

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

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 1351



Interim Report
2023

CONTENTS

2	Corporate Information
4	Financial Performance Highlights
5	Management Discussion and Analysis
17	Other Information
26	Condensed Consolidated Statement of Comprehensive Income
27	Condensed Consolidated Statement of Financial Position
28	Condensed Consolidated Statement of Changes in Equity
29	Condensed Consolidated Statement of Cash Flows
30	Notes to the Condensed Consolidated Financial Statements
48	Definitions



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. DONG Hui (*Chairman & Chief Executive Officer*)
Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LIU Kin Wai
Mr. WEI Hai Yan
Mr. LIN Sen (*appointed on 30 May 2023*)
Mr. ZHANG Fanchen (*resigned on 30 May 2023*)

AUDIT COMMITTEE

Mr. LIU Kin Wai (*Chairman*)
Mr. WEI Hai Yan
Mr. LIN Sen (*appointed on 30 May 2023*)
Mr. ZHANG Fanchen (*resigned on 30 May 2023*)

REMUNERATION COMMITTEE

Mr. LIN Sen (*Chairman*) (*appointed on 30 May 2023*)
Mr. YANG Dengfeng
Mr. LIU Kin Wai
Mr. ZHANG Fanchen (*resigned on 30 May 2023*)

NOMINATION COMMITTEE

Mr. DONG Hui (*Chairman*)
Mr. WEI Hai Yan
Mr. LIN Sen (*appointed on 30 May 2023*)
Mr. ZHANG Fanchen (*resigned on 30 May 2023*)

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian

AUTHORISED REPRESENTATIVES

Mr. YANG Dengfeng
Mr. TSO Ping Cheong Brian

AUDITOR

Zhonghui Anda CPA Limited
Certified Public Accountant Registered
Public Interest Entity Auditor
23/F, Tower 2, Enterprise Square Five 38 Wang Chiu Road
Kowloon Bay
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The offices of Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F., United Centre
95 Queensway
Admiralty
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

Rooms 201-02 & 201-03, Phase 7
Xinghai Mingcheng Community
Nantou Jiedao Nanshan District
Shenzhen, China
(中國深圳市南山區南頭街道星海名城社區
7期201-02及201-03室)

HONG KONG LEGAL ADVISERS

Llinks Law Offices LLP
Room 3201, 32/F, Alexandra House
18 Chater Road, Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

China Merchant Bank (Shenzhen Keyuan Branch)
1/F, Yanxiang Science and Technology Mansion
No. 31 Gaoxin Middle 4th Road
Nanshan District
Shenzhen, Guangdong, the PRC

STOCK CODE

1351

COMPANY WEBSITE ADDRESS

www.btomorrow.cn

FINANCIAL PERFORMANCE HIGHLIGHTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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:

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and capital structure

As at 30 June 2023, the Group has cash and cash equivalents amounted to approximately RMB11,545,000 mainly denominated in Renminbi and Hong Kong dollars and it 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%.

Of the total borrowings as at 30 June 2023, approximately RMB16,440,000 of the Group's secured and guaranteed bank borrowings have been charged at a fixed interest rate at 3.85% per annum. Other than that, the rest of the Group's secured bank borrowings were charged with reference to floating interest rate.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

PROSPECTS

The market is poised for a rebound after a tumultuous ride of a year. The Group's ability to edge over its competitors is thus put to the test in an era filled with uncertainty and an arena rife with competition. With the continuous ushering in of technological advances such as artificial intelligence as spurred on by the pandemic and the hastened digital transformation across industry verticals, the Group would need to juggle its strategic deployments and resources to implement strategic initiatives and harness opportunities to drive cost-saving improvements and innovation going forward.

Building upon its competitive strengths, its existing network and reach, as well as consumer stickiness, the key initiatives outlined below underscores both the Group's sharpened focus on forging advancements in the development and utilisation of AI technology amidst intensified competition and economic uncertainty, and the strategic deployments that underpin delivery of its aspirations.

General performance: attaining cost efficiency

Infusing AI technologies in daily operations to streamline processes and achieve operational efficiency

The Group has integrated AIGC services into its system and gradually applied them to its business operations, resulting in improved operational efficiency. Currently, the services are primarily utilised in content production, including image and video processing. They work in conjunction with the Group's existing cloud-based databases, thereby enhancing content production efficiency. The integration of AI technology represents an upgrade to the Group's existing business operations. The Group's existing cloud-based databases work in tandem with the AIGC services, such integration allows for seamless collaboration and synchronisation between the cloud-based databases and the AI tools. It enables efficient organisation, storage, retrieval, and management of content assets, ensuring easy access and optimisation of resources.

