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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Bright Future Technology Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the six months ended 30 June 2020 as follows:

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended 30 June		Change (%)
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	
Revenue generated from intelligent marketing solutions services ⁽¹⁾	261,227	188,877	38.3
Gross revenue ⁽²⁾	788,476	507,809	55.3
Revenue attributable to:			
Repeat customers ⁽²⁾	755,958	468,960	61.2
Gross profit	62,787	56,047	12.0
Profit for the period	39,378	35,212	11.8

Notes:

- (1) Based on the gross basis and net basis of revenue recognition.
- (2) Based on the gross basis of revenue recognition.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The COVID pandemic is rewriting the playbook for the global markets, making it impossible to gauge the pandemic's full economic impact as the crisis continually unfolds and evolves. Albeit China did manage to keep the pandemic at bay through swift and drastic measures such that its economy was set on a path of recovery early on in 2020, a resurgence of COVID cases in China during the Reporting Period sees major Chinese cities battling the more transmissible Delta variant with lockdowns and mass testing. It is thus envisaged that the COVID onslaught will continually plague the Chinese economy ahead. Although the Group's operations and business activities are mostly confined to the digital realm and hence have not been adversely affected by the pandemic, the Group will remain vigilant over the ongoing developments and make strategic and timely moves in response to any changes in its operating environment.

With big data, 5G, AI and automation increasingly scooping up critical roles in marketing, customer service and business management, businesses of all sizes are resorting to digital marketing to drive user acquisition and enhance consumer stickiness. Short-video marketing continues its lead in terms of popularity amongst the various digital marketing and advertising approaches as the easily digestible nature of the typically seconds-to minutes-long videos is ideal for capturing the brief attention span of online users (with the engaging and interactive content being readily consumed as entertainment). The advent of 5G technology and its eventual commercialisation is also expected to further transform the mobile advertising market with accelerated data transmission and reduced mobile internet traffic costs per GB, thereby fueling improvements in viewer experience via technological innovations such as e-commerce livestreaming.

The sinking market, a term coined to describe markets other than the first and second-tier cities in China, is gradually taking over the Chinese marketing scene by their untapped market consumption potential. In recent years, changes such as the rise in disposable income, uptick in mobile usage and growth in internet penetration in the country's smaller and less affluent cities have transformed the once neglected market into a hotly contested arena for businesses. Hoping to mimic the success of Kuaishou and Pinduoduo, increasingly more brands are making their debut in those lower-tiered cities. However, as consumers in those underserved parts of the nation are more price sensitive and prefer more engaging shopping experiences than their urban counterparts, businesses would need to adapt their marketing efforts and engagement strategies to optimise their customer acquisition and retention. Keenly aware of the complexities and challenges that breaking into a new market entails, the Group is set to blend in new technologies to assist its clients in attaining their strategic objectives.

In light of the opportunities and challenges noted above, the Group recognises that, albeit having the requisite experience and expertise to implement adaptive strategies and provide timely, effective and reliable solutions to its customers, the Group still needs to pivot its approach to more automated and AI driven systems to better accommodate the rapidly rising demand for quality marketing solutions.

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. In line with the Group's commitment to support its customers in the successful implementation of marketing strategies that effectively engage and reach out to their target audience, the Group strives to provide its customers with data-driven insights and assist them in the development of precise audience targeting strategies that ensure strong campaign performance. Notwithstanding the backdrop of COVID uncertainties, the Group has flourished against the odds, recording an increase in revenue to approximately RMB261.2 million for the Reporting Period, representing an increase of approximately RMB72.4 million or approximately 38.3% when compared with the same period in 2020. In tandem with such increase, a revenue of approximately RMB 756.0 million is being generated from repeat customers during the Reporting Period, representing an increase of approximately RMB287.0 million or 61.2% from approximately RMB469.0 million for the six months ended 30 June 2020 (based on the gross basis of revenue recognition). The Group's profit for the Reporting Period also sees an increase to approximately RMB39.4 million as compared to approximately RMB35.2 million recorded for the six months ended 30 June 2020, representing an increase of approximately RMB4.2 million or approximately 11.8%. 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 45.5 billion for the six months ended 30 June 2020 to approximately 59.1 billion for the Reporting Period.

