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Bright Future Technology Holdings Limited

辉煌明天科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1351)

PROFIT WARNING

This announcement is made by Bright Future Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 (the “**Relevant Period**”) and the information currently available to the board of directors (the “**Board**”) of the Company, the Board wishes to inform the shareholders of the Company and potential investors that:

- (1) The Group is expected to record a gross profit in a range from approximately RMB30.0 million to RMB40.0 million for the Relevant Period, as compared to the gross profit of the Company of approximately RMB62.8 million for the six months ended 30 June 2021.

The reduction of gross profit is mainly attributable to, amongst others, dampened sales and revenue during the Relevant Period in face of the uncertain consumer and economic outlook. Against the backdrop of multiple sporadic COVID-19 outbreaks and lockdowns in major Chinese cities during the Relevant Period, sluggish demand plaguing the overall Chinese advertising industry has prompted certain major clients of the Group to take a more cautious and shrinking approach to marketing budgets, which resulted in the inevitable trimming of the range of marketing solutions they required from the Group.

In response to the challenging operating environment in China, the Group has, during the Relevant Period, undertaken certain cash conservation measures to cope with the reduction of revenue from its operations. Thus the Group is expected to record net cash generated from operating activities for the Relevant Period within the range of approximately RMB55.0 million to RMB65.0 million, as compared to approximately RMB72.7 million net cash used in operating activities recorded for the six months ended 30 June 2021, with an increase of about 175.7% to 189.4%, and notably a turn from negative to positive. Such improvement, amidst COVID uncertainties, was mainly

attributable to the Group's optimisation of capital utilisation efficiency, its strengthened cash flow account period management, whilst having sped up collection of accounts receivable during the Relevant Period.

In light of the foregoing and to mitigate any adverse economic effects ahead, the Group will continue to implement stringent cost control measures, including the tentative winding down of its expansion and diversification efforts, whilst aligning its activities and operations at both strategic and operational levels with a view to enhancing automation and hence operational efficiency.

- (2) The Group is also expected to record a profit attributable to the owners of the Company in a range from approximately RMB4.0 million to approximately RMB6.0 million for the Relevant Period, as compared to the profit attributable to owners of the Company of approximately RMB39.4 million for the six months ended 30 June 2021. The reduction of profit is primarily attributable to (i) reasons similar to the foregoing in relation to the Group's gross profit, (ii) the rise of income tax expense to a range of approximately RMB6.0 million to RMB8.0 million as compared to the corresponding period of 2021 upon the expiration of the income tax incentives for domestic entities originally granted to the Group, and (iii) share-based compensation in the range of approximately RMB3.0 million to RMB4.0 million.

By eliminating the aforementioned income tax expense and share-based compensation, the Group is expected to record an adjusted profit for the Relevant Period ranging from approximately RMB13.0 million to RMB18.0 million. The adjusted profit, a non-HKFRS measure, is calculated by adding back the income tax expense and share-based compensation. The Board considers that the income tax expense and share-based compensation do not affect the Group's ongoing operation performance, and the adjusted profit provides more useful information to investors in facilitating a comparison of the Group's operations from period to period.

It is expected that the industry-wide effects of the COVID-19 pandemic will linger on for an extended period. The Group will continue to closely monitor the fluid market and pandemic situation and make timely adjustments to its strategies and operations, as well as strive to keep the shareholders of the Company and potential investors duly informed of any material developments as and when they arise.

As the Company is still in the process of finalising the interim results of the Group for the Relevant Period, the information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available, which have neither been reviewed by the audit committee of the Company nor reviewed or audited by the Company's auditors. The above information may be subject to further adjustments upon final review by the Board and the Company's auditors. Shareholders and potential investors are advised to refer to the details in the interim results of the Group for the Relevant Period, which is expected to be published in late August 2022 in accordance with the Listing Rules.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board

Bright Future Technology Holdings Limited

DONG Hui

Chairman, Chief Executive Officer and Executive Director

Shenzhen, PRC, 12 August 2022

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