mr. Dong Hui	Shareholder and director	1,920	–	1,920	2,500	–	–	2021.8.19 – 2022.8.18	–	unsecured
Mrs. Gao Yuqing	Director	–	–	–	2,000	–	–	2021.6.18 – 2021.12.18	–	unsecured

30 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

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

	Salaries, wages and bonus *RMB'000*	Pension cost-defined contribution plan *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Total *RMB'000*
For the year ended 31 December 2021				
Chairman and Chief Executive Officer:				
Mr. Dong Hui	821	25	900	1,746
Executive directors:				
Ms. Tian Liuyihang (ii)	83	–	–	83
Mr. Yang Dengfeng	649	24	33	706
Ms. Gao Yuqing	1,386	21	32	1,439
Mr. Cen Senhui	687	39	35	761
Independent non-executive directors:				
Mr. Liu Kinwai (i)	150	–	–	150
Mr. Wei Haiyan (i)	100	–	–	100
Mr. Chen Shuo (i)	76	–	–	76
Mr. Zhang Fan Chen (iii)	23	–	–	23
	3,975	109	1,000	5,084

30 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

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

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

(i) Mr. Chen Shuo, Mr. Liu Kinwai and Mr. Wei Haiyan were appointed as independent non-executive directors of the Company on 22 August 2019 with effect from the listing. Mr. Chen Shuo resigned on 8 October 2021.

(ii) Ms. Tian Liuyihang was appointed as executive director of the Company on 9 December 2020 and resigned on 21 June 2021.

(iii) Mr. Zhang Fanchen was appointed as independent non-executive director of the Company on 8 October 2021.

30 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during the years ended 31 December 2021 and 2020.

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

No consideration provided to third parties for making available Directors' services subsisted at the end of each reporting period or at any time during the years ended 31 December 2021 and 2020.

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

Other than those disclosed in Note 29, no loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2021 and 2020.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2021 and 2020.

31 NOTES TO THE STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Interests in subsidiaries *(note)*	**135,782**	96,825
Prepayments	**–**	1,414
Total non-current assets	**135,782**	98,239
Current assets		
Prepayments and other receivable	**65,622**	90,259
Cash and cash equivalents	**31**	2,460
Total current assets	**65,653**	92,719
Total assets	**201,435**	190,958
LIABILITIES		
Current liabilities		
Other payables	**23,018**	25,819
Total current liabilities	**23,018**	25,819
Total liabilities	**23,018**	25,819
EQUITY		
Share capital	**42,607**	42,607
Reserves	**173,836**	157,656
Accumulated losses	**(38,026)**	(35,124)
Total equity	**178,417**	165,139
Total equity and liabilities	**201,435**	190,958

Note:

Interests in subsidiaries

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Investments in subsidiaries – at cost, unlisted *(Note (a))*	**130,059**	90,934
Amounts due from a subsidiary *(Note (b))*	**5,723**	5,891
	135,782	96,825

(a) It represents: (i) the aggregate net asset value of the subsidiary acquired during the reorganisation of the Group, which was completed on 14 December 2018, and (ii) the share-based compensation granted to employees in certain subsidiaries.

