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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1351)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 together with the comparative figures for the six months ended 30 June 2021 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		
	2022	2021	**Change**
	RMB'000	*RMB'000*	*(%)*
	(Unaudited)	(Unaudited)	
Revenue generated from intelligent marketing solution services	**215,051**	261,227	-17.7
– Integrated intelligent marketing solutions services[1]	**197,299**	223,495	-11.7
– Influential placement services[2]	**17,752**	37,732	-53.0
Revenue generated from SaaS subscription solutions services	**94**	–	100.0
Revenue	**215,145**	261,227	-17.6
Gross revenue	**370,267**	788,476	-53.0
Gross profit	**34,943**	62,787	-44.3
Profit for the period	**4,409**	39,378	-88.8
Adjusted net profit[3]	**15,310**	40,479	-62.2
Dividend per share *(RMB)*[4]	**0.123**	–	100.0

Notes:

(1) Based on the gross basis of revenue recognition.

(2) Based on the net basis of revenue recognition.

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

(4) The Board declared an interim dividend of RMB0.123 (equivalent to HK$0.141) per share for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW

It would seem that the worst of the regulatory overhaul in 2021 was over as signs of cooling of the state's once tough stance permeated throughout the Reporting Period. In a bid to shore up market confidence, China has realigned its emphasis in 2022 to bolster sustained and healthy development of the platform economy and the private sector in the hopes of boosting innovation and revitalising its enterprises, stabilising market confidence and fostering high-quality economic development. The Chinese authorities considered that the orderly development of the platform economy (one that relies on network infrastructure and leverages digital technologies such as artificial intelligence, big data, and blockchain to match transactions, transmit information, and manage processes) is conducive to promoting economic recovery amid mounting downward pressures by unleashing its potential innovative vitality and injecting new momentum into consumption growth as well as offering access to more flexible employment opportunities. As the Chinese leaders are poised to beef up support to give full play to the advantages of the platform economy, it is unlikely that they would return to the old playbook and wage another multi-pronged crackdown in the near future.

MARKET REVIEW

The first half of 2022 saw the rebound of the Chinese economy being marred by weak consumption as major cities in the likes of Shanghai took a knock from stringent pandemic curbs as the nation grappled with nascent COVID-19 flare-ups on multiple fronts. The contraction in advertising spend continued to plague the Chinese marketing industry, with competition intensified amongst its players, raising the stakes on greater innovative solutions and value creation. Yet, feeling the pinch of Chinese shoppers' tightened purse strings as threats of further COVID-induced restrictions loom over, marketing budgets are closely scrutinised or trimmed, leaving businesses yearning for more effective and refined precision marketing solutions. With metaverse and other emerging innovations shaping the marketing landscape, data-driven insights and precise audience targeting strategies, coined under the umbrella of "Intelligent Marketing", are what brands lust for yet can ill afford with much lighter wallets. Hence working with customers with constrained marketing budgets whilst striving to deliver on its commitment to strong campaign performance, the Group has leaned more on AI technologies and automated processes to enhance the value and productivity of its advertising tools.

The domination of the short-video format in the Chinese digital marketing arena is there to stay with no contender in sight to take its throne as even the buzz-worthy social media campaigns pale in comparison with the easily digestible seconds- to minutes-long videos, which are ideal for capturing the brief attention span of the online crowd. Meanwhile, e-commerce live streaming remained vibrant despite the COVID onslaughts in the first half of 2022, drawing in billions of viewers and spurring sales surge.

INDUSTRY REVIEW

Treading the murky waters of the macro challenges posed by China's COVID-induced economic slowdown, effective cost management and efficiency enhancement, embraced as the industry themes of 2022, are essential to counter such pressures on revenue as well as being conducive to the healthy development of Chinese internet companies. In order to achieve user experience optimisation whilst on track to lighten up investment, big techs have taken the lead in flagging and pushing forward their cost-cutting drives, which included the tightening of marketing budgets, realigning of expense structures, trimming of operating expenses and exiting from non-core businesses. Whilst the growth of the mobile internet industry was inevitably stunted by the industry-wide shift to a more disciplined approach to spending and investment, it also led to industry integration and upgrading as players that are ill-adapted to such new playfield were weeded out and those remained having fittingly optimised their operations and realigned their costs structures in line with the trends and developments.

