

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



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Mr. YANG Dengfeng
Ms. GAO Yuqing
Mr. CEN Senhui

INDEPENDENT NON-EXECUTIVE DIRECTORS

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Mr. WEI Hai Yan
Mr. ZHANG Fanchen

AUDIT COMMITTEE

Mr. LIU Kin Wai (*Chairman*)
Mr. WEI Hai Yan
Mr. ZHANG Fanchen

REMUNERATION COMMITTEE

Mr. ZHANG Fanchen (*Chairman*)
Mr. YANG Dengfeng
Mr. LIU Kin Wai

NOMINATION COMMITTEE

Mr. DONG Hui (*Chairman*)
Mr. WEI Hai Yan
Mr. ZHANG Fanchen

COMPANY SECRETARY

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FINANCIAL PERFORMANCE HIGHLIGHTS

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

Notes:

- (1) Based on the gross basis of revenue recognition.
- (2) Based on the net basis of revenue recognition.
- (3) Adjusted net profit, a non-HKFRSs measure, is calculated by adding back share-based compensation and income tax expense, which are non-indicative of the Group's operating performance, to the profit for the period.
- (4) The Board declared an interim dividend of RMB0.123 (equivalent to HK\$0.141) per share for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW

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

MARKET REVIEW

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

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

INDUSTRY REVIEW

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

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

BUSINESS REVIEW

The Group has, since its inception, devoted much effort in providing high impact, holistic marketing services that optimally serve its customers’ needs, from strategic marketing planning, advertisement production and placement to post-publication monitoring.

With China’s growth engine having lost steam over the first two quarters of the year as production and consumption cratered in response to dried up demand from COVID and inevitable restrictions, even its high-flying home-grown tech giants have either reported flat growth or signalled a decline in revenue. Also adding to the downward pressures on the Chinese economy’s growth trajectory were the tightening of regulatory reins over various sectors from the past year which continued to weigh heavily on results.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

To navigate the uncharted turbulent times lurking ahead, the Group is committed to finding sustainable, cost-effective and feasible solutions to maximise the return of its shareholders and laying the groundwork for growth. As a token of appreciation for the continuous trust and support from its shareholders, the Board has declared an interim dividend of RMB0.123 (equivalent to HK\$0.141) per share for the six months ended 30 June 2022.

Led by a core management team with strong background in technological research and development from working for China's most prominent tech giants, the Group has charted much progress in the development of and eventual implementation of holistic programmatic short-video placement. In line with the Group's aim to redefine marketing with innovative technology, the Group not only sets itself apart from traditional marketing solutions providers, but is also among the only few within the industry having its own proprietary full-service integrated system, which is empowered by its big data and information technology capabilities, backed by its self-developed Data Management Platform ("DMP"), complemented by its built-in enterprise resource planning ("ERP") and customer relationship management ("CRM") functions, and completed by its cloud-based repository system for stock videos and images.

Tailored to address the particular needs of its customers, the Group has spearheaded the "AIPL integrative model" (AIPL 全鏈路模塊), with AIPL being the acronym for "Awareness (認知), Interest (興趣), Purchase (購買) and Loyalty (忠誠)", the key tenets forming the Group's strategic agenda and business model, which also embodies the Group's commitment towards service quality and customer satisfaction. Meanwhile, the Group's focus, ever since its incorporation, has always been on providing its customers with marketing solutions backed by advanced digital analytics. With the Chinese government stepping up its policy support for innovation of platform-based enterprises and its active promotion of the digital economy, the Group's complementary content and technological tools have proved and will be all the more instrumental in assisting its clients' launch of their digital transformation process during such turbulent times and beyond.

With cost-cutting being all the rage, the Group's strive to optimise its services and user experience for more cost-sensitive clients has edged its operations closer towards full automation, with AI driven processes proliferating its front and back-end systems, the services so rendered are now accorded the apt label of "intelligent marketing solutions" (智慧營銷解決方案), which comprises of 4 key components, namely, "influential placement" (影響力投放), "precision marketing" (精準廣告), "intelligent content" (智慧內容) and "intelligent livestreaming" (智慧直播), with each corresponding to one of the AIPL tenets.