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.

As it is pertinent for the Group to maintain its lead and navigate through challenges posed by the constantly changing competitive landscape, the Group has realigned its business focus and recalibrated its growth strategies and operations in response to factors such as technological advancements and evolving customer needs, as well as to incorporate its new innovations into its existing core business areas. It is thus deemed instrumental to the Group's future development that a more befitting classification system be used that would aid understanding and implementation of the Group's strategic objectives and realisation of its developmental goals.

Tailored to address the particular needs of its customers, the Group has spearheaded the “AIPL integrative model”, with AIPL being the acronym for “Awareness, Interest, Purchase and Loyalty”, 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 inception, 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”, which comprises of 4 key components, namely, “influential placement”, “precision marketing”, “intelligent content” and “intelligent livestreaming”, with each corresponding to one of the AIPL tenets.

Awareness

Awareness can be fostered through influential placement, with the key being to reap the benefits from ad placement on top media 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”, 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 relationships with the industry’s top runners such as Kuaishou Ads. During the Reporting Period, the Group has bagged the “Service Distributor Authorisation Certificate” awarded by Baidu and forged a partnership with CooTek over its full spectrum of media resources.

Interest

As for precision advertising, precision marketing goals are achieved through 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”, 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, the attainment of intelligent batch upload of advertisements, the implementation of AI data monitoring and the realisation of intelligent report output, the utilisation of the “intelligent project management system” enables discovery of the “more interested crowd”, information of which can be utilised by the Group to achieve “smarter traffic usage” and yield the intended precision marketing effects.

The “intelligent content limb” is marked by the Group’s efforts in short-video content development with an acute focus on producing “more interesting” content. Backed by an experienced content creation team and further empowered by its data-driven “cloud-based repository AI management system”, 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.

Purchase

Intelligent livestreaming 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 by providing its clients with a wide spectrum of services, such as audience-oriented market analysis, selling-point creation, livestreaming planning, KOL nurturing and platform operation that aims at triggering the purchasing process and achieve direct sales conversion.

Loyalty

The Group’s intention to debut in stages its SaaS subscription solutions, 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. According to iResearch*, the marketing SaaS track proves more attractive for businesses as it can cut costs and raise revenue (i.e. marketing costs and revenue) more intuitively and effectively, and thus driving up customer’s willingness to pay.

With such in mind, the Group has formulated its own subscription solutions model and has mapped out its implementation framework. The SaaS subscription solutions, once rolled out, would improve access and 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 would 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.

* *Research Report on Chinese enterprise SaaS industry in 2020 from iResearch Consulting Group.*

The Group expects that with the 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 lower-tiered cities. Utilisation of the SaaS solutions 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 solutions delivery

One of the Group’s major breakthroughs that edges it ever so closer towards full solutions delivery is the launching of its own proprietary full service intelligent marketing management platform, LinkDoAI, which is developed through the revamping, enhancement and extension of the Group’s existing systems and technological infrastructure. 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”, the “cloud-based repository AI management system” and the “intelligent project management system”, which together constitute the LinkDoAI.

By pairing its 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 the elevation of its service quality and customer experience. The LinkDoAI thus provides a practical framework upon which the Group can expand their 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’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”

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-based repository AI management system”

Cloud-based repository AI management is achieved through the modular management of the Group’s massive trough of videos accumulated over years, intelligent analysis of ad placement data and through the intelligent merging of clips and other editing functions to achieve creativity duplication 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, 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 30 June 2021, the Group’s video repository boasts of around 120,000 stock videos (up from 2020’s* estimated 70,000) as well as a monthly video production capacity of around 10,000 clips (almost doubling its 2020* figure of around 6,000 clips per month).

* for the year ended 31 December 2020

“Intelligent project management system”

Comprising of the front-end “Bright Future AI smart placement system” 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 media and/or platform(s). The improved accuracy in the data so collected and the efficiency of resource sharing 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 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 component

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 (represented by lower-tiered cities or rural areas 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” thus comes as a timely response to the critical need to meet the overflowing demand for quality videos. Albeit still operating on a pilot basis, 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 high 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.