As the widespread COVID outbreaks sent shockwaves across the nation during the Reporting Period, the restrictive measures employed to stomp out its spread have widespread and cascading ramifications across industries. According to QuestMobile, a Beijing-based mobile internet data research firm, media spend on Chinese internet platforms decreased by 2.3% during the Reporting Period. Yet, analysts have projected that with the easing of the lockdowns, the advertising industry is set on the rebound track, but due to the post-cyclical nature of the advertising industry, the upward trajectory is expected to lag behind the macro, with advertisers generally being more conservative and would refrain from splurging on marketing campaigns until easing into much later stages of recovery in late 2022.

Going forward, with businesses looking to step up their marketing efforts to leverage key sales moments in the coming quarters (such as the "Double 11 Festival" in November) to make up for lost sales in the early months of the year, the marketing industry is expected to receive a much welcomed boost. Cautious consumer behaviour is, however, expected to linger on for some time as sporadic outbreaks and rolling restrictions look set to continue into the foreseeable future. Shrouded with uncertainty over dented consumer confidence and factors that might trip up growth, the Group will closely monitor the fluid market and pandemic situation and make timely adjustments to its strategies and operations to align with and adapt to the changing marketplace.

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 China's growth engine having lost steam over the first two quarters of the year as production and consumption cratered in response to dried up demand from COVID lockdowns, as exacerbated by mounting unemployment and sliding property prices, even its high-flying home-grown tech giants have either reported flat growth or signalled a decline in revenue. Also adding to the downward pressures on the Chinese economy's growth trajectory were the tightening of regulatory reins over anti-monopoly, data security, e-commerce and the blitz of industry-specific crackdowns on real estate, technology and other sectors from the past year continued to weigh heavily on results.

Albeit the Group's operations have not been affected by the overarching regulatory reach whilst having achieved resilient performance amid the extraordinary challenges of the past year, yet with the Group's more prominent clientele succumbing to the tightened scrutiny back in 2021, the pullback in marketing spend across industry verticals for the Reporting Period crimped the Group's revenue to approximately RMB215.1 million, representing a decrease of approximately RMB46.1 million or approximately 17.6% when compared with the same period in 2021. In tandem with the dampened sales and revenue in face of the sluggish demand plaguing the Chinese advertising industry, gross profit was held back in the first half of 2022 as the Group's major clients slashed their marketing budgets to scale back costs. Yet, in response to its clientele's shifting marketing priorities and in face of a volatile economic outlook, the Group's cash conservation measures have yielded fruitful results amidst a challenging operating environment, recording net cash generated from operating activities of RMB60.8 million for the Reporting Period as compared to approximately RMB72.7 million net cash used in operating activities recorded for the six months ended 30 June 2021, with an increase of about 183.7%, and notably a turn from negative to positive. Such encouraging improvement, being registered amid COVID uncertainties and despite its contracting revenue, was mainly attributable to the Group's optimisation of capital utilisation efficiency, its strengthened cash flow account period management, whilst having sped up its collection of accounts receivable during the Reporting Period. As customers' needs and satisfaction lie at the heart of the Group's culture, innovative strategy and endavours, the Group takes pride in having achieved a notable increase in the number of repeat customers to 194 for the Reporting Period as compared to 142 for the six months ended 30 June 2021. Building upon such success, the Group endavours to drive value creation for its clients from different industry verticals, including those from traditional sectors, against the backdrop of accelerating digital transformation.

A profit attributable to the owners of the Company of approximately RMB4.4 million is recorded for the Reporting Period, as compared to approximately RMB39.4 million for the corresponding period in 2021. Being on par with the drop in gross profit, such reduction is partly due to the rise of income tax expense to approximately RMB7.5 million as compared to the corresponding period of 2021 upon the expiration of the income tax incentives for domestic entities originally granted to the Group and deferred income tax expense recognised for unallocated retained earnings of the Group's PRC subsidiaries. Also attributable to the setback in profit is share-based compensation of approximately RMB3.4 million incurred during the Reporting Period.

The Group is expected to record adjusted net profit for the Reporting Period of RMB15.3 million. By eliminating the effects of items that the Group's management considers non-indicative of its operating performance, namely income tax expense and share-based compensation, adjusted net profit (albeit a non-HKFRS measure) provides more useful information to investors in facilitating a comparison of the Group's operations from period to period.