The integration of AIGC services optimises resource utilisation and reduces the dependency on manual labor. The AI-powered tools can handle complex tasks with speed and accuracy, eliminating the need for extensive human intervention. This not only improves operational efficiency but also leads to cost savings by reducing labor costs and minimising errors or rework. By leveraging AIGC services, the Group can optimise its operational costs, reduce manual labor, minimise errors, and make more efficient use of resources.

Innovative front: unleashing innovative potential

Actively exploring innovative means and strategies to adopt and embed AI technology for performance enhancements and to realise further optimisation and upgrading of existing technological infrastructure

The advertising industry, with its high demand for customisation and real-time optimisation, holds vast prospects for AI applications. AI technology can optimise ad targeting and conversion rates, thereby creating more values for advertisers and users alike. The application of AI technology can leverage massive amounts of data to analyse user information, helping businesses create user profiles and gain in-depth insights into consumer preferences and interests. By combining this knowledge with the advertisers' positioning and products, AI can assist in delivering ads to the most suitable audience, thereby enhancing advertising effectiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

AI technology can also monitor ad performance, thereby allowing businesses to have real-time and accurate insights into consumer demands. Additionally, AI's efficient generation of ad materials enables quick adjustments and optimisation of ad placements, which ultimately improves ad effectiveness and conversion rates. With AI's capabilities, personalised marketing efficiency can be significantly enhanced, leading to more efficient and effective advertising campaigns.

In the first half of 2023, the Group has embedded AIGC services into its LinkBriAI system and has gradually applied them to its business operations to improve operational efficiency. AIGC has proven to be helpful in the creative aspect of content production. AIGC services combine powerful artificial intelligence algorithms and machine learning techniques to analyse vast amounts of data and trends, providing suggestions for content creativity. By studying market trends, user preferences and competitor activities, AIGC can recommend creative directions, keywords, and design elements, offering valuable guidance for content creation. AIGC services can also assist in generating and optimising creative content. Through features like automated copywriting, image processing, and video editing, AIGC can quickly generate multiple versions of creatives and perform real-time optimisation and iteration. This provides more choices and flexibility, enabling content creators to explore and experiment with different creative concepts more rapidly and find the best creative solutions.

Also, the algorithms and data analysis capabilities of AIGC could provide more accurate and timely information to optimise business processes and decision-making. The Group will continue to upgrade the LinkBriAI system. As the Group's LinkBriAI boasts of more comprehensive, sophisticated and technologically advanced infrastructure when pitted against most of its peers in the market, thus by offering such fully-customisable marketing solutions at affordable prices, the Group is well geared up to gain a strong foothold in the recovering market.

Operations front: develop AI-driven operations

The Group being acutely aware that with AI at its fingertips, its business and operations can readily take flight when opportunities come its way. In particular, AI technology is expected to have a significant impact on search advertising, revolutionising the way ads are targeted, delivered, and optimised. The integration of search advertising into search engines presents more diverse and engaging advertising formats while enhancing the acceptance of search ads. AI technology has the potential to significantly enhance the effectiveness and efficiency of search advertising. By leveraging AI's capabilities in targeting, personalisation and optimisation, advertisers can reach the right audience, deliver more relevant ads, and drive better results from their search advertising campaigns.

As AI continues to develop, it is expected that AI technology will continue to transform the advertising industry and upgrade various types of advertising models. Having been in talks with external AI technology companies, the Group would press on with its pursuit of potential opportunities and usage that would facilitate seamless combination of niche AI technology with new business offerings.

OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in the Company

Name	Capacity/Nature of Interest ⁽¹⁾	Number of Shares held	Approximate percentage of shareholding interest
Mr. Dong	Interested in a controlled corporation ⁽²⁾ Interested of spouse ⁽³⁾	325,537,469	65.11%
Ms. Gao	Interested in a controlled corporation ⁽⁴⁾ Interest of spouse ⁽⁵⁾	325,537,469	65.11%
Mr. Yang	Interested in a controlled corporation ⁽²⁾	325,537,469	65.11%
Mr. Cen	Interested in a controlled corporation ⁽⁶⁾	541,691	0.11%

Notes:

1. All interests stated are long position. This is based on the total Shares in issue as at 30 June 2023, being 500,000,000.
2. Brilliant League and Vast Ocean are indirectly and directly wholly-owned by Mr. Dong respectively. Mr. Dong and Mr. Yang are parties acting in concert. Highland Triumph is indirectly wholly-owned by Mr. Yang. Also, as the entire issued share capital of Brilliant League and Highland Triumph are being indirectly held by ARK TRUST (SINGAPORE) LTD and VISTRA TRUST (SINGAPORE) PTE. LIMITED respectively as trustees, which in turn wholly-owns SMART GUIDE VENTURES LIMITED and ULTRA MODEL LIMITED respectively, ARK TRUST (SINGAPORE) LTD and SMART GUIDE VENTURES LIMITED are deemed to have an interest in the shares in which Brilliant League is interested, whilst VISTRA TRUST (SINGAPORE) PTE. LIMITED and ULTRA MODEL LIMITED are deemed to have an interest in the shares in which Highland Triumph is interested. Thus, Mr. Dong, Mr. Yang, Brilliant League, Vast Ocean and Highland Triumph are all deemed to be interested in 325,537,469 Shares held by Brilliant League, Vast Ocean and Highland Triumph.
3. Mr. Dong is the spouse of Ms. Gao, and Mr. Dong is thus deemed to be interested in the Shares held by Ms. Gao.
4. Able2shine Limited is wholly-owned by Ms. Gao, and Ms. Gao is thus deemed to be interested in 3,639,700 Shares held by Able2shine Limited.
5. Ms. Gao is the spouse of Mr. Dong, and Ms. Gao is thus deemed to be interested in the Shares held by Mr. Dong.
6. Global Digital Adc Limited is wholly-owned by Mr. Cen, and Mr. Cen is thus deemed to be interested in 541,691 Shares held by Global Digital Adc Limited.

OTHER INFORMATION

(ii) Interest in associated corporations

Name	Name of associated corporation	Capacity/Nature	Percentage of interest
Mr. Dong	BRILLIANT LEAGUE LIMITED	Interest in controlled corporation	100%
	SMART GUIDE VENTURES LIMITED	Interest in controlled corporation	100%
Mr. Yang	ARK TRUST (SINGAPORE) LTD	Beneficiary of a trust	100%
	VAST OCEAN LIMITED	Beneficial owner	100%
	HIGHLAND TRIUMPH LIMITED	Interest in controlled corporation	100%
	ULTRA MODEL LIMITED	Interest in controlled corporation	100%
Ms. Gao	VISTRA TRUST (SINGAPORE) PTE. LIMITED	Beneficiary of a trust	100%
	Able2shine Limited	Beneficial owner	100%
Mr. Cen	Global Digital Adc Limited	Beneficial owner	100%

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2023.

OTHER INFORMATION

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

As at 30 June 2023, according to the register kept by the Company under Section 336 of SFO and so far as was known to the Directors, the following persons (otherwise than in the capacity of the Director or chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/Nature of Interest ⁽¹⁾	Number of Shares	Approximate percentage of shareholding interest
BRILLIANT LEAGUE LIMITED	Beneficial interest and interest held jointly with other person ⁽²⁾	325,537,469	65.11%
VAST OCEAN LIMITED	Interest held jointly with other person ⁽²⁾	325,537,469	65.11%
HIGHLAND TRIUMPH LIMITED	Beneficial interest and interest held jointly with other person ⁽²⁾	325,537,469	65.11%
SMART GUIDE VENTURES LIMITED	Interested in a controlled corporation ⁽³⁾	325,537,469	65.11%
ULTRA MODEL LIMITED	Interested in a controlled corporation ⁽⁴⁾	325,537,469	65.11%
ARK TRUST (SINGAPORE) LTD	Trustee ⁽³⁾	325,537,469	65.11%
VISTRA TRUST (SINGAPORE) PTE. LIMITED	Trustee ⁽⁴⁾	325,537,469	65.11%
Ms. Wu Cheng	Interest of spouse ⁽⁵⁾	325,537,469	65.11%

Notes:

- All interests stated are long position. This is based on the total Shares in issue as at 30 June 2023, being 500,000,000.
- Brilliant League and Vast Ocean are indirectly and directly wholly-owned by Mr. Dong respectively. Mr. Dong and Mr. Yang are parties acting in concert. Highland Triumph is indirectly wholly-owned by Mr. Yang. Thus, Mr. Dong, Mr. Yang, Brilliant League, Vast Ocean and Highland Triumph are all deemed to be interested in 325,537,469 Shares held by Brilliant League, Vast Ocean and Highland Triumph.
- SMART GUIDE VENTURES LIMITED is a wholly-owned subsidiary of ARK TRUST (SINGAPORE) LTD which in turn holds the entire issued share capital of Brilliant League as trustee for the trusts established by Mr. Dong as settlor for the benefit for himself. SMART GUIDE VENTURES LIMITED and ARK TRUST (SINGAPORE) LTD are therefore deemed to have an interest in the shares in which Brilliant League is interested.
- ULTRA MODEL LIMITED is a wholly-owned subsidiary of VISTRA TRUST (SINGAPORE) PTE. LIMITED which in turn holds the entire issued share capital of Highland Triumph as trustee for the trusts established by Mr. Yang as settlor for the benefit for himself. ULTRA MODEL LIMITED and VISTRA TRUST (SINGAPORE) PTE. LIMITED are therefore deemed to have an interest in the shares in which Highland Triumph is interested.
- Ms. Wu Cheng is the spouse of Mr. Yang, and Ms. Wu Cheng is thus deemed to be interested in the Shares held by Mr. Yang.