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

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

(b) Equity movement of the Company

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Share-based compensation reserves RMB'000	Shares held for share award scheme RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2021	**42,607**	**56,705**	**(816)**	**4,860**	**–**	**–**	**96,907**	**(35,124)**	**165,139**
Profit for the year	–	–	–	–	–	–	–	(2,902)	(2,902)
Other comprehensive income	–	–	(2,320)	–	–	–	–	–	(2,320)
Total comprehensive income for the year	–	–	(2,320)	–	–	–	–	(2,902)	(5,222)
Transactions with owners:									
Contribution from shareholders *(Note 25(a))*	–	–	–	–	(38,240)	(3,858)	42,098	–	–
Share-based compensation *(Note 26)*	–	–	–	–	39,126	–	–	–	39,126
Repurchase of shares *(Note 25(b))*	–	–	–	–	–	(20,626)	–	–	(20,626)
At 31 December 2021	42,607	56,705	(3,136)	4,860	886	(24,484)	139,005	(38,026)	178,417
At 1 January 2020	70	–	–	4,860	–	–	96,907	(23,895)	77,942
Profit for the year	–	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	(816)	–	–	–	–	(11,229)	(12,045)
Total comprehensive income for the year	–	–	(816)	–	–	–	–	(11,229)	(12,045)
Transactions with owners:									
Issuance of new shares upon listing *(Note 24(b))*	10,651	106,513	–	–	–	–	–	–	117,164
Transfer from share premium to share capital for recapitalisation issue *(Note 24(a))*	31,886	(31,886)	–	–	–	–	–	–	–
Share issuance costs *(Note 25(d))*	–	(17,922)	–	–	–	–	–	–	(17,922)
At 31 December 2020	42,607	56,705	(816)	4,860	–	–	96,907	(35,124)	165,139

32 CONTINGENT LIABILITIES

As at 31 December 2021 and 2020, the Group had no material contingent liabilities.

33 SUBSIDIARIES

The following is a list of principal subsidiaries of the Company as at 31 December 2021 and 2020:

Company Name	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Percentage of attributable equity interest as at 31 December		Principal activities
			2021	2020	
Directly owned:					
Fong De Limited ("芳德有限公司")	British Virgin Islands/ 9 October 2018	USD100	100%	100%	Investment holding
Indirectly owned:					
Dragon Hero Corporation Limited ("英龍有限公司")	Hong Kong/ 28 September 2018	HKD2	100%	100%	Investment holding
Huzhou Bright Future ("湖州輝煌明天科技有限公司")	The PRC/ 25 October 2018	RMB60,059,800	100%	100%	Investment holding & Intelligent marketing solutions services
Shenzhen Bright Future ("深圳輝煌明天科技有限公司")	The PRC/ 28 December 2015	RMB3,000,000	100%	100%	Investment holding & Intelligent marketing solutions services
Shenzhen Lindu ("深圳鄰度科技有限公司")	The PRC/ 19 September 2014	RMB5,000,000	100%	100%	Intelligent marketing solutions services
Khorgas Velocity Network ("霍爾果斯光速網絡科技有限公司")	The PRC/ 12 September 2017	RMB3,000,000	100%	100%	Intelligent marketing solutions services
Wuhan Lindu Technology Company Limited ("武漢鄰度科技有限公司")	The PRC/ 9 February 2021	RMB5,000,000	100%	N/A	Intelligent marketing solutions services
Hangzhou Bright Future Technology Company Limited ("杭州輝煌明天企業管理有限公司")	The PRC/ 1 December 2021	RMB1,000,000	100%	N/A	Investment holding

Notes:

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

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

FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 December			
	2021	2020	2019	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**488,028**	382,763	281,934	254,915
Gross Profit	**97,463**	116,183	81,398	79,859
Profit before income tax	**12,526**	71,115	44,728	45,076
Profit for the year	**(17,255)**	67,334	38,434	42,386

ASSETS AND LIABILITIES

	As at 31 December			
	2021	2020	2019	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**583,320**	577,755	337,576	248,474
Total liabilities	**287,725**	283,302	208,742	165,575
Total equity	**295,595**	294,453	128,834	82,899