To navigate the unchartered turbulent times lurking ahead, the Group is committed to finding sustainable, cost-effective and feasible solutions to maximise the return of is shareholders and laying the groundwork for growth. As a token of appreciation for the continuous trust and support from its shareholders, the Board has declared an interim dividend of RMB0.123 (equivalent to HK$0.141) per share for the six months ended 30 June 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 Chinese government stepping up its policy support for innovation of platform-based enterprises and its active promotion of the digital economy, the Group's complementary content and technological tools have proved and will be all the more instrumental in assisting its clients' launch of their digital transformation process during such turbulent times and beyond.

With cost-cutting being all the rage, the Group's strive to optimise its services and user experience for more cost-sensitive clients has edged its operations closer towards full automation, with AI driven processes proliferating its front and back-end systems, the services so rendered are 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. This tenet thus aptly capture one of the quintessential qualities of the AIPL model that appeal to those working on tighter budgets yet craving wider exposure and recognition, especially for startups, upscale brands and SMEs which relied heavily on brand image and consumer perception to drive sales. 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. Over the years, the Group has built up its list of top media and channel resources and will strive to expand on its collaborative efforts with mainstream media to realise its clients' marketing goals and curate for them the optimal placement strategies. During the Reporting Period, the Group has cemented its collaboration with Baidu, with its status being elevated from that of its service distributor to the much coveted spot of "core distributor" (核心分銷商) for the year of 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. On this front, the Group has also taken strides by winning, during the Reporting Period, the "Joint Engine – Creative Marketing Case Award" (共擎•創意行銷案例獎) by Ocean Engine (巨量引擎) in recognition of its Z-Generation oriented marketing campaign designed for a top trendsetting e-commerce platform.

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. Still in the early test stages, having just moved beyond the pilot phase, the Group has been in the talks with certain universities and colleges on long term collaborative efforts. Whilst still in the works, the idea is to recruit, nurture and motivate talented student content creators by forming "school-enterprise collaborative filming crews" (校企合作拍攝團隊), which could in turn ensure long term supply of student-curated content. In order to facilitate closer cooperation with and better access to students from such local universities and colleges, the Group's Wuhan short-video base (武漢短視頻基地) has also been relocated to an area surrounded by the same.

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) etc. 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).

Although further upgrades are yet to roll out, the SaaS subscription model is fully functional at its current phase of release, which 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. 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 and would prove a more cost-effective for customers during such trying times. In the long run, it is believed that 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

In light of the enhanced competition and the challenging operating environment ahead, the following measures taken, strategies formulated and plans to be implemented by the Group during the Reporting Period and beyond encapsulate the key areas that will underpin the Group's strategic thrust and define the course of the Group's operations going forward:

Furthering its innovative efforts to ensure technological differentiation with cutting-edge proprietary solutions

One of the Group's major breakthroughs that sets it apart from its peers is its 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 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 the Reporting Period, the Group has added 75,000 videos to its video repository, which boasts of around 275,000 stock videos, having achieved a monthly video production capacity of around 12,500 clips.

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 media 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.

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. Aside from other functional upgrades, improvements to the cloud repository AI management system is mainly focused on efficiency improvements of its self-learning and modular management algorithms. To facilitate more efficient deployment of resources, regular internal reviews and revisions are introduced as part of the inter-departmental cooperation efforts between the R&D teams and the short-video production crew.

Promoting optimisation and upgrading of its content capabilities and influential reach

By leveraging such synergy of the Group's wide-ranging cutting-edge marketing tools seamlessly linked under its proprietary AIPL integrative model, the Group is able to achieve optimal campaign content customisation to meet the differentiated marketing needs of its customers and curate content catered to the preferences of different target groups. For instance, to help its clients with unleashing the consumption potential of the Z-generation and to assist them in penetrating such niche market, the Group has relied on its data analytics capabilities to map and analyse consumption habits and culture of such target group in order to deliver campaigns that appeal to their palette. Campaign effectiveness is also ensured through the Group's utilisation of predictive modelling such that marketing content is published at the right timing which optimally enhances customer stickiness and direct conversion.