Save as disclosed above, as at 30 June 2023, according to the register kept by the Company under Section 336 of the SFO and so far as were known to the Directors, there was no other person (otherwise than in the capacity of the Director or chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

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.

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).

SHARE OPTION SCHEME

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

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

Eligible persons

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

- (i) any employee or director or chief executive of any member of the Group;
- (ii) any executive directors, non-executive directors and independent non-executive directors of any member of the Group;
- (iii) any substantial shareholder of any member of the Group;
- (iv) advisors or consultants of any member of the Group; and
- (v) an associate of any of the persons referred in paragraphs (i) to (iv) above.

Maximum number of Shares available for issue

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

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

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

As at 30 June 2023, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme and therefore the total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares, representing 10% of the issued share capital of the Company as at 30 June 2023.

OTHER INFORMATION

Maximum entitlement of each participant

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

Life of the Share Option Scheme

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

Subscription price

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

Consideration

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

SHARE AWARD SCHEME

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

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

Eligible participants

The eligible award participant of the Share Award Scheme (the "**Selected Employee**") are employee(s) (other than any Excluded Employee) selected by the Board, from time to time, at its absolute discretion.

Maximum number of Shares available to be granted

The Company has entered into a trust deed with Futu Trustee Limited (the "**Trustee**") on 7 May 2021 and appointed the Trustee as the initial trustee under the Share Award Scheme. The Trustee is a professional trustee engaged by the Company for the Share Award Scheme. Pursuant to the Share Award Scheme, the shares of the Company to be awarded under the Share Award Scheme (the "**Awarded Shares**") will be comprised of (i) new Shares to be allotted and issued to the Trustee (which holds the same on behalf of the Selected Employees) by the Company under the general mandate sought from the shareholders of the Company in its general meeting; or (ii) existing Shares to be purchased from public shareholders or from any party designated by the Company.

OTHER INFORMATION

The maximum number of Awarded Shares which may be awarded under the Share Award Scheme is 10 per cent (i.e. 50,000,000 shares) of the Shares in issue as at the Adoption Date.

Since the Adoption Date and up to the date of this interim report, a total of 8,136,772 Awarded Shares had been granted under the Share Award Scheme, representing about 1.63 per cent of the issued share capital of the Company in issue on the Adoption Date. During the Reporting Period, no Awarded Shares were vested in the Selected Employees and 147,835 Award Shares were cancelled/lapsed. The total number of Awarded Shares which is available for being further awarded under the Share Award Scheme is 42,595,678 which represents about 8.52 per cent of the Company's issued shares as at the date of this interim report.

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

The Group recognised a share-based compensation expenses of RMB343,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB3,389,000).

Maximum entitlement of each Selected Employee

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

Vesting period of the Awarded Shares

A Selected Employee shall be entitled to receive the Awarded Shares held by the Trustee in accordance with the vesting schedule, as set out in the grant notice, upon when the Selected Employee has satisfied all vesting conditions specified by the Board at the time of making the award. Vesting of the Shares will be conditional on the Selected Employee remaining a director or employee of the Group until and on each of the relevant vesting dates and his/her execution of the relevant documents to effect the transfer from the Trustee.

Amount payable on acceptance of the Awarded Shares

The Board shall be at its discretion entitled to determine the amount payable on acceptance of the Awarded Shares. There is no exercise price or purchase price of the Awarded Shares under the Share Award Scheme.

Remaining life of the Share Award Scheme

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

Voting rights

The Trustee shall not exercise the voting rights in respect of any unvested Shares held under the Share Award Scheme Trust (including but not limited to the Awarded Shares, further shares acquired out of the income derived therefrom, the returned shares, any bonus shares and scrip shares).

