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## **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 2023**

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 2023 together with the comparative figures for the six months ended 30 June 2022 as follows:

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

|  | <b>Six months ended 30 June</b>         |   | <b>Change<br/>(%)</b> |
|--|---|---|-----------------------|
|  | <b>2023<br/>RMB'000<br/>(Unaudited)</b> | <b>2022<br/>RMB'000<br/>(Unaudited)</b> |                       |
| Revenue generated from intelligent marketing solution services       | <b>461,295</b>                          | 215,051                                 | 114.5                 |
| – Integrated intelligent marketing solutions services <sup>(1)</sup> | <b>449,663</b>                          | 197,299                                 | 127.9                 |
| – Influential placement services <sup>(2)</sup>                      | <b>11,632</b>                           | 17,752                                  | -34.5                 |
| Revenue generated from SaaS subscription solutions services          | –                                       | 94                                      | -100                  |
| Revenue  | <b>461,295</b>                          | 215,145                                 | 114.4                 |
| Gross revenue  | <b>698,909</b>                          | 370,267                                 | 88.8                  |
| Gross profit   | <b>37,866</b>                           | 34,943                                  | 8.4                   |
| Profit for the period  | <b>8,947</b>                            | 4,409                                   | 102.9                 |
| Adjusted net profit <sup>(3)</sup>                                   | <b>13,019</b>                           | 15,310                                  | -15.0                 |

*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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MACROECONOMIC OVERVIEW**

As the pandemic threat is receding, global market has shown initial signs of recovery. In the first half of 2023, we saw the rebound in the Chinese economy and normalisation of commercial activities with a good momentum. According to the National Bureau of Statistics of China, China recorded year-on-year growth in the gross domestic products of approximately 5.5% and 6.3% in the first and second quarter of 2023 respectively.

To support economic recovery and to bolster consumers' confidence in the post-COVID stage, the Chinese government has focused on promoting high-quality development and given priority to ensuring stable growth, employment and commodity prices. With more supportive measures to be rolled out to boost the national economy, the outlook for 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) and the private sector economy will remain positive.

Yet, the recovery in the post-COVID era is different from the cyclical recoveries seen in the past. This round of recovery begins with transactional repairs based on the restoration of social foundations, followed by profit restoration. The entire recovery process could be volatile and lengthy. Furthermore, as the global economy continues to be affected by the cumulative effects of uncertainties including the complex world political and economic situations, the foundation for the sustained recovery and development of the Chinese economy is yet to be further consolidated.

### **MARKET REVIEW**

The first half of 2023 saw the rebound of the Chinese advertising market, despite a slow momentum. Consumer demand, which had been refrained for a certain period of time, has been unleashed following the boosted offline economic activities. As a result, the overall consumer market has been quickly restored at an early stage in 2023, which has subsequently driven the recovery of the Chinese advertising market. Following the optimisation of the Chinese government's prevention and control measures, the consumption scenarios have undergone great changes in the first half of 2023. For instance, the demand for entertainment has returned whilst the need for stockpiling of basic commodities has reduced. Consumers' purchase preference has also returned to products that build emotional value and self-image. Hence, the Group has been actively expanding new business relationships with advertisers who have potential for development in the post-COVID market.

In the first half of 2023, albeit the Chinese advertising market has shown signs of recovery and advertisers have demonstrated a higher confidence in the prospect of the post-COVID advertising market, many advertisers are being even more cautious in planning their annual marketing budget as cost-efficiency in advertising is becoming more important. With a limited budget on advertising spend, advertisers tend to pay more and more attention to the scarcity of media value (such as quality content and private domain traffic) as well as the preciseness of advertising spending.

The domination of the short-video format in the Chinese digital marketing arena is there to stay and short-videos have become one of the main platforms for advertisers to place advertisement. Top market players of China’s mainstream media platforms have changed and among them, Douyin and Xiaohongshu have risen to important positions for advertisers in digital marketing.

## **INDUSTRY REVIEW**

In the first half of 2023, the advertising industry showed a positive trend in the post-COVID market recovery. Specifically, benefiting from the sustained establishment of the domestic e-commerce ecosystem within the industry, short video advertising continued to outperform the industry average, and demonstrated a higher growth rate in revenue. The interactive and immersive nature of short videos has enhanced the creativity and customisation of advertising campaigns, making it a widely popular and highly appealing form of advertising among the younger demographic. Advertisers recognise the potential reach and influence of short video platforms and are more willing to allocate advertising budgets to this medium. With the gradual recovery of the economy, offline economic activities such as retail, hospitality, and entertainment industries will also continue to rebound. Therefore, it is expected that the advertising industry will continue to recover in the second half of 2023, with the short video sector occupying a favorable position in the recovery process.

As digital platforms, social media, and streaming media continue to expand, the feasibility of advertising inventory increases, leading to a growing demand for advertising space. Advertisers tend to favor exposure on mainstream media to maintain attractiveness to their target audience. The availability of more advertising options intensifies the competition for prime ad placements on major media platforms, resulting in increased prices for media platform traffic.

Furthermore, in the face of the Artificial Intelligence-Generated Content (“**AIGC**”) technology wave sparked by ChatGPT, an AI-powered chatbot, in the first half of 2023, advertisers have shown a positive attitude and taken decisive action, with an increasing number of advertisers incorporating AIGC’s new technology into their marketing campaigns. As more advertisers embrace AIGC technology, it is expected that there will be more innovative and personalised advertising content in future marketing campaigns. This will drive further development in the advertising industry, enhancing advertising effectiveness and consumer engagement.

Yet, due to the post-cyclical nature of the advertising marketing industry itself, the pace of recovery of the advertising marketing industry will likely lag behind the recovery of the macro economy. In the meantime, the Group will closely monitor the fluid market and post-COVID 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 aim to optimally serve its customers' needs, covering the full-service integrated process from strategic marketing planning, advertisement production and placement, to post-placement performance monitoring.

The post-COVID economy is indeed in a recovery cycle, and certain industries have experienced growth. However, the consumer market mainly concentrated in offline consumption, which has a limited impact on the Group's primary clientele. Advertisers are still conservative in their budget allocations and they tend to favor mainstream media channels, leading to further increases in the cost of high-traffic placements. However, the Group has been actively responding to the intense market competition, stimulating its internal growth momentum, and maintaining a steady development amid the overall growth pressure in the industry. The Group, by actively adjusting its market strategies, actively expanding its customer segments that perform well in the market recovery, further strengthening its cooperation with both new and existing customers, and achieving significant business growth, recorded a revenue for the Reporting Period of approximately RMB461.3 million as compared to approximately RMB215.1 million for the corresponding period in 2022, representing an increase of approximately RMB246.2 million or 114.5%.