Actively engaging new customers whilst striving to achieve diversification of customer structure

As marketing budgets shrink and competition steepens among marketing solutions providers, the Group has taken the initiative to reel in customers via online and offline channels and from a wider array of industry verticals such as those specialising in local life, fresh produce and food delivery, ride hailing, logistics, as well as those businesses targeting the stay-at-home economy and price-sensitive economy.

The Group's past efforts and success in supporting customers from traditional industries have garnered much interest from the likes of traditional education colleges, offline living service providers, traditional consumer goods companies and pet shops, etc. Having cemented its reputation through its successful cooperation with certain renowned domestic sports brands, the Group has managed to further extend its services to budding domestic brands such as those specialising in skincare and beauty.

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the six months ended 30 June 2022 and the six months ended 30 June 2021.

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenues	**215,145**	261,227
Cost of services	**(180,202)**	(198,440)
Gross profit	**34,943**	62,787
Selling and distribution expenses	**(1,326)**	(1,244)
General and administrative expenses	**(24,547)**	(27,638)
Net impairment losses on financial assets	**(101)**	(1,405)
Other gains, net	**3,846**	10,072
Operating profit	**12,815**	42,572
Finance income	**484**	89
Finance costs	**(1,378)**	(2,182)
Finance costs, net	**(894)**	(2,093)
Profit before income tax	**11,921**	40,479
Income tax expense	**(7,512)**	(1,101)
Profit for the period	**4,409**	39,378

Revenue

During the six months ended 30 June 2022, the Group recorded revenue of approximately RMB215,145,000, representing an approximate decrease of 17.6% as compared to approximately RMB261,227,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to amongst others, dampened sales and revenue during the Reporting Period in face of the uncertain consumer and economic outlook. Against the backdrop of multiple sporadic COVID-19 outbreaks and lockdowns in major Chinese cities during the Reporting Period, sluggish demand plaguing the overall Chinese advertising industry has prompted certain major clients of the Group to take a more cautious and shrinking approach to marketing budgets, which resulted in the inevitable trimming of the range of marketing solutions they required from the Group.

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services		
– gross method	**197,299**	223,495
– Influential placement services – net method	**17,752**	37,732
SaaS subscription solutions services	**94**	–
Total	**215,145**	261,227

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 six months ended 30 June 2022, the Group recorded cost of services of approximately RMB180,202,000, representing a decrease of approximately 9.2% as compared to approximately RMB198,440,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to (i) the reduction of costs corresponding to such decrease in revenue, and (ii) the Group's active adjustment of its fee structure to achieve mutually beneficial arrangements with its clients.

Gross profit

During the six months ended 30 June 2022, the Group recorded gross profit of approximately RMB34,943,000, representing a decrease of approximately 44.3% as compared to approximately RMB62,787,000 recorded for the six months ended 30 June 2021. The decrease in gross profit was primarily attributable to amongst others, dampened sales and revenue during the Reporting Period in face of the uncertain consumer and economic outlook. Against the backdrop of multiple sporadic COVID-19 outbreaks and lockdowns in major Chinese cities during the Reporting Period, sluggish demand plaguing the overall Chinese advertising industry has prompted certain major clients of the Group to take a more cautious and shrinking approach to marketing budgets, which resulted in the inevitable trimming of the range of marketing solutions they required from the Group.

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 2022, the Group recorded selling and distribution expenses of approximately RMB1,326,000, representing an increase of approximately 6.6% as compared to approximately RMB1,244,000 recorded for the six months ended 30 June 2021. Such increase was primarily attributable to the Group's increased entertainment expenses and additional costs or expenses incurred from participating in events such as industry summits and exhibitions during the Reporting Period. In light of market changes, competitor dynamics and budget constraints of its existing clients, the Group recognises the need to diversify its customer base and structure in order to realise stable business development. The Group has thus, during the Reporting Period, devoted more resources to develop new customers via various online and offline channels in an active bid to scoop up customers previously not accessible through its existing sales and distribution channels.

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 six months ended 30 June 2022, the Group recorded general and administrative expenses of approximately RMB24,547,000, representing a decrease of approximately 11.2% as compared to approximately RMB27,638,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to the Group's optimised employee compensation and welfare expenses as well as reduced office expenses as part of its strive to adapt to the increasingly competitive marketing landscape.