DEFINITIONS

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

"5G"	the 5th generation mobile networks
"ad placement"	the placing of advertisements on media publishers or mobile apps
"Adoption Date"	7 May 2021, being the date on which the Share Award Scheme is adopted by the Company
"advertisement inventory(ies)"	traffic available on online media publishers for advertising
"advertisers"	any persons, companies, organisations which advertise their brands, products (or services) through the placing of mobile advertisements, (e.g. brand owners, advertising agents, mobile app developers) and as the original initiators of the whole value chain for mobile advertising
"advertising"	any communication, usually paid-for, with the intention of bringing a product (or service) to the attention of potential and current customers
"AI"	artificial intelligence
"AIPL"	acronym of "Awareness", "Interest", "Purchase" and "Loyalty", the key tenets forming the Group's strategic agenda and business model
"algorithm(s)"	a set of well-defined instructions in sequence to solve the problem in programming
"app(s)" or "mobile app(s)" or "mobile applications"	application software designed to operate on smartphones and other mobile devices
"AR"	augmented reality
"Audit Committee"	the audit committee of the Board
"Award"	an award of the Awarded Shares by the Board pursuant to the Share Award Scheme to a Selected Employee
"Awarded Share(s)"	in respect of a Selected Employee, such number of Shares as awarded by the Board
"Baidu"	Baidu, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9888)
"big data"	a combination of structured, semi-structured and unstructured data collected by organisations that can be mined for information and used in machine learning projects, predictive modeling and other advanced analytics applications

DEFINITIONS

"Board" or "Board of Directors"	the board of directors of the Company
"Brilliant League"	BRILLIANT LEAGUE LIMITED, a company incorporated in the British Virgin Islands with limited liability on 25 April 2018, which is wholly-owned by Mr. DONG Hui, an executive Director of the Company
"BVI"	the British Virgin Islands
"CG Code"	corporate governance code contained in Appendix 14 to the Listing Rules
"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's server with access to shared pools of configurable resources
"Companies Law"	The Companies Law, Cap 22 (Law 3 of 1961 as consolidated and amended) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Company"	Bright Future Technology Holdings Limited (辉煌明天科技控股有限公司) (formerly known as "Bright Future Science Holdings Limited), an exempted company incorporated in the Cayman Islands with limited liability on 8 November 2018
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Dong, Mr. Yang, Brilliant League Limited and Highland Triumph Limited
"CooTek"	CooTek (Cayman) Inc., a company listed on the New York Stock Exchange with the ticker "CTK"
"core service provider(s)"	a status recognised by media publisher(s) which offer advertisement inventories, indicating the close business relationship between the media publisher and the advertising agent in relation to the purchase of advertisement inventories. The status is usually obtained through, among other requirements, reaching a certain level of transaction amounts with the media publisher within a prescribed period of time. Obtaining such status usually allows the advertising agent to directly deal with the media publisher
"COVID" or "COVID-19"	novel coronavirus 2019
"CRM" or "customer relationship management"	technology or system(s) for managing business relationships and interactions with customers and potential customers which helps businesses to stay connected to customers, streamline processes, and improve profitability

DEFINITIONS

"C-star"	C-star Limited, a company incorporated in the British Virgin Islands with limited liability on 9 July 2021, which is owned as to 50% by Ms. Su Yuwen and 50% by Mr. Wen Mingyang, both being key staff of the Group
"Delta"	Delta variant, a highly contagious coronavirus strain first identified in India in December 2020, which later spread to the rest of the world
"DMP(s)" or "Data Management Platform(s)"	a platform with built-in computer software, tools and systems which allow for the use of algorithms to selectively extract non-confidential information from the public domain and to analyse the information and group or classify the information in a useful way
"Douyin"	Douyin (抖音), a creative musical and short-video social media app
"Employee"	any employee (including without limitation any executive director) of any member of the Group
"ERP" or "enterprise resource planning"	a business process management software which enables an organization to utilise a system of integrated applications to manage its business and automate many back office functions related to finance, technology services and human resources
"Futu Trustee"	Futu Trustee Limited, a company incorporated in Hong Kong with limited liability on 28 August 2017, the trustee under the Share Award Scheme
"Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Highland Triumph"	HIGHLAND TRIUMPH LIMITED, a company incorporated in the British Virgin Islands with limited liability on 28 May 2018, which is wholly-owned by Mr. YANG Dengfeng, an executive Director of the Company
"HKFRS"	Hong Kong Financial Reporting Standards
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HUAWEI Ads"	a global programmatic advertising marketplace by Huawei Technologies Co., Ltd.