Meanwhile, the Group has also levelled up its production scale (reaching a monthly short-video production capacity of around 10,000 clips by 30 June 2021) 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 their 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 and its SaaS subscription solutions) 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 modulation (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 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 modulation 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 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".

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-based 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, and especially those from the sinking market, 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 provide 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 development of its own SaaS product and the launching of 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 COVID-19, 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 anchors 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.

Being acutely aware of livestreaming's remarkable sales conversion capabilities and its ability to fuel and tap into the vast consumption potential in the sinking market, intelligent livestreaming would also be added to the Group's SaaS product, which is set to be released in phases.

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the six months ended 30 June 2021 and the six months ended 30 June 2020.

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	261,227	188,877
Cost of services	<u>(198,440)</u>	<u>(132,830)</u>
Gross profit	62,787	56,047
Selling and distribution expenses	(1,244)	(1,420)
General and administrative expenses	(27,638)	(18,043)
Net impairment losses on financial assets	(1,405)	–
Other gains, net	<u>10,072</u>	<u>2,064</u>
Operating profit	<u>42,572</u>	<u>38,648</u>
Finance income	89	26
Finance costs	<u>(2,182)</u>	<u>(394)</u>
Finance costs – net	<u>(2,093)</u>	<u>(368)</u>
Profit before income tax	40,479	38,280
Income tax expense	<u>(1,101)</u>	<u>(3,068)</u>
Profit for the period	<u><u>39,378</u></u>	<u><u>35,212</u></u>

REVENUE

During the six months ended 30 June 2021, the Group recorded revenue of approximately RMB261,227,000, representing an approximate increase of 38.3% as compared to approximately RMB188,877,000 recorded for the six months ended 30 June 2020. Such increase was primarily attributable to the Group's expansion in business scale during the Reporting Period.

In tandem with the Group's continued commitment to providing customised marketing solutions and its operations (infused with cloud-based and AI enhanced systems) progressing towards full automation, the Group has recalibrated its strategic framework under the "AIPL integrative model", such that its services so rendered is now accorded a more befitting label of "intelligent marketing solutions".

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Intelligent marketing solutions services		
Gross method	223,495	157,020
Net method	<u>37,732</u>	<u>31,857</u>
	<u>261,227</u>	<u>188,877</u>

COST OF SERVICES

The Group's cost of services mainly comprises of advertising traffic costs. During the six months ended 30 June 2021, the Group recorded cost of services of approximately RMB198,440,000, representing an increase of approximately 49.4% as compared to approximately RMB132,830,000 recorded for the six months ended 30 June 2020. Such increase was primarily attributable to the Group's expansion in business scale during the Reporting Period, which was in line with the increase in revenue for the corresponding period.

GROSS PROFIT

During the six months ended 30 June 2021, the Group recorded gross profit of approximately RMB62,787,000, representing an increase of approximately 12.0% as compared to approximately RMB56,047,000 recorded for the six months ended 30 June 2020. The increase in gross profit was in line with the increase in the Group's revenue.

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 six months ended 30 June 2021, the Group recorded selling and distribution expenses of approximately RMB1,244,000, representing a decrease of approximately 12.4% as compared to approximately RMB1,420,000 recorded for the six months ended 30 June 2020. Such decrease was primarily attributable to a drop in expenses incurred for entertaining customers as the Group relied less on such means to secure contracts (with the Group's reputation taking off, customers mostly engage its services either at their own initiative or by referral).

General and administrative expenses

The Group's general and administrative expenses during the six months ended 30 June 2021 mainly comprise of staff salaries and benefits, office expenses, consultancy fee, short-term lease expenses, server charges and IT fees. During the six months ended 30 June 2021, the Group recorded general and administrative expenses of approximately RMB27,638,000, representing an increase of approximately 53.2% as compared to approximately RMB18,043,000 recorded for the six months ended 30 June 2020. Such increase was primarily attributable to the Group's gradual business expansion and the establishment of its Wuhan short-video base, which led to increased office expenses, salaries expenses and employee benefits expenses. In addition, the Group's increased investment in research and development also contributed to such increase.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets represented the expected credit losses from its trade receivables. During the six months ended 30 June 2021, the Group recorded net impairment losses of approximately RMB1,405,000, primarily incurred as a result of the increase in expected credit loss on trade receivables.