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 six months ended 30 June 2022, the Group recorded net impairment losses of approximately RMB101,000, representing a decrease of approximately 92.8% as compared to approximately RMB1,405,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to the Group's optimised accounts receivable management, which led to reductions in accounts receivable and expected credit losses.

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 six months ended 30 June 2022, the Group recorded other gains – net of approximately RMB3,846,000, representing a decrease of approximately 61.8% as compared to approximately RMB10,072,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to a decrease in government subsidies and value added tax refunds.

Finance costs – net

During the six months ended 30 June 2022, the Group recorded net finance costs of approximately RMB894,000, representing a decrease of approximately 57.3% as compared to approximately RMB2,093,000 recorded for the six months ended 30 June 2021 as impacted by foreign exchange fluctuations and the increase in interest on bank deposits.

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 2022. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the six months ended 30 June 2022, the Group recorded income tax expense of approximately RMB7,512,000, representing an increase of approximately 582.3% as compared to approximately RMB1,101,000 recorded for the six months ended 30 June 2021. Such increase was primarily attributable to the expiration of the income tax incentives for domestic entities originally granted to the Group and deferred income tax expense recognised for unallocated retained earnings of the Group's PRC subsidiaries.

Profit for the period

During the six months ended 30 June 2022, the Group recorded profit of approximately RMB4,409,000, representing a decrease of approximately 88.8% as compared to approximately RMB39,378,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to (i) reasons similar to the foregoing in relation to the Group's gross profit, (ii) the rise of income tax expense to RMB7.5 million upon the expiration of the income tax incentives for domestic entities originally granted to the Group and deferred income tax expense recognised for unallocated retained earnings of the Group's PRC subsidiaries, and (iii) share-based compensation of approximately RMB3.4 million.

Liquidity and capital structure

As at 30 June 2022, the Group recorded total assets of approximately RMB395,094,000 (31 December 2021: approximately RMB583,320,000), total liabilities of approximately RMB174,590,000 (31 December 2021: approximately RMB287,725,000) and total equity of approximately RMB220,504,000 (31 December 2021: approximately RMB295,595,000). As at 30 June 2022 and 31 December 2021, 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 30 June 2022, total borrowings amounted to approximately RMB41,000,000 (31 December 2021: approximately RMB82,102,000). The Group's borrowings comprised of bank borrowings. As at 30 June 2022, the Group's bank borrowings bear interest rate of 5.5% (31 December 2021: 3.85% to 5.5%) per annum.

The unsecured loans from shareholders and key management personnel as at 30 June 2022 were interest-free and initially recognised at their principal amounts. No subsequent interest expense accretion was recognised during the six months ended 30 June 2022.

Capital expenditures

The Group's capital expenditures during the six months ended 30 June 2022 mainly consisted of expenditures on property, plant and equipment. For the six months ended 30 June 2022, the Group has recorded approximately RMB159,000 capital expenditures, as compared to approximately RMB6,539,000 recorded for the six months ended 30 June 2021.

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 2022.

Pledge of assets

As of 30 June 2022, none of the Group's asset was subject to any pledge.

Contingent liabilities

As of 30 June 2022, the Group had no material contingent liabilities.

Employees

As of 30 June 2022, the Group had 199 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

		Six months ended 30 June	
		2022	2021
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenues	3	**215,145**	261,227
Cost of services	4	**(180,202)**	(198,440)
Gross profit		**34,943**	62,787
Selling and distribution expenses	4	**(1,326)**	(1,244)
General and administrative expenses	4	**(24,547)**	(27,638)
Net impairment losses on financial assets	10	**(101)**	(1,405)
Other gains, net	5	**3,846**	10,072
Operating profit		**12,815**	42,572
Finance income	6	**484**	89
Finance costs	6	**(1,378)**	(2,182)
Finance costs, net	6	**(894)**	(2,093)
Profit before income tax		**11,921**	40,479
Income tax expense	7	**(7,512)**	(1,101)
Profit for the period		**4,409**	39,378
Profit attributable to:			
Owners of the Company		**4,409**	39,378
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(3,580)**	19
Items that may not be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**2,678**	(883)
Total comprehensive income for the period		**3,507**	38,514
Total comprehensive income attributable to:			
Owners of the Company		**3,507**	38,514
Earnings per share			
– Basic *(expressed in RMB cents per share)*	8	**0.93**	7.88
– Diluted *(expressed in RMB cents per share)*	8	**0.92**	7.88