MANAGEMENT DISCUSSION AND ANALYSIS

Awareness (認知)

Awareness can be fostered through influential placement (影響力投放). The key is to reap the benefits from ad placement on top media (頭部媒體) by tapping into their wide audience scope and/or readership, capitalising on the efficacy of their systems as well as amplifying the campaign impact through their high exposure and reach. Through its intelligent project management system (智能項目管理系統), the Group is able to comprehensively analyse and evaluate all relevant data which allows for real-time adjustment of its placement strategies, which would effectively reduce the costs for ad placement with top media, thereby achieving maximum exposure, thus awareness, at minimal costs. This tenet thus aptly capture one of the quintessential qualities of the AIPL model that appeal to those working on tighter budgets yet craving wider exposure and recognition, especially for startups, upscale brands and SMEs which relied heavily on brand image and consumer perception to drive sales. As top media resources are often exclusive to or can only be obtained at lower price by their core advertising agents and close business partners, the Group thus strives to attain and maintain such esteemed status and tight relationship with the industry's prominent players. Over the years, the Group has built up its list of top media and channel resources and will strive to expand on its collaborative efforts with mainstream media to realise its clients' marketing goals and curate for them the optimal placement strategies. During the Reporting Period, the Group has cemented its collaboration with Baidu, with its status being elevated from that of its service distributor to the much coveted spot of "core distributor" (核心分銷商) for the year of 2022.

Interest (興趣)

With diversification of target consumer demographics being enhanced by the pandemic-fuelled digital transformation, precision marketing goals are achieved through the Group's precise audience segmentation of long to medium tailed media, as guided by their target-specific audience reach, and realised through the Group's intelligent project management system (智能項目管理系統), so as to induce interest in the targeted audience towards the Group's customers' products. Through technical capabilities such as the presentation of smarter and more effective pre-placement strategical analysis (更智能有效的投前策略分析), the attainment of intelligent batch upload of advertisements (智能批量廣告上線), the implementation of AI data monitoring (AI數據監察) and the realisation of intelligent report output (智能報表輸出), the utilisation of the intelligent project management system (智能項目管理系統) enables discovery of the "more interested crowd" (更感興趣的人群), information of which can be employed by the Group to achieve "smarter traffic usage" (更聰明的流量運用) and yield the intended precision marketing effects. On this front, the Group has also taken strides by winning, during the Reporting Period, the "Joint Engine – Creative Marketing Case Award" (共擎•創意行銷案例獎) by Ocean Engine (巨量引擎) in recognition of its Z-Generation oriented marketing campaign designed for a top trendsetting e-commerce platform.

In a similar vein, the intelligent content (智慧內容) limb is marked by the Group's efforts in short-video content development with an acute focus on producing "more interesting" content (更讓人感興趣的內容), which is more effective in procuring actual purchases. Backed by an experienced content creation team and further empowered by its data-driven cloud repository AI management system (雲素材庫AI管理系統), the Group is able to perform detailed and accurate analysis of its accumulated materials and market trends so as to timely and cost-effectively roll out products that are more appealing and marketable. Optimisation of the short-video curation process in terms of "content effectiveness" (內容效力) is attained through enhanced trending predictions generated through data feedback of the influential placement (影響力投放) and precision advertising data ports. As part of its content strategy, the Group also relies on staffing increase and the broadening of its actor pool, as well as optimisation of training to ramp up its in-house productivity of short-video content generation.