Other gains – net

The Group's other gains – net comprise primarily of government grant and value added tax refunds. During the six months ended 30 June 2021, the Group recorded other gains – net of approximately RMB10,072,000, representing an increase of approximately 388.0% as compared to approximately RMB2,064,000 recorded for the six months ended 30 June 2020. Such increase was primarily attributable to government subsidies of approximately RMB6.8 million and value-added tax refunds during the six months ended 30 June 2021.

Finance costs – net

During the six months ended 30 June 2021, the Group recorded net finance costs of approximately RMB2,093,000, representing an increase of approximately 468.8% as compared to approximately RMB368,000 recorded for the six months ended 30 June 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 six months ended 30 June 2021. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the six months ended 30 June 2021, the Group recorded income tax expense of approximately RMB1,101,000, representing a decrease of approximately 64.1% as compared to approximately RMB3,068,000 recorded for the six months ended 30 June 2020. Such decrease was primarily attributable to the effects of the preferential tax rates applicable to the Group's PRC subsidiaries and super deduction of research and development expenses. Moreover, a greater income tax reduction was granted during the Reporting Period to Huzhou Bright Future (which contributes to a greater proportion of the Group's business) as compared to the same period in 2020, also contributes to the decrease.

Profit for the period

During the six months ended 30 June 2021, the Group recorded profit of approximately RMB39,378,000, representing an increase of approximately 11.8% as compared to approximately RMB35,212,000 recorded for the six months ended 30 June 2020. Such increase was primarily attributable to the expansion of the Group's business scale during the Reporting Period.

Liquidity and capital structure

As at 30 June 2021, the Group recorded total assets of approximately RMB770,035,000 (31 December 2020: approximately RMB577,755,000), total liabilities of approximately RMB437,068,000 (31 December 2020: approximately RMB283,302,000) and total equity of approximately RMB332,967,000 (31 December 2020: approximately RMB294,453,000). As at 30 June 2021, the gearing ratio was approximately 21.9% (31 December 2020: N/A).

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

Borrowings

As of 30 June 2021, total borrowings amounted to approximately RMB200,700,000 (31 December 2020: approximately RMB82,500,000). As of 30 June 2021, the Group's borrowings comprised of unsecured and guaranteed bank borrowings (31 December 2020: comprised of unsecured loans from related parties and unsecured and guaranteed bank borrowings).

The unsecured loans from related parties as at 31 December 2020 were interest-free and initially recognised at their principal amounts. No subsequent interest expense was accrued during the six months ended 30 June 2021.

As at 30 June 2021, the unsecured and guaranteed bank borrowings were at an interest rate of 4.85% per annum, guaranteed by the Company, its certain subsidiaries, Mr. Dong Hui (“**Mr. Dong**”), Mr. Yang Dengfeng (“**Mr. Yang**”) and Ms. Gao Yuqing (“**Ms. Gao**”) and repayable within 1 year. As at 31 December 2020, the unsecured and guaranteed bank borrowings were at an interest rate of 3.61% per annum, guaranteed by a subsidiary of the Company and repayable within 1 year.

Capital expenditures

The Group's capital expenditures during the six months ended 30 June 2021 mainly consisted of expenditures on property, plant and equipment. For the six months ended 30 June 2021, the Group has recorded capital expenditures of approximately RMB6,539,000, as compared to approximately RMB939,000 recorded for the six months ended 30 June 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 six months ended 30 June 2021.

Pledge of assets

As of 30 June 2021, none of the Group's assets were subject to any pledge.

Contingent liabilities

As of 30 June 2021, the Group had no material contingent liabilities.