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2022** *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**5,316**	7,548
Deposits and prepayments	10	**643**	808
Deferred income tax assets		**638**	414
Financial assets at fair value through other comprehensive income		**1,760**	–
Total non-current assets		**8,357**	8,770
Current assets			
Trade receivables	10	**209,398**	333,691
Deposits, prepayments and other receivables	10	**105,087**	124,480
Restricted cash		**3,532**	–
Cash and cash equivalents		**68,720**	116,379
Total current assets		**386,737**	574,550
Total assets		**395,094**	583,320
LIABILITIES			
Non-current liabilities			
Borrowings	11	**41,000**	41,000
Lease liabilities		**1,200**	1,950
Deferred income tax liabilities		**18,454**	21,237
Total non-current liabilities		**60,654**	64,187
Current liabilities			
Trade payables	12	**31,813**	118,586
Other payables and accruals	13	**16,705**	20,957
Dividend payable		**24,899**	–
Borrowings	11	**–**	41,102
Contract liabilities	3	**19,769**	23,995
Lease liabilities		**1,730**	2,676
Current income tax liabilities		**19,020**	16,222
Total current liabilities		**113,936**	223,538
Total liabilities		**174,590**	287,725
EQUITY			
Share capital		**42,607**	42,607
Reserves		**115,439**	110,679
Retained earnings		**62,458**	142,309
Total equity		**220,504**	295,595
Total equity and liabilities		**395,094**	583,320

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 Act (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, comprised 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 Hui ("**Mr. Dong**") and Mr. Yang Dengfeng ("**Mr. Yang**") (together the "**Controlling Shareholders**").

The condensed consolidated interim financial information for the six months ended 30 June 2022 ("**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 30 August 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Interim Financial Information for the six months ended 30 June 2022 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 2021, 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 2021, as described in those annual financial statements, except as stated below.

Taxes on income for the interim period are accrued using the estimated tax rates that would be applicable to expected total annual assessable profit.

2.2 New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2022. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

2.3 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 2023 and have not been applied in preparing the consolidated financial statements.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	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
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 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 six months ended 30 June 2022 and 2021 was as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Intelligent marketing solutions services:		
– Integrated intelligent marketing solutions services – gross method	**197,299**	223,495
– Influential placement services – net method	**17,752**	37,732
SaaS subscription solutions services	**94**	–
Total	**215,145**	261,227

The timings of revenue recognition by category is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At a point in time	**215,051**	261,227
Over time	**94**	–
Total	**215,145**	261,227

The Group has concentration of credit risk from a major customer as the customer contributed approximately 19% and 1% of the Group's total revenue for six months ended 30 June 2022 and 2021, respectively.

As at 30 June 2022 and 31 December 2021, the trade receivables from the aforesaid major customer amounted to approximately RMB40,132,000 and RMB67,035,000, representing approximately 19% and 20% of the Group's total trade receivables.

(a) Contract liabilities

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities	**19,769**	23,995

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

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**13,266**	14,744

(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.

(c) Assets recognised from costs to fulfil a contract

During the six months ended 30 June 2022 and 2021, the incremental costs incurred to obtain contracts was not significant.

4 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Advertising traffic costs	**173,412**	193,464
Employee benefit expenses	**24,027**	23,214
Consultancy fees	**3,467**	3,853
Depreciation and amortisation	**2,390**	2,024
Office expenses	**1,325**	1,477
Short-term lease expenses	**376**	364
Travelling expenses	**186**	389
Taxes and surcharges	**113**	1,491
Others	**779**	1,046
Total cost of services, selling and distribution expenses, and general and administrative expenses	**206,075**	227,322

5 OTHER GAINS, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grant *(note)*	**1,265**	6,822
Additional deduction of value-added tax	**1,859**	3,250
Gain on disposal of financial assets at fair value through profit or loss	**722**	–
	3,846	10,072

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.

6 FINANCE COSTS – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**484**	89
Finance costs		
Interest expenses on borrowings	**(1,961)**	(1,977)
Interest expenses on lease liabilities	**(137)**	(205)
Exchange gains and losses	**720**	–
	(1,378)	(2,182)
Finance costs – net	**(894)**	(2,093)

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**10,519**	1,278
Deferred income tax	**(3,007)**	(177)
Income tax expense	**7,512**	1,101

(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 Act 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 2022 and the year ended 31 December 2021.