To cope with the slashed advertising budgets of advertisers, the Group has been actively expanding business relationships with industries that have shown strong post-COVID development and exploring new sources of revenue growth by implementing certain incentives to these rapidly growing industries in the hope of stimulating potential demand and establishing long-term partnerships. Also, in order to serve its customers' needs, the Group has been delving deep into customers' underlying needs, adjusting its service models, and providing more comprehensive and refined intelligent marketing services to the customers. For instance, in response to the national call for strengthening the governance of the online information content ecosystem and promoting healthy development of the industry, the Group has enhanced control and management over customers' advertising content throughout the entire process, including content planning, creation, revision, review, and dissemination. Furthermore, the Group has also increased the proportion of its end-to-end solutions to its customers in order to fully leverage the strengths of its marketing algorithms and content management capabilities. The Group has therefore achieved an increase in its number of new customers to 176 for the Reporting Period as compared to 139 for the six months ended 30 June 2022, which bore testimony to the Group's success in reeling in a growing and diverse clientele. As such, during the Reporting Period, the Group recorded gross profit of approximately RMB37,866,000 as compared to approximately RMB34,943,000 for the corresponding period in 2022, representing a year-on-year increase of approximately RMB2,923,000 or 8.4%.

A profit attributable to the owners of the Group of approximately RMB8,947,000 is recorded for the Reporting Period as compared to approximately RMB4,409,000 for the corresponding period in 2022 representing a year-on-year increase of approximately RMB4,538,000 or 102.9%. Such increase was mainly due to the increase in revenue and gross profit.

The Group is expected to record adjusted net profit for the Reporting Period of RMB13.0 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.

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 which are accorded the apt label of “intelligent marketing solutions” (智慧營銷解決方案). With the Chinese government’s supportive policy for innovation of platform-based enterprises and its active promotion of the digital economy, the Group’s complementary content and technological tools have been and will be more instrumental in assisting its clients’ launch of their digital transformation process during such turbulent times and beyond.

## **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, the Group classified 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.

The LinkDoAI 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.

To adapt to the challenging times, the Group is constantly optimising its cost structure, yet it will not give up on its innovative pursuits that it has continued to strive for, and will roll out further upgrades and new functions at appropriate timing. In the first half of 2023, the Group has embedded AIGC services into its LinkDoAI system and has gradually applied them to its business operations to improve operational efficiency. The application of AIGC services can reduce manual operations and repetitive tasks, thereby saving time and resources. Also, the algorithms and data analysis capabilities of AIGC could provide more accurate and timely information to optimise business processes and decision-making. The LinkDoAI system has been upgraded and renamed by the Group as "LinkBriAI". The Group is set to hone its precision marketing capabilities through further upgrades and improvements to the LinkBriAI system so as to optimise the profitability of its operations. By the end of the Reporting Period and the Group has achieved around 467,000 stock videos (at 31 December 2022: around 362,000 stock videos), and a monthly video production capacity of approximately 17,500 clips (for the corresponding period in 2022: approximately 12,500 clips).

### ***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 modularisation (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. 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 are 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 to realise the in-depth cooperation efforts between the R&D teams and the short-video production crew.

Operating in a more competitive landscape rife with market players with diverse strengths, the Group strives to perfect its content creation capabilities and to focus its efforts on gauging consumer preference (especially that of the Z-generation users) so as to win over the hearts of a wider and more diverse audience. Furthermore, as the evaluation and analysis of consumer preferences rely on algorithms and data, some of which are sourced from the media platforms the Group collaborates with. As such, the Group has been continuously strengthening its partnership with Ocean Engine (巨量引擎) and Ocean Yuntu (巨量雲圖) to enhance the analysis and utilisation of data from these platforms, thereby enabling the Group to understand consumer preference better.

### ***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 insurance, local life and entertainment. During the Reporting Period, the Group has witnessed a significant growth in its client base within the insurance and financial sectors. This increase can be attributed to the rise in demand for insurance services due to the heightened awareness of the need for protection and security in the post-COVID era. As individuals and businesses seek to safeguard themselves against potential risks and uncertainties, the insurance industry experiences a boost in business. By adapting its marketing approaches and expanding its reach, the Group has effectively captured the attention and interest of clients operating in the insurance and financial domains.

By diversifying its clientele, the Group has expanded its business opportunities and tapped into new markets. This demonstrates the Group's adaptability and proactive stance in responding to the evolving market conditions and effectively meeting the needs of its target customers. As customers' needs and satisfaction lie at the heart of the Group's culture, innovative strategy and endeavors, the number of the Group's repeat customers has achieved a notable increase to 240 for the Reporting Period as compared to 194 for the six months ended 30 June 2022. The Group has also achieved an increase in its number of new customers to 176 for the Reporting Period as compared to 139 for the six months ended 30 June 2022.

### ***Continuous reinforcement of cooperation with top media platforms***

The Group has also managed to extend its business relationship with certain renowned domestic media platforms. For example the Group has been appointed as the exclusive advertising agent of Tencent Android App in the general tools and reading industry in the first half of 2023. In addition, the Group's collaboration with Huawei Ad has expanded into non-internet customer domains.

Furthermore, the Group has achieved significant results in advertising placement on the media platforms. During the Reporting Period, the Group recorded a total consumption of approximately 789.9 million virtual tokens through media platforms as compared to approximately 377.9 million virtual tokens for the corresponding period in 2022, representing a year-on-year increase of approximately 412.0 million or 109%.

During the Reporting Period, the Group has won the "Joint Engine – Annual Effective Growth Case Study" (共擎•年度實效增長案例) and the "Annual Service Breakthrough Award" (年度服務突破獎) by Ocean Engine in recognition of its Z-Generation oriented marketing campaign designed for a top trendsetting e-commerce platform, as well as its service capabilities. In addition, the Group has also won the "Qingyun Cup – Optimising Service Capability – AD Award" (青雲杯優化服務力 – AD獎項) by Ocean Engine in recognition of the Group's leading capabilities in service quality and acquiring new customers. The Group has also won three awards at the 9th TMA (Top Mobile Awards) Mobile Marketing Awards Ceremony, which included one industry award in the category of "Online Platforms and Services" (網絡平台及服務類) and two awards in the case study category of "Effectiveness – Effective Advertising" (效果類 – 效果廣告), in recognition of the Group's leading capabilities and outstanding achievements in the field of mobile marketing.