Employees

As of 30 June 2021, we had 293 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenues	3	261,227	188,877
Cost of services	4	<u>(198,440)</u>	<u>(132,830)</u>
Gross profit		62,787	56,047
Selling and distribution expenses	4	(1,244)	(1,420)
General and administrative expenses	4	(27,638)	(18,043)
Net impairment losses on financial assets	10	(1,405)	–
Other gains, net	5	<u>10,072</u>	<u>2,064</u>
Operating profit		<u>42,572</u>	<u>38,648</u>
Finance income	6	89	26
Finance costs	6	<u>(2,182)</u>	<u>(394)</u>
Finance costs - net	6	<u>(2,093)</u>	<u>(368)</u>
Profit before income tax		40,479	38,280
Income tax expense	7	<u>(1,101)</u>	<u>(3,068)</u>
Profit for the period		<u>39,378</u>	<u>35,212</u>
Profit attributable to:			
Owners of the Company		<u>39,378</u>	<u>35,212</u>
Other comprehensive income/(loss), net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		19	5
<i>Items that may not be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		<u>(883)</u>	<u>–</u>
Total comprehensive income for the period		<u>38,514</u>	<u>35,217</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>38,514</u>	<u>35,217</u>
Earnings per share			
– Basic and diluted (expressed in RMB per share)	8	<u>0.08</u>	<u>0.09</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2021	As at 31 December 2020
	<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		9,577	5,031
Intangible assets		15	46
Deposits and prepayments	10	1,930	1,901
Deferred income tax assets		<u>442</u>	<u>265</u>
Total non-current assets		<u>11,964</u>	<u>7,243</u>
Current assets			
Trade receivables	10	533,855	335,074
Deposits, prepayments and other receivables	10	90,105	138,261
Cash and cash equivalents		<u>134,111</u>	<u>97,177</u>
Total current assets		<u>758,071</u>	<u>570,512</u>
Total assets		<u>770,035</u>	<u>577,755</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>3,781</u>	<u>1,114</u>
Current liabilities			
Borrowings	<i>11</i>	200,700	82,500
Trade payables	<i>12</i>	164,472	130,472
Other payables and accruals	<i>13</i>	29,184	22,856
Contract liabilities		25,245	34,208
Lease liabilities		2,595	2,263
Current income tax liabilities		<u>11,091</u>	<u>9,889</u>
Total current liabilities		<u>433,287</u>	<u>282,188</u>
Total liabilities		<u><u>437,068</u></u>	<u><u>283,302</u></u>
EQUITY			
Share capital		42,607	42,607
Reserves		91,418	92,282
Retained earnings		<u>198,942</u>	<u>159,564</u>
Total equity		<u><u>332,967</u></u>	<u><u>294,453</u></u>
Total equity and liabilities		<u><u>770,035</u></u>	<u><u>577,755</u></u>

NOTES

1 GENERAL INFORMATION

Bright Future Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 8 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company’s shares was 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, comprising of 4 key components, namely, “influential placement”, “precision marketing”, “intelligent content” and “intelligent livestreaming” in the People’s Republic of China (the “**PRC**”). The controlling shareholders of the Group are Mr. Dong and Mr. Yang (together the “**Controlling Shareholders**”).

The condensed consolidated interim financial statements for the six months ended 30 June 2021 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated, and was approved for issue by the Board of Directors of the Company on 27 August 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Interim Financial Information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements.

2.2 New standards, amendments to 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 the consolidated financial statements.

		Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – 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
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
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	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 amendments to HKFRSs, amendments to HKASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in the future.

3 REVENUES

Revenue mainly comprises of proceeds from providing intelligent marketing solutions services. The analysis of the Group's revenue by category for the six months ended 30 June 2021 and 2020 was as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Intelligent marketing solutions services		
– Gross method (i)	223,495	157,020
– Net method (ii)	37,732	31,857
	<hr/>	<hr/>
Recognised at a point in time	261,227	188,877
	<hr/> <hr/>	<hr/> <hr/>

Note (i): Represents the integrated intelligent marketing solutions services provided to the customers of which the Group have control the content of the specified service delivered and act as the principal of these arrangements and therefore recognize revenue on a gross basis.

Note (ii): Represents certain specific component of the intelligent marketing solutions services provided to the customers of which the Group act as an agent on behalf of its customers and recognize related revenue on a net basis.

The Group has concentration of credit risk from a major customer as the customer contributed approximately 47% and 27% of the Group's total revenue for six months ended 30 June 2021 and 2020, respectively.