DEFINITIONS

"Huzhou Bright Future"	Huzhou Bright Future Technology Company Limited* (湖州輝煌明天科技有限公司), a company established in the PRC on 25 October 2018, which is an indirect wholly-owned subsidiary of our Company
"industry verticals"	specific industries in which vendors offer goods and services to group of customers with specialised needs
"iResearch" or "iResearch Consulting Group"	a professional market research and consulting company, supplying online business services in China
"KOL"	key opinion leaders
"Kuaishou"	Kuaishou Technology, a company listed on the Main Board of the Stock Exchange (stock code: 1024), which operates a content community and social platform, Kuaishou (快手), for the sharing of short-videos and interacting through livestreaming
"LinkDoAI"	the Group's proprietary full service intelligent marketing management platform
"Listing"	the listing of the Shares on the Main Board on 11 November 2020
"Listing Date"	11 November 2020, the date on which the Shares are listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
"livestreaming"	online streaming media simultaneously recorded and broadcast in real-time
"long to medium tailed media"	medium-sized mobile apps or small-sized media publishers that do not have their own advertising placement systems such as games and e-commerce apps
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"MCN(s)" or "multi-channel network(s)"	organisation(s) that provided KOL with integrated professional support in content curation and production, as well as unique access to advertisers, brands and media platform resources
"metaverse"	a simulated digital environment that uses AR, VR and blockchain, along with concepts from social media, to create spaces for rich user interaction mimicking the real world

"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Omicron"	Omicron variant, a highly contagious coronavirus strain first identified in India in November 2021, which later spread to the rest of the world
"Pinduoduo"	Pinduoduo Inc., a company listed on the Nasdaq with the ticker, PDD
"platform(s)"	the environment in which a piece of software is executed
"PRC" or "China"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"private domain traffic"	a type of marketing tool that helps businesses build and maintain a customer database where the acquired users can be directly contacted, at any time, and without frequency limits
"Prospectus"	the prospectus of the Company dated 28 October 2020
"Reporting Period"	the year ended 31 December 2021
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"SaaS"	software as a service, being software hosted by a third-party provider and delivered to customers over the internet as a service
"Selected Employee(s)"	Employee(s) selected by the Board pursuant to the Share Award Scheme for participation in the Share Award Scheme; for avoidance of doubt, the Board confirms that no Controlling Shareholder (including any Employee who is a Controlling Shareholder) will be a Selected Employee
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Award Scheme"	the share award scheme of the Company approved and adopted by the Board on 7 May 2021, in its present form or as amended from time to time in accordance with the Share Award Scheme
"Share Offer"	the public offering and placing of Shares

DEFINITIONS

"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 16 October 2020
"shareholder(s)"	holder(s) of the Share(s)
"short-video platform(s)"	platform(s) that focus on facilitating creation and sharing of short-videos, which range from seconds to minutes in duration and easily shared and accessed across the mobile internet
"SMB(s)"	small and medium-sized business(es)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"stock image(s)"	generic photos, illustrations and icons etc., created with or without a particular project in mind that can be used for other productions
"stock materials"	a collection of materials including stock images and stock videos
"stock video(s)" or "stock footage(s)"	generic video clips, outtakes or videos created with or without a particular project in mind that can be used for other productions
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 700)
"top media"	major online media publishers such as popular search engines and social media that offer advertisement inventories through their own advertising placement systems
"Vast Ocean"	VAST OCEAN LIMITED, a company incorporated in the British Virgin Islands with limited liability on 23 June 2021, which is wholly-owned by Mr. DONG Hui, an executive Director of the Company
"VR"	virtual reality
"%"	per cents.

The English names of the PRC established companies or entities and the PRC laws and regulations mentioned herein are translation from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.