***Weaving in effective content strategies to achieve refined targeting, facilitate conversion and enhance value for its customers***

The Group leverages its technological expertise and analytical capabilities in consumer preference and perception matching to execute its content strategies effectively. By doing so, it aims to attract and engage target customers who are highly suitable for its clients' businesses. In light of the challenges faced by brands and businesses due to the impact of COVID-19 in 2022, the Group is prioritising the development of innovative strategies to help its clients attract customers and boost sales of their products or services. Based on market preferences for media traffic, the Group has increased its intensity of cooperation with mainstream media platforms and further deepened its partnerships with mobile brand manufacturers' stores to expand its traffic coverage and to reach a wider audience. Throughout the process of expanding the traffic coverage, the Group will closely monitor market changes and user demands with the aim to understand consumer preferences, which also allows the Group to select cooperation media and traffic partners accurately, thereby providing content and services that align well with the needs of customers with different budget standards during the current business cycle.

***Edging over competitors with its offering of holistic customisable solutions at affordable prices***

The Group is accustomed to serving mainly top-tier clientele, counting some of the biggest names in Chinese tech amongst its customers, for which the offering of customised solutions is deemed critical. In the first half of 2023, the Group has increased the proportion of its end-to-end solutions to customers in order to fully leverage the strengths of its marketing algorithms and content management capabilities, which includes content creation, optimise targeted marketing, campaign management and performance tracking. In addition, the Group strives to reduce reliance on single-channel placement services on designated media. While single-channel placement services may have their merits, diversifying the advertising strategy across multiple channels allows for broader reach and exposure to a wider audience. By exploring different media platforms and channels, the Group could maximise the effectiveness of its clients' campaigns and increase their overall return on investment. Each media platform and channel offers unique opportunities and advantages, and by leveraging a diversified approach, the Group can optimise the allocation of its customers' advertising resources. Such strategic utilisation of multiple channels enhances the overall return on investment for the customers, generating increased brand visibility, customer engagement, and ultimately driving business growth.

Furthermore, the Group's LinkBriAI system (originally named as "LinkDoAI") boasts of more comprehensive, sophisticated and technologically advanced infrastructure, thereby offering such fully-customisable marketing solutions at affordable prices.

## FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the six months ended 30 June 2023 and the six months ended 30 June 2022.

|  | <b>For the six months ended 30 June</b> |                |
|--|---|----------------|
|  | <b>2023</b>                             | 2022           |
|  | <i>RMB'000</i>                          | <i>RMB'000</i> |
|  | <b>(Unaudited)</b>                      | (Unaudited)    |
| Revenue  | <b>461,295</b>                          | 215,145        |
| Cost of services   | <b>(423,429)</b>                        | (180,202)      |
| <b>Gross profit</b>  | <b>37,866</b>                           | 34,943         |
| Selling and distribution expenses                                      | <b>(2,412)</b>                          | (1,326)        |
| General and administrative expenses                                    | <b>(22,076)</b>                         | (24,547)       |
| Impairment losses under expected credit loss model,<br>net of reversal | <b>(1,850)</b>                          | (101)          |
| Other income, gains, and losses  | <b>1,987</b>                            | 3,846          |
| <b>Operating profit</b>  | <b>13,515</b>                           | 12,815         |
| Finance income   | <b>159</b>                              | 484            |
| Finance costs  | <b>(998)</b>                            | (1,378)        |
| Finance costs – net  | <b>(839)</b>                            | (894)          |
| <b>Profit before tax</b>   | <b>12,676</b>                           | 11,921         |
| Income tax expense   | <b>(3,729)</b>                          | (7,512)        |
| <b>Profit for the period</b>   | <b>8,947</b>                            | 4,409          |

### Revenue

During the six months ended 30 June 2023, the Group recorded revenue of approximately RMB461,295,000 as compared to approximately RMB215,145,000 for the corresponding period in 2022, representing an approximate increase of RMB246,150,000 or 114.4%. Such increase was primarily attributable to (i) the positive post-COVID recovery trend of advertising demand in the first half of 2023, especially the growing trend of short-video advertisements; and (ii) the Group's effort in strengthening cooperation with both existing and new clients and actively expanding business relationships with industries that have shown strong post-COVID development, resulting a significant growth in the consumption of its virtual tokens.

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

|   | <b>For the six months ended 30 June</b> |                       |
|---|---|-----------------------|
|   | <b>2023</b>                             | 2022                  |
|   | <b>RMB'000</b>                          | RMB'000               |
|   | <b>(Unaudited)</b>                      | (Unaudited)           |
| Intelligent marketing solutions services              |   |                       |
| – Integrated intelligent marketing solutions services |   |                       |
| – gross method  | <b>449,663</b>                          | 197,299               |
| – Influential placement services – net method         | <b>11,632</b>                           | 17,752                |
| SaaS subscription solutions services                  | <u>–</u>                                | <u>94</u>             |
| Total   | <b><u>461,295</u></b>                   | <b><u>215,145</u></b> |

### **Cost of services**

The Group's cost of services mainly comprises of advertising traffic costs and employee benefit expenses. During the six months ended 30 June 2023, the Group recorded cost of services of approximately RMB423,429,000 as compared to approximately RMB180,202,000 for the corresponding period in 2022, representing an increase of approximately RMB243,227,000 or 135.0%. Such increase was primarily attributable to (i) the increase in costs corresponding to such increase in revenue, and (ii) higher production costs of short-videos due to the simultaneous increase in advertising traffic costs and the increase demand for short-video advertisement.

### **Gross profit**

During the six months ended 30 June 2023, the Group recorded gross profit of approximately RMB37,866,000 as compared to approximately RMB34,943,000 for the corresponding period in 2022, representing an increase of approximately RMB2,923,000 or 8.4%. 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) office expenses; and (iii) travelling expenses. During the six months ended 30 June 2023, the Group recorded selling and distribution expenses of approximately RMB2,412,000 as compared to approximately RMB1,326,000 for the corresponding period in 2022, representing an increase of approximately RMB1,086,000 or 81.9%. Such increase was primarily attributable to the expansion of sales team due to the Group's further diversification of customer structure within the Reporting Period, resulting in an increase in the related employees compensation and benefits expenses.