As at 30 June 2021 and 31 December 2020, the trade receivables from the aforesaid major customer amounted to approximately RMB186,090,000 and RMB153,809,000, representing approximately 35% and 46% of the Group's total trade receivables.

4 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Advertising traffic costs	193,464	128,369
Employee benefits expenses	23,214	14,456
Consultancy fees	3,241	327
Depreciation and amortization	2,024	1,205
Taxes and surcharges	1,491	838
Office expenses	1,477	335
Server charges and IT fees	736	904
Travelling expenses	389	395
Short-term lease expenses	364	473
Listing expenses	–	4,057
Others	922	934
	<hr/>	<hr/>
Total cost of services, selling and distribution expenses, and general and administrative expenses	<u>227,322</u>	<u>152,293</u>

5 OTHER GAINS, NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government grant (<i>note</i>)	6,822	–
Value added tax (“VAT”) refunds	3,250	2,060
Gain on disposal of financial assets at fair value through profit or loss	–	4
	<u>10,072</u>	<u>2,064</u>

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

6 FINANCE COSTS – NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	<u>89</u>	<u>26</u>
Finance costs:		
Interest expenses on lease liabilities	(205)	(140)
Interest expenses on borrowings	<u>(1,977)</u>	<u>(254)</u>
	<u>(2,182)</u>	<u>(394)</u>
Finance costs – net	<u><u>(2,093)</u></u>	<u><u>(368)</u></u>

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	1,278	3,068
Deferred income tax	(177)	–
Income tax expense	1,101	3,068

(a) Cayman Island and BVI Income Tax

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

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

(b) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the period ended 30 June 2021 and the year ended 31 December 2020.

(c) PRC Enterprise Income Tax

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

8 EARNINGS PER SHARE

(a) Basic earnings per share

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	39,378	35,212
Weighted average number of ordinary shares in issue (thousand) (<i>Note</i>)	<u>500,000</u>	<u>375,000</u>
Basic earnings per share (<i>in RMB</i>)	<u><u>0.08</u></u>	<u><u>0.09</u></u>

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2020 has been retrospectively adjusted for the effect of the capitalisation issue on 11 November 2020.

(b) Diluted earnings per share

Diluted earnings per share presented is the same as basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 June 2021 and 2020.

9 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2021 and 2020.

10 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	As at	As at
	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables-third parties	537,396	337,210
Loss allowance	<u>(3,541)</u>	<u>(2,136)</u>
	<u><u>533,855</u></u>	<u><u>335,074</u></u>

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Aging		
Up to 3 months	410,100	261,530
3 to 6 months	106,003	71,551
6 months to 1 year	18,833	1,716
1 to 2 years	2,199	1,755
Over 2 years	261	658
	<u>537,396</u>	<u>337,210</u>

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

	Six months ended 30 June 2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
At the beginning of the period	2,136	1,479
Additions	1,405	–
At the end of the period	<u>3,541</u>	<u>1,479</u>

(b) Deposits, prepayments and other receivables

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Prepayments to media publishers and advertising agents	68,970	118,512
Loan to a related party	2,000	–
Rental and other deposits	7,474	4,919
VAT recoverable	5,048	10,692
Others	8,543	6,039
	<u>92,035</u>	<u>140,162</u>
Less: Non-current rental and other deposits	<u>(1,930)</u>	<u>(1,901)</u>
	<u><u>90,105</u></u>	<u><u>138,261</u></u>

As at 30 June 2021, the loan to a related party was interest-free and repayable within 1 year.

11 BORROWINGS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Unsecured loans from related parties	–	7,500
Unsecured and guaranteed bank borrowings	<u>200,700</u>	<u>75,000</u>
	<u><u>200,700</u></u>	<u><u>82,500</u></u>

As at 30 June 2021, the unsecured and guaranteed bank borrowings were at an interest rate of 4.85% per annum, guaranteed by the Company, its certain subsidiaries, Mr. Dong, Mr. Yang and Ms. Gao and repayable within 1 year.