(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 acquired the qualification of "High and New Technology Enterprise" and subject to a reduced preferential PRC Enterprise Income Tax rate of 15% for 3-year period according to the applicable tax preference applicable to the "High and New Technology Enterprise". A 5-year tax free period ,followed by 50% reduction in the applicable tax rates for the next five years, has been granted by local tax authority to a subsidiary in the PRC.

(d) PRC Withholding Tax ("WHT")

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the Mainland of China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax.

The Group has received dividend distributed by a PRC subsidiary during this reporting period, amounting to RMB36,000,000. Accordingly, deferred income tax liability on WHT with the amount of RMB3,600,000 was reversed.

8 EARNINGS PER SHARE

(a) Basic earnings per share

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(RMB'000)*	**4,409**	39,378
Weighted average number of ordinary shares in issue *(thousands)*	**476,237**	500,000
Basic earnings per share *(in RMB cents)*	**0.93**	7.88

(b) Diluted 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.

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(RMB'000)*	**4,409**	39,378
Weighted average number of ordinary shares in issue *(thousands)*	**476,237**	500,000
Adjustments for employee incentive plan *(thousands)*	**3,425**	–
Weighted average number of shares for calculating diluted earnings per share *(thousands)*	**479,662**	500,000
Diluted earnings per share *(in RMB cents)*	**0.92**	7.88

9 DIVIDEND

A final dividend in respect of the year ended 31 December 2021 of RMB0.16 (equivalent to HK$0.20) per ordinary share was approved by the shareholders at the annual general meeting of the Company held on 20 May 2022, amounting to RMB81,987,000. Dividend of RMB57,088,000 were paid during the six months ended 30 June 2022.

On 30 August 2022, the board of directors declared an interim dividend of RMB0.123 (equivalent to HK$0.141) per share (totally RMB61,500,000) for the six months ended 30 June 2022. This declared interim dividend is not reflected as dividend payable in the interim financial information.

10 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables – third parties	**212,246**	336,521
Loss allowance	**(2,848)**	(2,830)
	209,398	333,691

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 2022 and 31 December 2021, based on date of recognition, is as follows:

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Aging		
Up to 3 months	**164,809**	220,570
3 to 6 months	**26,662**	37,847
6 months to 1 year	**13,695**	76,777
1 to 2 years	**6,471**	784
Over 2 years	**609**	543
	212,246	336,521

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.

On that basis, the loss allowance as at 30 June 2022 and 31 December 2021 was determined as follows for trade receivables:

30 June 2022	**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**
(Unaudited)							
Expected loss rate	**0.19%**	**1.13%**	**6.22%**	**10.59%**	**65.24%**	**100.00%**	
Gross carrying amount *(RMB'000)*	**148,377**	**44,670**	**11,184**	**7,367**	**187**	**461**	**212,246**
Loss allowance *(RMB'000)*	**285**	**504**	**696**	**780**	**122**	**461**	**2,848**

31 December 2021	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
(Audited)							
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 *(RMB'000)*	351	427	1,421	85	175	371	2,830

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At the beginning of the period	**2,830**	2,136
Additions	**18**	1,405
At the end of the period	**2,848**	3,541

(b) Deposits, prepayments and other receivables

	As at 30 June 2022 *RMB'000* (Unaudited)	As at 31 December 2021 *RMB'000* (Audited)
Prepayments to media publishers and advertising agents	**62,151**	92,743
Loans to employees *(Note (a))*	**11,000**	8,500
Value-added tax recoverable	**7,817**	9,299
Rental and other deposits	**7,596**	5,682
Loan to a related party	**1,920**	1,920
Others *(Note (b))*	**15,509**	7,324
Less: Loss allowance	**(263)**	(180)
	105,730	125,288
Less: Non-current deposits and prepayments	**(643)**	(808)
	105,087	124,480

Notes:

(a) 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 RMB9,500,000 is interest-free and loan amounted to RMB1,500,000 bears interest rate of 3.4% per annum.

(b) Others mainly include withholding income tax paid by the Group on behalf of certain employees and would be recovered within one year.