### ***General and administrative expenses***

The Group's general and administrative expenses during the six months ended 30 June 2023 mainly comprise of employee benefit expenses, consultancy fee, office expenses, short-term lease expenses and travelling expenses. During the six months ended 30 June 2023, the Group recorded general and administrative expenses of approximately RMB22,076,000 as compared to approximately RMB24,547,000 for the corresponding period in 2022, representing a decrease of approximately RMB2,471,000 or 10.1%. Such decrease was primarily attributable to the Group's optimised employee compensation and welfare expenses.

### **Impairment losses under expected credit loss model, net of reversal**

The Group's impairment losses under expected credit loss model, net of reversal represented the expected credit losses from its trade receivables and other receivables. During the six months ended 30 June 2023, the Group recorded impairment losses of approximately RMB1,850,000 (for the corresponding period in 2022: approximately RMB101,000). Such increase was primarily attributable to the increase in expected credit loss on trade receivables.

### **Other income, gains and losses**

The Group's other income, gains and losses comprise primarily of government grant and additional deduction of value-added tax. During the six months ended 30 June 2023, the Group recorded other income, gains and losses of approximately RMB1,987,000 as compared to approximately RMB3,846,000 for the corresponding period in 2022, representing a decrease of approximately RMB1,859,000 or 48.3%. Such decrease was primarily attributable to a decrease in government grant and additional deduction of value-added tax.

### **Finance costs – net**

During the six months ended 30 June 2023, the Group recorded net finance costs of approximately RMB839,000 as compared to approximately RMB894,000 for the corresponding period in 2022, representing a decrease of approximately RMB55,000 or 6.2%. Such decrease was primarily attributable to the decrease in interest expenses on borrowings and lease liabilities.

## **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 2023. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the six months ended 30 June 2023, the Group recorded income tax expense of approximately RMB3,729,000 as compared to approximately RMB7,512,000 for the corresponding period in 2022, representing a decrease of approximately RMB3,783,000 or 50.4%. The decrease was primarily attributable to the reduction of loss amount for certain recurring losses making companies in the PRC and the utilisation of tax losses by certain profit making companies.

## **Profit for the period**

During the six months ended 30 June 2023, the Group recorded profit of approximately RMB8,947,000 as compared to approximately RMB4,409,000 for the corresponding period in 2022, representing an increase of approximately RMB4,538,000 or 102.9%. The increase in profit was in line with the increase in the Group's revenue and gross profit.

## **Liquidity and capital structure**

As at 30 June 2023, the Group recorded total assets of approximately RMB418,277,000 (31 December 2022: approximately RMB358,207,000), total liabilities of approximately RMB279,720,000 (31 December 2022: approximately RMB226,678,000) and total equity of approximately RMB138,557,000 (31 December 2022: approximately RMB131,529,000). As at 30 June 2023, the Group's gearing ratio was approximately 100.4% (31 December 2022: approximately 42.6%).

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

## **Borrowings**

As of 30 June 2023, total borrowings amounted to approximately RMB54,980,000 (31 December 2022: approximately RMB39,770,000).

The Group's secured and guaranteed borrowings comprised of bank borrowings. As at 30 June 2023, the secured bank borrowings were at an interest rate of 3.85% to 4.2% (31 December 2022: 4.3% to 5.45%) per annum and the guaranteed bank borrowings bear interest rate of 3.85%.

## **Loans from related parties**

As at 30 June 2023, loans from related parties amounted to approximately RMB91,784,000 (31 December 2022: approximately RMB88,926,000) are unsecured, interest-free and repayable on demand of lenders under the loan contracts.

## **Capital expenditures**

The Group's capital expenditures during the six months ended 30 June 2023 mainly consisted of expenditures on property, plant and equipment. For the six months ended 30 June 2023, the Group has recorded approximately RMB4,092,000 capital expenditures, as compared to approximately RMB159,000 recorded for the six months ended 30 June 2022.

## **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 2023.

## **Pledge of assets**

As of 30 June 2023, none of the Group's asset was subject to any pledge.

## **Contingent liabilities**

As of 30 June 2023, the Group had no material contingent liabilities.

## **Employees**

As of 30 June 2023, the Group had 223 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.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   |    | <b>Six months ended 30 June</b> |                |
|---|----|---------------------------------|----------------|
|   |    | <b>2023</b>                     | 2022           |
| <i>Notes</i>  |    | <b><i>RMB'000</i></b>           | <i>RMB'000</i> |
|   |    | <b>(Unaudited)</b>              | (Unaudited)    |
| Revenue   | 4  | <b>461,295</b>                  | 215,145        |
| Cost of services  | 5  | <b>(423,429)</b>                | (180,202)      |
| <b>Gross profit</b>   |    | <b>37,866</b>                   | 34,943         |
| Selling and distribution expenses                                   | 5  | <b>(2,412)</b>                  | (1,326)        |
| General and administrative expenses                                 | 5  | <b>(22,076)</b>                 | (24,547)       |
| Impairment losses under expected credit loss model, net of reversal | 11 | <b>(1,850)</b>                  | (101)          |
| Other income, gains and losses                                      | 6  | <b>1,987</b>                    | 3,846          |
| <b>Operating profit</b>   |    | <b>13,515</b>                   | 12,815         |
| Finance income  | 7  | <b>159</b>                      | 484            |
| Finance costs   | 7  | <b>(998)</b>                    | (1,378)        |
| Finance costs – net   | 7  | <b>(839)</b>                    | (894)          |
| <b>Profit before tax</b>  |    | <b>12,676</b>                   | 11,921         |
| Income tax expense  | 8  | <b>(3,729)</b>                  | (7,512)        |
| <b>Profit for the period</b>  |    | <b>8,947</b>                    | 4,409          |
| <b>Other comprehensive income (expense) for the period</b>          |    |                                 |                |
| <i>Items that may be reclassified to profit or loss</i>             |    |                                 |                |
| Exchange differences arising on translation of foreign operations   |    | <b>408</b>                      | (3,580)        |
| <i>Items that may not be reclassified to profit or loss</i>         |    |                                 |                |
| Exchange differences arising on translation of foreign operations   |    | <b>(2,670)</b>                  | 2,678          |
| <b>Total comprehensive income for the period</b>                    |    | <b>6,685</b>                    | 3,507          |