OTHER INFORMATION

Details of the Awarded Shares under the Share Award Scheme options is as follows:

Awardee	Date of Grant	Vesting date	Number of unvested Awarded Shares as at 1 January 2023	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Adjustment/ cancelled/ lapsed during the Reporting Period	Number of unvested Awarded Shares as at 30 June 2023	Weighted average closing price of the Shares immediately before the vesting date HK\$
Directors								
Mr. Cen Senhui ¹	12 May 2022	12 May 2022	-	-	-	-	-	-
Ms. Gao Yuqing ²	12 May 2022	12 May 2022	-	-	-	-	-	-
Sub-total for Directors			-	-	-	-	-	-
40 Selected Employees								
Selected Employee	20 July 2021	20 July 2023 ³	2,243,391	-	-	147,835	2,095,556	-
Selected Employee	7 May 2022 ⁴	7 May 2022	-	-	-	-	-	-
Total			2,243,391	-	-	147,835	2,095,556	-

During the Reporting Period, no Awarded Shares had been granted, pursuant to the Share Award Scheme. The number of Shares that may be issued in respect of options and Award Shares, if any, granted under all of the abovementioned share incentive schemes of the Company during the Reporting Period divided by the weighted average total issued share capital of the Company for the Reporting Period is nil.

Notes:

- On 12 May 2022, 541,691 shares were granted to Global Digital Adc Limited, which is wholly-owned by Mr. Cen Senhui.
- On 12 May 2022, 3,639,700 shares were granted to Able2shine Limited, which is wholly-owned by Ms. Gao Yuqing.
- The Awarded Shares are vested in three tranches: (i) 30% of the Award Shares to be vested on any date after the last day of period of 12 months commencing on the date of acceptance form; (ii) 30% of the Award Shares to be vested on any date after the last day of period of 24 months commencing on the date of acceptance form; (iii) 40% of the Award Shares to be vested on any date after the last day of period of 36 months commencing on the date of acceptance form. For further details, please refer to the announcement of the Company dated 23 July 2021.
- One-off grant.

OTHER INFORMATION

CORPORATE GOVERNANCE

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.

UPDATE ON DIRECTORS' INFORMATION

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. LIU Kin Wai, an independent non-executive Director of the Company, has resigned as the chief financial officer and company secretary of Orient Victory Smart Urban Services Holding Limited (a company which shares are listed on the Stock Exchange, stock code: 265), both with effect from 1 August 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 report, the Group does not have other plans for material investments or additions of capital assets.

OTHER INFORMATION

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 report.

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:

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

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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	7	461,295	215,145
Cost of services	8	(423,429)	(180,202)
Gross profit		37,866	34,943
Selling and distribution expenses	8	(2,412)	(1,326)
General and administrative expenses	8	(22,076)	(24,547)
Impairment losses under expected credit loss model, net of reversal	15	(1,850)	(101)
Other income, gains and losses	9	1,987	3,846
Operating profit		13,515	12,815
Finance income	10	159	484
Finance costs	10	(998)	(1,378)
Finance costs – net	10	(839)	(894)
Profit before tax		12,676	11,921
Income tax expense	11	(3,729)	(7,512)
Profit for the period		8,947	4,409
Other comprehensive income (expense) for the period			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		408	(3,580)
<i>Items that may not be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(2,670)	2,678
Total comprehensive income for the period		6,685	3,507
Profit for the period attributable to:			
Owners of the Company		8,947	4,409
Total comprehensive income for the period attributable to:			
Owners of the Company		6,685	3,507
Earnings per share attributable to owners of the Company			
– Basic (expressed in RMB cents per share)	12	1.86	0.93
– Diluted (expressed in RMB cents per share)		1.86	0.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	5,883	3,220
Intangible assets		1,320	1,651
Deposits and prepayments	15	–	10
Deferred income tax assets		950	551
Financial assets at fair value through other comprehensive income	16	1,392	1,392
Total non-current assets		9,545	6,824
Current assets			
Trade receivables	15	307,083	181,197
Deposits, prepayments and other receivables	15	85,318	90,205
Restricted cash	17	4,786	5,951
Cash and cash equivalents	17	11,545	74,030
Total current assets		408,732	351,383
Total assets		418,277	358,207
LIABILITIES			
Non-current liabilities			
Borrowings	18	–	37,310
Lease liabilities		1,498	106
Deferred income tax liabilities		18,455	18,455
Total non-current liabilities		19,953	55,871
Current liabilities			
Trade payables	19	44,984	12,076
Other payables and accruals	20	28,880	29,978
Dividend payable		1,572	1,523
Loans from related parties	23(b)(i)	91,784	88,926
Borrowings	18	54,980	2,460
Lease liabilities		2,340	1,251
Contract liabilities	7	16,693	17,800
Current income tax liabilities		18,534	16,793
Total current liabilities		259,767	170,807
Total liabilities		279,720	226,678
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	42,607	42,607
Reserves		112,391	112,771
Accumulated losses		(16,441)	(23,849)
Total equity		138,557	131,529
Total equity and liabilities		418,277	358,207

Approved and authorised for issue by the Board of Directors on 30 August 2023.