11 BORROWINGS

	As at 30 June 2022 *RMB'000* (Unaudited)	As at 31 December 2021 *RMB'000* (Audited)
Non-current		
Secured bank borrowings	**41,000**	41,000
Current		
Guaranteed bank borrowings	**–**	41,102
	41,000	82,102

As at 30 June 2022, the secured bank borrowings were at an interest rate of 5.5% per annum, pledged by Mr. Dong's residence and Mrs. Gao Yuqing's residence and repayable within 2 years.

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

The maturity of borrowings is as follows:

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Within 1 year	**–**	41,102
Between 1 and 2 years	**41,000**	–
After 2 years	**–**	41,000
	41,000	82,102

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 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Aging		
Up to 3 months	**7,782**	11,453
3 to 6 months	**1,569**	1,923
Over 6 months	**22,462**	105,210
	31,813	118,586

13 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Value-added tax and surcharge	**9,187**	7,796
Accrued staff costs	**6,426**	10,877
Others	**1,092**	2,284
	16,705	20,957

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, 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 30 August 2022:

Use of proceeds		**Planned allocation of Net Proceeds** *(HK$ million)*	**Planned allocation of Net Proceeds**[2] *(RMB million)*	**Utilised amount (as at 30 August 2022)** *(RMB million)*	**Unutilised amount (as at 30 August 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	47.7	47.7	0	N/A
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	15.6	14.4	1.2	On or before 30 September 2022[3]
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	7.7	7.0	0.7	On or before 30 September 2022[3]
The Group's general working capital	3.3%	2.9	2.5	2.5	0	N/A
Total	100.0%	86.0	73.5	71.6	1.9	

Notes:

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

(2) Net proceeds from the Share Offer were received in Hong Kong dollars and translated to Renminbi for application planning. The plan was adjusted slightly 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 AND CLOSURE OF REGISTER OF MEMBERS

The Board is pleased to announce an interim dividend of RMB0.123 (equivalent to HK$0.141) per Share for the six months ended 30 June 2022 to be paid on Friday, 28 October 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 21 September 2022.

The register of members of the Company will be closed from Monday, 19 September 2022 to Wednesday, 21 September 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 September 2022.

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 2022.

Pursuant to code provision C.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 the 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 2022.

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 2022.

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 2022.

EVENTS AFTER THE REPORTING PERIOD

On 13 July 2022, the Company entered into a one-year loan facility agreement with a shareholder of the Company, Highland Triumph Limited, which is wholly-owned by Mr. Yang, where a loan facility of up to HK$21,442,000 (equivalent to RMB18,336,984) was made available to the Company.

On 11 August 2022, the Company entered into a one-year loan facility agreement with a shareholder of the Company, Brilliant League Limited, which is wholly owned by Mr. Dong, where a loan facility of up to HK$11,400,000 (equivalent to RMB9,749,116) was made available to the Company.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2022 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 2022, 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:

"ad placement"	the placing of advertisements on media publishers or mobile apps
"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
"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
"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 Act"	The Companies Act, Cap 22 (Law 3 of 1961 as consolidated and revised) 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
"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
"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

"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
"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
"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
"industry verticals"	specific industries in which vendors offer goods and services to group of customers with specialised needs
"KOL"	key opinion leaders
"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
"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
"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
"platform(s)"	the environment in which a piece of software is executed
"platform economy"	tech-driven online marketplaces or businesses which allow consumers and businesses to connect, share resources or sell and purchase of products or services
"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
"Prospectus"	the prospectus of the Company dated 28 October 2020
"Reporting Period"	the six months ended 30 June 2022
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SaaS"	software as a service, being software hosted by a third-party provider and delivered to customers over the internet as a service

"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Offer"	the public offering and placing of Shares
"shareholder(s)"	holder(s) of the Share(s)
"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
"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
"VR"	virtual reality
"Z-Generation"	the cohort of people who were born between 1996 and 2010, and in China, being its first generation of digital natives who are instinctively familiar with technology as a form of communication, entertainment and enabler of commerce
"%"	per cent.

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.

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

Shenzhen, PRC, 30 August 2022

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. LIU Kin Wai, Mr. WEI Hai Yan and Mr. ZHANG Fanchen.

* *For identification purposes only*