|   |              | <b>Six months ended 30 June</b> |                       |
|---|--------------|---------------------------------|-----------------------|
|   |              | <b>2023</b>                     | <b>2022</b>           |
|   | <i>Notes</i> | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
|   |              | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| <b>Profit for the period attributable to:</b>                     |              |                                 |                       |
| Owners of the Company   |              | <b>8,947</b>                    | 4,409                 |
|   |              | <u><u>8,947</u></u>             | <u><u>4,409</u></u>   |
| <b>Total comprehensive income for the period attributable to:</b> |              |                                 |                       |
| Owners of the Company   |              | <b>6,685</b>                    | 3,507                 |
|   |              | <u><u>6,685</u></u>             | <u><u>3,507</u></u>   |
| <b>Earnings per share attributable to owners of the Company</b>   |              |                                 |                       |
| – Basic ( <i>expressed in RMB cents per share</i> )               | 9            | <b>1.86</b>                     | 0.93                  |
| – Diluted ( <i>expressed in RMB cents per share</i> )             | 9            | <b>1.86</b>                     | 0.92                  |
|   |              | <u><u>1.86</u></u>              | <u><u>0.92</u></u>    |



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  |    | At<br>30 June<br>2023<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
|--|----|--|--|
| <b>ASSETS</b>  |    |  |  |
| <b>Non-current assets</b>  |    |  |  |
| Property, plant and equipment  |    | 5,883  | 3,220  |
| Intangible assets  |    | 1,320  | 1,651  |
| Deposits and prepayments   | 11 | –  | 10   |
| Deferred income tax assets   |    | 950  | 551  |
| Financial assets at fair value through other<br>comprehensive income |    | 1,392  | 1,392  |
|  |    | <b>9,545</b>   | <b>6,824</b>   |
| <b>Total non-current assets</b>                                      |    |  |  |
| <b>Current assets</b>  |    |  |  |
| Trade receivables  | 11 | 307,083  | 181,197  |
| Deposits, prepayments and other receivables                          | 11 | 85,318   | 90,205   |
| Restricted cash  |    | 4,786  | 5,951  |
| Cash and cash equivalents  |    | 11,545   | 74,030   |
|  |    | <b>408,732</b>   | <b>351,383</b>   |
| <b>Total current assets</b>  |    |  |  |
|  |    | <b>418,277</b>   | <b>358,207</b>   |
| <b>Total assets</b>  |    |  |  |
| <b>LIABILITIES</b>   |    |  |  |
| <b>Non-current liabilities</b>                                       |    |  |  |
| Borrowings   | 13 | –  | 37,310   |
| Lease liabilities  |    | 1,498  | 106  |
| Deferred income tax liabilities                                      |    | 18,455   | 18,455   |
|  |    | <b>19,953</b>  | <b>55,871</b>  |
| <b>Total non-current liabilities</b>                                 |    |  |  |

|   |    | At<br>30 June<br>2023<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
|---|----|--|--|
| <b>Current liabilities</b>                          |    |  |  |
| Trade payables                                      | 14 | 44,984   | 12,076   |
| Other payables and accruals                         | 15 | 28,880   | 29,978   |
| Dividend payable                                    |    | 1,572  | 1,523  |
| Loans from related parties                          | 12 | 91,784   | 88,926   |
| Borrowings  | 13 | 54,980   | 2,460  |
| Lease liabilities                                   |    | 2,340  | 1,251  |
| Contract liabilities                                | 4  | 16,693   | 17,800   |
| Current income tax liabilities                      |    | 18,534   | 16,793   |
|   |    | <u>259,767</u>   | <u>170,807</u>   |
| <b>Total current liabilities</b>                    |    |  |  |
|   |    | <u>259,767</u>   | <u>170,807</u>   |
| <b>Total liabilities</b>                            |    | <u>279,720</u>   | <u>226,678</u>   |
| <b>EQUITY</b>                                       |    |  |  |
| <b>Equity attributable to owners of the Company</b> |    |  |  |
| Share capital                                       |    | 42,607   | 42,607   |
| Reserves  |    | 112,391  | 112,771  |
| Accumulated losses                                  |    | (16,441)   | (23,849)   |
|   |    | <u>138,557</u>   | <u>131,529</u>   |
| <b>Total equity</b>                                 |    | <u>138,557</u>   | <u>131,529</u>   |
| <b>Total equity and liabilities</b>                 |    | <u><u>418,277</u></u>                                  | <u><u>358,207</u></u>                                    |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## 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 in the People’s Republic of China (the “**PRC**”). The controlling shareholders of the Group are Mr. Dong Hui and Mr. Yang Dengfeng (together the “**Controlling Shareholders**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”). The Company’s functional currency is Hong Kong dollars (“**HK\$**”). The directors of the Company adopted RMB as presentation currency for the convenience of the financial statements users.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12  | International Tax Reform – Pillar Two Model Rules                                |

The application of the amendments to HKFRSs in the current interim period has no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### 4. REVENUE

Revenue comprises of proceeds from providing intelligent marketing solutions services and SaaS subscription solutions services. The analysis of the Group's revenue by category for the six months ended 30 June 2023 and 2022 was as follows:

|  | <b>Six months ended 30 June</b> |                       |
|--|---------------------------------|-----------------------|
|  | <b>2023</b>                     | <b>2022</b>           |
|  | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| Intelligent marketing solutions services:                            |                                 |                       |
| – Integrated intelligent marketing solutions services – gross method | <b>449,663</b>                  | 197,299               |
| – Influential placement services – net method                        | <b>11,632</b>                   | 17,752                |
| SaaS subscription solutions services                                 | <b>–</b>                        | 94                    |
|  | <hr/>                           | <hr/>                 |
| Total  | <b>461,295</b>                  | <b>215,145</b>        |
|  | <hr/> <hr/>                     | <hr/> <hr/>           |