Dong Hui
Director

Yang Dengfeng
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital	Other reserves	Accumulated (losses) profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)				
At 1 January 2023	42,607	112,771	(23,849)	131,529
Profit for the period	–	–	8,947	8,947
Other comprehensive expense	–	(2,262)	–	(2,262)
Total comprehensive income (expense) for the period	–	(2,262)	8,947	6,685
Transactions with owners				
Share-based compensation	–	343	–	343
Appropriation for surplus reserve	–	1,539	(1,539)	–
At 30 June 2023	42,607	112,391	(16,441)	138,557
(Unaudited)				
At 1 January 2022	42,607	110,679	142,309	295,595
Profit for the period	–	–	4,409	4,409
Other comprehensive expense	–	(902)	–	(902)
Total comprehensive income (expense) for the period	–	(902)	4,409	3,507
Transactions with owners:				
Share-based compensation	–	3,389	–	3,389
Dividend (Note 13)	–	–	(81,987)	(81,987)
Appropriation for surplus reserve	–	2,273	(2,273)	–
At 30 June 2022	42,607	115,439	62,458	220,504

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash (used in) generated from operations		(74,775)	68,086
Interest received	10	159	484
Income taxes paid		(1,916)	(7,721)
Net cash (used in) from operating activities		(76,532)	60,849
Cash flows used from investing activities			
Payments for purchase of property, plant and equipment		(50)	(26)
Proceeds from sale of financial assets at fair value through profit or loss		–	149,222
Payments for purchase of financial assets at fair value through profit or loss		–	(148,500)
Payments for acquisition of financial assets at fair value through other comprehensive income		–	(1,760)
Payments for loans to employees		–	(2,500)
Net cash used in investing activities		(50)	(3,564)
Cash flows from financing activities			
Proceeds from bank borrowings		65,500	20,000
Repayments of bank borrowings		(50,290)	(61,102)
Principal elements of lease payments		(1,558)	(1,829)
Interest paid of borrowings and lease		(998)	(2,098)
Changes in restricted cash		1,165	(3,532)
Dividends paid to the Company's shareholders		–	(57,088)
Net cash from (used in) financing activities		13,819	(105,649)
Net decrease in cash and cash equivalents		(62,763)	(48,364)
Cash and cash equivalents at the beginning of the period		74,030	116,379
Effect of foreign exchange rate changes, net		278	705
Cash and cash equivalents at the end of the period		11,545	68,720

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2022.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

There have been no significant changes in the risk management policies since 31 December 2022.

5.2 Liquidity risk

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

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

At 30 June 2023

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
(Unaudited)					
Borrowings	57,130	–	–	57,130	54,980
Loans from related parties	91,784	–	–	91,784	91,784
Trade payables	44,984	–	–	44,984	44,984
Other payables and accruals (excluding accrued staff costs and valued-added tax and surcharges)	6,682	–	–	6,682	6,682
Dividend payable	1,572	–	–	1,572	1,572
Lease liabilities	2,540	1,563	–	4,103	3,838
	204,692	1,563	–	206,255	203,840

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Liquidity risk *(Continued)*

At 31 December 2022

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
(Audited)					
Borrowings	2,588	39,204	–	41,792	39,770
Loans from related parties	88,926	–	–	88,926	88,926
Trade payables	12,076	–	–	12,076	12,076
Other payables and accruals (excluding accrued staff costs and valued-added tax and surcharges)	8,502	–	–	8,502	8,502
Dividend payable	1,523	–	–	1,523	1,523
Lease liabilities	1,311	68	45	1,424	1,357
	114,926	39,272	45	154,243	152,154

5.3 Fair value estimation

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

- Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

During the six months ended 30 June 2023 and 2022, there were no transfers between Level 1, 2 and 3.

As at 30 June 2023 and 31 December 2022, the Group's assets that are measured at fair value comprised financial assets of fair value through other comprehensive income which was measured at level 3.

5.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. SEGMENT INFORMATION

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

7. 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:

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

The timings of revenue recognition by category is as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

7. REVENUE (Continued)

(a) Contract liabilities

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

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Contract liabilities	16,693	17,800

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 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	10,978	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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

8. EXPENSES BY NATURE

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

9. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grant (Note)	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	–
	1,987	3,846

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

10. FINANCE COSTS – NET

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

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax	4,128	10,519
Deferred income tax	(399)	(3,007)
Income tax expense	3,729	7,512

(a) Cayman Island and BVI Income Tax

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

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

(b) Hong Kong Profits Tax

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

11. INCOME TAX EXPENSE *(Continued)*

(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.