As at 31 December 2020, the unsecured and guaranteed bank borrowings were at an interest rate of 3.61% per annum, guaranteed by a subsidiary of the Company and repayable within 1 year.

The unsecured loans from related parties as at 31 December 2020 were interest-free and initially recognised at their principal amounts. No subsequent interest expense was recognised during the six months ended 30 June 2021.

12 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 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Aging		
Up to 3 months	63,476	30,802
3 to 6 months	9,895	17,829
Over 6 months	91,101	81,841
	<u>164,472</u>	<u>130,472</u>

13 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
VAT and other tax payable	13,733	68
Accrued payroll and welfare payables	13,161	15,414
Accrued listing expenses	–	3,323
Accrued auditor's remuneration	–	3,001
Others	2,290	1,050
	<u>29,184</u>	<u>22,856</u>

OTHER INFORMATION

USE OF PROCEEDS FROM THE SHARE OFFER

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

Net proceeds from the Share Offer have been, and will be, utilized 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 27 August 2021:

Use of proceeds		Planned allocation of Net Proceeds (HKD million)	Planned allocation of Net Proceeds ⁽²⁾ (RMB million)	Utilised amount (as at 27 August 2021) (RMB million)	Expected timeline for utilizing the remaining balance of net proceeds from the Share Offer ⁽¹⁾
Expansion of the Group's intermediary services	64.9%	55.8	46.4	46.4	N/A
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	15.2	11.3	On or before 30 September 2022 ⁽³⁾
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	7.5	5.2	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	71.5	65.3	

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.

INTERIM DIVIDEND

The Board did not recommend any interim dividend for the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

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 six months ended 30 June 2021.

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

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

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 six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

REVIEW OF UNAUDITED FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and the Group and the unaudited interim results of the Group for the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Brilliant League and Highland Triumph held 72.79% shareholding in the Company. On 13 July 2021, Brilliant League and Highland Triumph transferred an aggregate of 38,216,850 Shares to C-star at nominal consideration. Such transfer represented an encouragement and reward to two key staff of the Group for the purpose of motivating and retaining skilled and experienced personnel for the future development and expansion of the Group. On 20 July 2021, the Board resolved to grant a total of 3,855,381 Award Shares, which has been acquired by Futu Trustee from Brilliant League, to 40 Selected Employees of the Group pursuant to the Share Award Scheme. Immediately after the above share transfer and the granting of the Award Shares, Brilliant League, Vast Ocean and Highland Triumph together hold 64.38% shareholding in the Company. Please refer to the Company's announcements dated 23 July 2021 and 26 July 2021 for details of the change of shareholding structure of the Company.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2021 INTERIM REPORT

This interim results announcement was published on the websites of the Company at www.btomorrow.cn and the Stock Exchange at www.hkexnews.hk. The interim report of the Group for the six months ended 30 June 2021, which contains all the information required under the Listing Rules, will be despatched to the Shareholders and available on the above websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the below expressions shall have the following meanings:

“5G”	the 5th generation mobile networks
“ad placement”	the placing of advertisements on media publishers or mobile apps
“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 advertisements, (e.g. brand owners, advertising agents, mobile app developers)
“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
“Audit Committee”	the audit committee of the Board
“Award Shares”	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
“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
“Chairman”	the chairman of the Board
“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 advertising agent(s)”	a status recognised by media publisher(s) which offer(s) 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
“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 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
“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
“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
“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

“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
“platform(s)”	the environment in which a piece of software is executed
“Pinduoduo”	Pinduoduo Inc., a company listed on the Nasdaq with the ticker “PDD”
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement 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
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the 6 months ended 30 June 2021
“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
“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 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 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
“stock materials”	a collection of materials including stock images and stock videos
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“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
“%”	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.

* *For identification purposes only*

By order of the Board
Bright Future Technology Holdings Limited
DONG Hui
*Chairman, Chief Executive Officer and
Executive Director*

Shenzhen, PRC, 27 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. DONG Hui, Mr. YANG Dengfeng, Ms. GAO Yuqing and Mr. CEN Senhui, and the independent non-executive Directors of the Company are Mr. CHEN Shuo, Mr. LIU Kin Wai and Mr. WEI Hai Yan.