The timings of revenue recognition by category is as follows:

|                    | <b>Six months ended 30 June</b> |                       |
|--------------------|---------------------------------|-----------------------|
|                    | <b>2023</b>                     | <b>2022</b>           |
|                    | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
|                    | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| At a point in time | <b>461,295</b>                  | 215,051               |
| Over time          | <b>–</b>                        | 94                    |
|                    | <hr/>                           | <hr/>                 |
| Total revenue      | <b>461,295</b>                  | <b>215,145</b>        |
|                    | <hr/> <hr/>                     | <hr/> <hr/>           |

##### (a) Contract liabilities

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

|                      | <b>At</b>             | <b>At</b>             |
|----------------------|-----------------------|-----------------------|
|                      | <b>30 June</b>        | <b>31 December</b>    |
|                      | <b>2023</b>           | <b>2022</b>           |
|                      | <b><i>RMB'000</i></b> | <b><i>RMB'000</i></b> |
|                      | <b>(Unaudited)</b>    | <b>(Audited)</b>      |
| Contract liabilities | <b>16,693</b>         | 17,800                |
|                      | <hr/> <hr/>           | <hr/> <hr/>           |

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.

|  | <b>Six months ended 30 June</b> |                |
|--|---------------------------------|----------------|
|  | <b>2023</b>                     | 2022           |
|  | <i><b>RMB'000</b></i>           | <i>RMB'000</i> |
|  | <b>(Unaudited)</b>              | (Unaudited)    |
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the period | <b>10,978</b>                   | 13,266         |

**(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 2023 and 2022, the incremental costs incurred to obtain contracts was not significant.

**5. EXPENSES BY NATURE**

|  | <b>Six months ended 30 June</b> |                |
|--|---------------------------------|----------------|
|  | <b>2023</b>                     | 2022           |
|  | <i><b>RMB'000</b></i>           | <i>RMB'000</i> |
|  | <b>(Unaudited)</b>              | (Unaudited)    |
| Advertising traffic costs  | <b>415,076</b>                  | 173,412        |
| Employee benefit expenses  | <b>22,445</b>                   | 24,027         |
| Consultancy fees   | <b>4,305</b>                    | 3,467          |
| Depreciation and amortisation  | <b>1,412</b>                    | 2,390          |
| Office expenses  | <b>2,120</b>                    | 1,325          |
| Short-term lease expenses  | <b>71</b>                       | 376            |
| Travelling expenses  | <b>803</b>                      | 186            |
| Taxes and surcharges   | <b>162</b>                      | 113            |
| Others   | <b>1,523</b>                    | 779            |
| Total cost of services, selling and distribution expenses, and general and administrative expenses | <b>447,917</b>                  | 206,075        |

## 6. OTHER INCOME, GAINS AND LOSSES

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2023                     | 2022           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | (Unaudited)              | (Unaudited)    |
| Government grant ( <i>Note</i> )  | 474                      | 1,265          |
| Additional deduction of value-added tax                                   | 1,446                    | 1,859          |
| Gain on disposal of financial assets at fair value through profit or loss | –                        | 722            |
| Others  | 67                       | –              |
|   | <u>1,987</u>             | <u>3,846</u>   |

*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.

## 7. FINANCE COSTS – NET

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2023                     | 2022           |
|  | <i>RMB'000</i>           | <i>RMB'000</i> |
|  | (Unaudited)              | (Unaudited)    |
| <b>Finance income</b>                  |                          |                |
| Interest income from bank deposits     | <u>159</u>               | 484            |
| <b>Finance costs</b>                   |                          |                |
| Interest expenses on borrowings        | (972)                    | (1,961)        |
| Interest expenses on lease liabilities | (26)                     | (137)          |
| Net exchange gains                     | –                        | 720            |
|  | <u>(998)</u>             | <u>(1,378)</u> |
| <b>Finance costs – net</b>             | <u>(839)</u>             | <u>(894)</u>   |

## 8. INCOME TAX EXPENSE

|                           | Six months ended 30 June |                |
|---------------------------|--------------------------|----------------|
|                           | 2023                     | 2022           |
|                           | <i>RMB'000</i>           | <i>RMB'000</i> |
|                           | (Unaudited)              | (Unaudited)    |
| Current income tax        | 4,128                    | 10,519         |
| Deferred income tax       | (399)                    | (3,007)        |
| <b>Income tax expense</b> | <u>3,729</u>             | <u>7,512</u>   |

(a) **Cayman Islands and BVI Income Tax**

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

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

(b) **Hong Kong Profits Tax**

No provision for Hong Kong profits tax was made as the Group did not have any estimated assessable profit subject to Hong Kong profits tax during the six months ended 30 June 2023 and 2022.

(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 period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%.

Shenzhen Bright Future Technology Company Limited was being approved as the “High and New Technology Enterprise” (“**HNTE**”) in 2018 and renewed it in 2021, and subject to a reduced preferential EIT rate of 15% for 3-year period from 2021 to 2023 according to the applicable tax preference applicable to the HNTE.

Shenzhen Lindu Technology Company Limited was being approved as the HNTE in 2022 and subject to a reduced preferential EIT rate of 15% for 3-year period from 2022 to 2024 according to the applicable tax preference applicable to the HNTE.

**9. EARNINGS PER SHARE**

(a) **Basic earnings per share**

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2023</b>                     | <b>2022</b>        |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Profit attributable to owners of the Company ( <i>RMB'000</i> )             | <b>8,947</b>                    | 4,409              |
| Weighted average number of ordinary shares in issue<br>( <i>thousands</i> ) | <b>480,377</b>                  | 476,237            |
| Basic earnings per share ( <i>in RMB cents</i> )                            | <b>1.86</b>                     | 0.93               |

(b) **Diluted earnings per share**

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2023</b>                     | <b>2022</b>        |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Profit attributable to owners of the Company ( <i>RMB'000</i> )  | <b>8,947</b>                    | 4,409              |
| Weighted average number of ordinary shares in issue<br>( <i>thousands</i> )  | <b>480,377</b>                  | 476,237            |
| Adjustments for employee incentive plan ( <i>thousands</i> )   | <b>1,007</b>                    | 3,425              |
| Weighted average number of ordinary shares for the purpose<br>of calculating diluted earnings per share ( <i>thousands</i> ) | <b>481,384</b>                  | 479,662            |
| Diluted earnings per share ( <i>in RMB cents</i> )   | <b>1.86</b>                     | 0.92               |

**10. DIVIDENDS**

On 30 August 2023, the Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (2022 interim dividend: HK\$0.141 (equivalent to RMB0.123) per share, totalling HK\$70,500,000 (equivalent to RMB61,500,000)).