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

13. 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.

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Motor vehicle <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Right-of-use assets – leased offices <i>RMB'000</i>	Total <i>RMB'000</i>
(Unaudited)						
At 1 January 2023						
Cost	655	1,865	332	2,239	5,133	10,224
Accumulated depreciation	(394)	(1,278)	(184)	(1,349)	(3,799)	(7,004)
Net book amount	261	587	148	890	1,334	3,220
Six months ended 30 June 2023						
Opening net book amount	261	587	148	890	1,334	3,220
Additions	–	50	–	–	4,042	4,092
Depreciation charge	(24)	(155)	(33)	(305)	(912)	(1,429)
Closing net book amount	237	482	115	585	4,464	5,883
At 30 June 2023						
Cost	655	1,915	332	2,239	9,175	14,316
Accumulated depreciation	(418)	(1,433)	(217)	(1,654)	(4,711)	(8,433)
Net book amount	237	482	115	585	4,464	5,883
(Unaudited)						
At 1 January 2022						
Cost	637	1,892	332	2,239	12,300	17,400
Accumulated depreciation	(252)	(1,012)	(105)	(635)	(7,848)	(9,852)
Net book amount	385	880	227	1,604	4,452	7,548
Six months ended 30 June 2022						
Opening net book amount	385	880	227	1,604	4,452	7,548
Additions	10	16	–	–	133	159
Disposals	(1)	–	–	–	–	(1)
Depreciation charge	(46)	(194)	(33)	(335)	(1,782)	(2,390)
Closing net book amount	348	702	194	1,269	2,803	5,316
At 30 June 2022						
Cost	646	1,908	332	2,239	5,776	10,901
Accumulated depreciation	(298)	(1,206)	(138)	(970)	(2,973)	(5,585)
Net book amount	348	702	194	1,269	2,803	5,316

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

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 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	0.25%	0.60%	31.10%	58.69%	100%	100%	
Gross carrying amount (RMB'000)	210,493	96,865	283	1,525	949	651	310,766
Loss allowance (RMB'000)	520	580	88	895	949	651	3,683

31 December 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
(Audited)							
Expected loss rate	0.07%	0.17%	1.85%	10.68%	69.23%	100%	
Gross carrying amount (RMB'000)	122,610	52,780	2,542	3,400	1,459	239	183,030
Loss allowance (RMB'000)	83	91	47	363	1,010	239	1,833

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(b) Deposits, prepayments and other receivables

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (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 <i>(Note 23(b)(ii))</i>	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	(1,397)	(1,397)
	85,318	90,215
Less: Non-current deposits and prepayments	–	(10)
	85,318	90,205

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.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income (“FVTOCI”) include the following:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Equity investment in an unlisted entity <i>(Note)</i>	1,392	1,392

Note: The above unlisted equity investment represents the Group’s equity interest in a private entity established in the PRC, which is principally engaged in intelligent livestreaming services, technology and other internet-related businesses. The aforesaid investment is not held for trading, instead, it is held for long-term strategic purposes. The directors of the Company have elected to designate this investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in this investment’s fair value in profit or loss would not be consistent with the Group’s strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

Movement of financial assets at FVTOCI is analysed as follows:

	<i>RMB'000</i>
(Unaudited)	
At 1 January 2022	–
Addition	1,760
Changes in fair value	–
At 30 June 2022	1,760
(Unaudited)	
At 1 January 2023	1,392
Changes in fair value	–
At 30 June 2023	1,392

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of the above financial assets:

Description	Fair value at		Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Range of input at		Relationship of unobservable inputs to fair value
	30 June 2023	31 December 2022				30 June 2023	31 December 2022	
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)						
Investments in unlisted equity securities included in financial assets at FVTOCI	1,392	1,392	Level 3	Market valuation method	Price-to-sales ratio	0.35X	0.35X	Increasing the price-to-sales ratio by 5% would increase the fair value by RMB70,000 approximately; and decreasing the price-to-sales ratio by 5% would decrease the fair value by RMB70,000 approximately

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited)
Cash at bank (a)	11,545	74,030
Restricted cash (b)	4,786	5,951
	16,331	79,981

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH *(Continued)*

(a) Cash at bank are denominated in the following currencies:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
RMB	6,389	61,874
HK\$	5,008	12,066
USD	148	90
	11,545	74,030

(b) Restricted cash

As at 30 June 2023 and 31 December 2022, the restricted cash mainly represents the cash balance held by Futu Trustee which is an employee share trust controlled by the Company.