During the six months ended 30 June 2022, a final dividend in respect of the year ended 31 December 2021 of HK\$0.2 (equivalent to RMB0.16) per ordinary share was approved by the shareholders at the annual general meeting of the Company held on 20 May 2022, amounting to HK\$100,000,000 (equivalent to RMB81,987,000). Dividend of RMB57,088,000 were paid during the six months ended 30 June 2022.

**11. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES**

(a) **Trade receivables**

|                                   | <b>At</b>          | <b>At</b>          |
|-----------------------------------|--------------------|--------------------|
|                                   | <b>30 June</b>     | <b>31 December</b> |
|                                   | <b>2023</b>        | <b>2022</b>        |
|                                   | <b>RMB'000</b>     | <b>RMB'000</b>     |
|                                   | <b>(Unaudited)</b> | <b>(Audited)</b>   |
| Trade receivables – third parties | <b>310,766</b>     | 183,030            |
| Less: Allowance for credit losses | <b>(3,683)</b>     | (1,833)            |
|                                   | <b>307,083</b>     | 181,197            |



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 2023 and 31 December 2022, based on date of recognition, is as follows:

|                    | At<br>30 June<br>2023<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
|--------------------|--|--|
| <b>Aging</b>       |  |  |
| Up to 3 months     | 242,508  | 136,724  |
| 3 to 6 months      | 58,171   | 38,782   |
| 6 months to 1 year | 6,849  | 3,085  |
| 1 to 2 years       | 2,000  | 3,402  |
| Over 2 years       | 1,238  | 1,037  |
|                    | <u>310,766</u>   | <u>183,030</u>   |

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 2023 and 31 December 2022 was determined as follows for trade receivables:

### 30 June 2023

|   | Current | Up to 3<br>months<br>past due | 3 to 6<br>months<br>past due | 6 months<br>to 1 year<br>past due | 1 year to<br>2 years<br>past due | Over<br>2 years<br>past due | Total   |
|---|---------|-------------------------------|------------------------------|-----------------------------------|----------------------------------|-----------------------------|---------|
| (Unaudited)                                 |         |                               |                              |                                   |                                  |                             |         |
| Expected loss rate                          | 0.25%   | 0.60%                         | 31.10%                       | 58.69%                            | 100%                             | 100%                        |         |
| Gross carrying amount<br>( <i>RMB'000</i> ) | 210,493 | 96,865                        | 283                          | 1,525                             | 949                              | 651                         | 310,766 |
| Loss allowance ( <i>RMB'000</i> )           | 520     | 580                           | 88                           | 895                               | 949                              | 651                         | 3,683   |

### 31 December 2022

|   | Current | Up to 3<br>months<br>past due | 3 to 6<br>months<br>past due | 6 months<br>to 1 year<br>past due | 1 year to<br>2 years<br>past due | Over<br>2 years<br>past due | Total   |
|---|---------|-------------------------------|------------------------------|-----------------------------------|----------------------------------|-----------------------------|---------|
| (Audited)                                   |         |                               |                              |                                   |                                  |                             |         |
| Expected loss rate                          | 0.07%   | 0.17%                         | 1.85%                        | 10.68%                            | 69.23%                           | 100.00%                     |         |
| Gross carrying amount<br>( <i>RMB'000</i> ) | 122,610 | 52,780                        | 2,542                        | 3,400                             | 1,459                            | 239                         | 183,030 |
| Loss allowance ( <i>RMB'000</i> )           | 83      | 91                            | 47                           | 363                               | 1,010                            | 239                         | 1,833   |

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

|                                | <b>Six months ended 30 June</b> |                     |
|--------------------------------|---------------------------------|---------------------|
|                                | <b>2023</b>                     | 2022                |
|                                | <b>RMB'000</b>                  | RMB'000             |
|                                | <b>(Unaudited)</b>              | (Unaudited)         |
| At the beginning of the period | 1,833                           | 2,830               |
| Additions                      | <u>1,850</u>                    | <u>18</u>           |
| At the end of the period       | <u><b>3,683</b></u>             | <u><b>2,848</b></u> |

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

|  | At                   | At                   |
|--|----------------------|----------------------|
|  | <b>30 June</b>       | 31 December          |
|  | <b>2023</b>          | 2022                 |
|  | <b>RMB'000</b>       | RMB'000              |
|  | <b>(Unaudited)</b>   | (Audited)            |
| Prepayments to media publishers and advertising agents | 42,622               | 62,001               |
| Loans to employees ( <i>Note</i> )                     | 11,000               | 11,000               |
| Rental and other deposits                              | 25,275               | 10,303               |
| Loan to a related party                                | 1,920                | 2,107                |
| Value-added tax recoverable and prepaid income tax     | 1,078                | 2,066                |
| Others   | 4,820                | 4,135                |
| Less: Allowance for credit losses                      | <u>(1,397)</u>       | <u>(1,397)</u>       |
|  | <b>85,318</b>        | 90,215               |
| Less: Non-current deposits and prepayments             | <u>-</u>             | <u>(10)</u>          |
|  | <u><b>85,318</b></u> | <u><b>90,205</b></u> |

*Note:* Loans to employees represent housing loans to certain employees (including a loan of RMB1,500,000 to a member of key management). These loans are unsecured and to be repaid in 1 year from the inception date of the loan. Loan amounted to RMB9,500,000 is interest-free and loan amounted to RMB1,500,000 bears interest rate of 3.4% per annum.

## 12. LOANS FROM RELATED PARTIES

|                   | At<br>30 June<br>2023<br>RMB'000<br>(Unaudited) | At<br>31 December<br>2022<br>RMB'000<br>(Audited) |
|-------------------|---|---|
| Mr. Dong Hui      | 58,075  | 56,266  |
| Mr. Yang Dengfeng | 33,709  | 32,660  |
|                   | <u>91,784</u>                                   | <u>88,926</u>                                     |

*Note:* The loans from related parties are denominated in HK\$, which the original loan amount from Mr. Dong Hui and Mr. Yang Dengfeng are amounting to approximately HK\$62,989,000 and HK\$36,562,000 respectively. The aforesaid loans are unsecured, interest-free and repayable on demand of lenders under the loan contracts.

## 13. BORROWINGS

|                            | At<br>30 June<br>2023<br>RMB'000<br>(Unaudited) | At<br>31 December<br>2022<br>RMB'000<br>(Audited) |
|----------------------------|---|---|
| <b>Non-current</b>         |   |   |
| Secured bank borrowings    | –   | 37,310  |
| <b>Current</b>             |   |   |
| Secured bank borrowings    | 48,540  | 2,460   |
| Guaranteed bank borrowings | 6,440   | –   |
|                            | <u>54,980</u>                                   | <u>39,770</u>                                     |

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB65,500,000 (six months ended 30 June 2022: RMB20,000,000). The proceeds were used to finance daily operations.

As at 30 June 2023, the secured bank borrowings bear interest rate of 3.85% to 4.2% per annum, secured by the pledge of Mr. Dong Hui's residence and Ms. Gao Yuqing's residence and repayable within one year.

As at 30 June 2023, the guaranteed bank borrowings bear interest rate of 3.85%, guaranteed by two subsidiaries of the Company, Mr. Dong Hui and Mr. Yang Dengfeng and repayable within one year.

As at 31 December 2022, the secured bank borrowings bear interest rate of 4.3% to 5.45% per annum, secured by the pledge of Mr. Dong Hui's residence and Ms. Gao Yuqing's residence and repayable within two years.

The maturity of borrowings is as follows:

|                       | At<br><b>30 June</b><br><b>2023</b><br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
|-----------------------|--|--|
| Within 1 year         | 54,980   | 2,460  |
| Between 1 and 2 years | —  | 37,310   |
|                       | <u>54,980</u>  | <u>39,770</u>  |

#### 14. TRADE PAYABLES

The credit period granted by suppliers generally range from 30 to 150 days. The aging analysis of trade payables, based on the receipt of services, is as follows:

|                | At<br><b>30 June</b><br><b>2023</b><br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
|----------------|--|--|
| <b>Aging</b>   |  |  |
| Up to 3 months | 33,810   | 4,228  |
| 3 to 6 months  | 3,249  | 2,416  |
| Over 6 months  | 7,925  | 5,432  |
|                | <u>44,984</u>  | <u>12,076</u>  |

#### 15. OTHER PAYABLES AND ACCRUALS

|                                | At<br><b>30 June</b><br><b>2023</b><br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
|--------------------------------|--|--|
| Accrued staff costs            | 9,896  | 11,850   |
| Value-added tax and surcharge  | 12,302   | 9,626  |
| IT service fees                | 3,910  | 5,539  |
| Deposits                       | 1,943  | 1,118  |
| Accrued auditor's remuneration | 387  | 991  |
| Others                         | 442  | 854  |
|                                | <u>28,880</u>  | <u>29,978</u>  |

## OTHER INFORMATION

### USE OF NET 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 was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

The net proceeds from the Share Offer have been fully 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 as at 30 June 2023:

| <b>Use of proceeds</b>   |               | <b>Planned<br/>allocation of<br/>Net Proceeds</b><br><i>HK\$ million</i> | <b>Planned<br/>allocation of<br/>Net<br/>Proceeds<sup>(1)</sup></b><br><i>RMB million</i> | <b>Utilised<br/>amount<br/>(as at<br/>30 June 2023)</b><br><i>RMB million</i> |
|--|---------------|--|---|---|
| Expansion of the Group's<br>intermediary services                            | 64.9%         | 55.8   | 51.4  | 51.4  |
| Expansion of the Group's<br>marketing, customer services<br>and design teams | 21.3%         | 18.3   | 16.9  | 16.9  |
| Enhancement of the<br>information technology and<br>DMP systems of the Group | 10.5%         | 9.0  | 8.3   | 8.3   |
| The Group's general working<br>capital                                       | 3.3%          | 2.9  | 2.7   | 2.7   |
| <b>Total</b>   | <b>100.0%</b> | <b>86.0</b>  | <b>79.3</b>   | <b>79.3</b>   |

*Note:*

- (1) 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.

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$0.141 (equivalent to RMB0.123) per share).

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the CG Code as its own code of corporate governance. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. 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 2023.

Pursuant to code provision C.2.1 of the CG Code, the roles 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 of the Board (“**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 2023.

## **PURCHASE, SALE OR REDEMPTION OF 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 2023.

## **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 2023.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2023 INTERIM REPORT**

This interim results announcement was published on the websites of the Company at [www.btomorrow.cn](http://www.btomorrow.cn) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Group for the six months ended 30 June 2023, 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:

|                                |  |
|--------------------------------|--|
| “advertisement inventory(ies)” | traffic available on online media publishers for advertising   |
| “advertisers”                  | any persons, companies, organisations which advertise their brands, products (or services) through the placing of mobile advertisements, (e.g. brand owners, advertising agents, mobile app developers) and as the original initiators of the whole value chain for mobile advertising |
| “advertising”                  | any communication, usually paid-for, with the intention of bringing a product (or service) to the attention of potential and current customers   |
| “AI”                           | artificial intelligence  |
| “algorithm(s)”                 | a set of well-defined instructions in sequence to solve the problem in programming   |
| “app(s)”                       | application software designed to operate on smartphones and other mobile devices   |

|   |   |
|---|---|
| “Audit Committee”                           | the audit committee of the Board  |
| “Award”                                     | an award of the Awarded Shares by the Board pursuant to the Share Award Scheme to a Selected Employee   |
| “Awarded Share(s)”                          | in respect of a Selected Employee, such number of Shares as awarded by the Board  |
| “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                                |
| “blockchain”                                | a decentralised and distributed digital ledger that is used to record transactions across many computers  |
| “Board” or “Board of Directors”             | the board of directors 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   |
| “Company”                                   | Bright Future Technology Holdings Limited (輝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   |
| “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  |
| “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 |
| “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   |
| “industry verticals”                    | specific industries in which vendors offer goods and services to group of customers with specialised needs  |
| “Listing”                               | the listing of the Shares on the Main Board on 11 November 2020   |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time  |
| “Main Board”                            | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange   |
| “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  |
| “R&D”                                  | research and development   |
| “Reporting Period”                     | the six months ended 30 June 2023  |
| “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   |
| “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)  |
| “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   |
| “virtual token(s)” | a digital asset designed to work as a medium of exchange for advertisement inventories   |
| “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 2023

*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. LIN Sen.*