18. BORROWINGS

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

18. BORROWINGS (Continued)

The maturity of borrowings is as follows:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Within 1 year	54,980	2,460
Between 1 and 2 years	–	37,310
	54,980	39,770

19. 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 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Aging		
Up to 3 months	33,810	4,228
3 to 6 months	3,249	2,416
Over 6 months	7,925	5,432
	44,984	12,076

20. OTHER PAYABLES AND ACCRUALS

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (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
	28,880	29,978

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

21. SHARE CAPITAL

	Number of shares	Nominal value of shares	
Authorised			
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023 (unaudited)	2,000,000,000	HK\$200,000,000	
	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000
Issued			
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023 (unaudited)	500,000,000	HK\$50,000,000	42,607

22. COMMITMENTS

Capital commitments

The Group did not have any material capital commitments as at 30 June 2023 and 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

During the six months ended 30 June 2023 and 2022, the directors are of the view that the following are related parties of the Group.

(a) Transactions with related parties

(i) Key management personnel compensation

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, wages, and bonuses	1,838	1,359
Share-based compensation expenses	–	2,581
Other social security costs, housing benefits and other employee benefits	59	51
Pension costs – defined contribution plans	49	46
	1,946	4,037

(b) Balances with related parties

(i) Loans from related parties

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
	Mr. Dong Hui	58,075
Mr. Yang Dengfeng	33,709	32,660
	91,784	88,926

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

23. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

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

(ii) Loan to a related party

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Mr. Dong Hui	1,920	2,107

Note: The loan to a related party is unsecured and interest-free, which the original loan period is from 19 August 2021 to 18 August 2023. On 18 August 2023, the Company and Mr. Dong Hui have entered into supplementary agreements for extending the maturity date of the aforesaid loan to 18 August 2024, while all other terms set forth in the loan contracts remain unchanged.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 18 August 2023, the Group entered into supplementary agreements with Mr. Dong Hui which stated that the maturity date of the remaining loan amounting to RMB1,920,000 will extend to 18 August 2024 (as disclosed in note 23(b) (ii)).

DEFINITIONS

In this interim report, 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
“Adoption Date”	7 May 2021, being the date on which the Share Award Scheme is adopted by the Company
“advertisement inventory(ies)”	traffic available on online media publishers for advertising
“advertisers”	any persons, companies, organisations which advertise their brands, products (or services) through the placing of mobile advertisements, (e.g. brand owners, advertising agents, mobile app developers) and as the original initiators of the whole value chain for mobile advertising
“advertising”	any communication, usually paid-for, with the intention of bringing a product (or service) to the attention of potential and current customers
“AI”	artificial intelligence
“AIPL”	acronym of “Awareness”, “Interest”, “Purchase” and “Loyalty”, the key tenets forming the Group’s strategic agenda and business model
“algorithm(s)”	a set of well-defined instructions in sequence to solve the problem in programming
“app(s)”	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
“Brilliant League”	BRILLIANT LEAGUE LIMITED, a company incorporated in the British Virgin Islands with limited liability on 25 April 2018, which is indirectly wholly-owned by Mr. DONG Hui, an executive Director of the Company

DEFINITIONS

“BVI”	the British Virgin Islands
“CG Code”	corporate governance code contained in Appendix 14 to the Listing Rules
“ChatGPT”	an AI-powered chatbox
“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
“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
“Excluded Employee”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee

DEFINITIONS

“Futu Trustee”	Futu Trustee Limited, a company incorporated in Hong Kong with limited liability on 28 August 2017, the trustee under the Share Award Scheme
“Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Highland Triumph”	HIGHLAND TRIUMPH LIMITED, a company incorporated in the British Virgin Islands with limited liability on 28 May 2018, which is indirectly 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
“industry verticals”	specific industries in which vendors offer goods and services to group of customers with specialised needs
“LinkBriAI”	the LinkDoAI system upgraded and renamed as “LinkBriAI” in the first half of 2023
“LinkDoAI”	the Group’s proprietary full service intelligent marketing management platform
“Listing”	the listing of the Shares on the Main Board on 11 November 2020
“Listing Date”	11 November 2020, the date on which the Shares are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
“livestreaming”	online streaming media simultaneously recorded and broadcast in real-time
“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

DEFINITIONS

“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 interim report 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
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 16 October 2020
“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

DEFINITIONS

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“top media”	major online media publishers such as popular search engines and social media that offer advertisement inventories through their own advertising placement systems
“Vast Ocean”	VAST OCEAN LIMITED, a company incorporated in the British Virgin Islands with limited liability on 23 June 2021, which is directly wholly-owned by Mr. DONG Hui, an executive Director of the Company
“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.