MANAGEMENT DISCUSSION AND ANALYSIS

As demand for quality short-video advertising content is likely to continue to outpace demand for years to come, the Group is channeling its efforts to further develop the “incubation” limb of its short-video incubation matching platform (短視頻孵化撮合平台) through partnering with Wuhan’s universities and colleges to educate and train content creators on delivery of engaging content. Still in the early test stages, having just moved beyond the pilot phase, the Group has been in the talks with certain universities and colleges on long term collaborative efforts. Whilst still in the works, the idea is to recruit, nurture and motivate talented student content creators by forming “school-enterprise collaborative filming crews” (校企合作拍攝團隊), which could in turn ensure long term supply of student-curated content. In order to facilitate closer cooperation with and better access to students from such local universities and colleges, the Group’s Wuhan short-video base (武漢短視頻基地) has also been relocated to an area surrounded by the same.

Purchase (購買)

Intelligent livestreaming (智能直播) forms a crucial part of the “purchase” tenet as the Group plays to its strength in data analytics as driven by its solid marketing technology algorithms (營銷科技算法) by providing its clients with a wide spectrum of services, such as audience-oriented market analysis (受眾市場分析), selling-point creation (賣點打造) etc. that aims at triggering the purchasing process and achieve direct sales conversion. Riding on the boom of China’s vibrant e-commerce livestreaming (直播帶貨), the Group leans on its technological and analytical expertise and competencies in consumer preference and perception matching to send “the more interested crowd” flocking to its customers’ livestreaming rooms and spur on consumption.

Loyalty (忠誠)

The Group’s intention to debut in stages its SaaS subscription solutions (SaaS訂閱解決方案), an enterprise-level SaaS product, is congruent with the Group’s current business direction, i.e. to bring a customised and user-centric focus to the realm of enterprise digital operations solutions in order to foster loyalty in its customers.

With such in mind, the Group has formulated its own subscription solutions model (SaaS訂閱解決方案模型) and has mapped out the implementation framework, starting with the rolling out of the “marketing cloud” (營銷雲) which features a host of functions and tools to improve the efficiency of customer flow such as intelligent ad placement (智能投放), intelligent reporting (智能報表), and intelligent monitoring (智能監測) to enhance traffic generation efficiency for the Group’s clients (提高客戶的引流效率).

Although further upgrades are yet to roll out, the SaaS subscription model is fully functional at its current phase of release, which provides improved access and offers enhanced affordability of the Group’s robust quality solutions and cutting-edge innovative tools that can effectively drive customer loyalty and retention. The Group expects that with its SaaS product being capable of encapsulating the full range of updated tools and technologies readily customisable and accessible directly by its subscribers, the Group would be able to bypass the need to devote extensive manpower to serve individual clients and would prove a more cost-effective for customers during such trying times. In the long run, it is believed that utilisation of the SaaS would further contribute to the enrichment of the Group’s data sources and its technological infrastructure would also prove instrumental to the Group’s future optimisation and upgrading efforts.



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, during the Reporting Period, the Group reclassified its existing systems and tools under three main heads, namely the "AI algorithm platform" (AI算法平台), the "cloud repository AI management system" (雲素材庫AI管理系統) and the "intelligent project management system" (智能項目管理系統), which together constitute the LinkDoAI.

By pairing its data mining and digital analytics capabilities with predictive modelling, which coupled with the deployment of highly adaptable solutions made possible by its utilisation of automated publishing tools and its access to vast and ever-expanding cloud-based databases of stock images and videos, the seamless and expeditious execution of the Group's extensive and comprehensive range of integrated systems facilitates the streamlining of business flow, the optimisation of back office management as well as elevating its service quality and customer experience. The LinkDoAI thus provides a practical framework upon which the Group can expand its service offerings and create products capable of generating additional values for its customers and thereby maintaining customer loyalty. The integrative model would also promote continuous improvement in the Group's operating processes and efficacy. The Group is set to hone its precision marketing capabilities through further upgrades and improvements to the LinkDoAI system so as to optimise the profitability of its operations.

The Group's proprietary LinkDoAI rests on the below pillars, being the three main blocks that constitute the entirety of the Group's operation system:

AI algorithm platform (AI算法平台)

With higher-precision AI deep learning recommendation algorithm forming its core, the AI algorithm platform is founded on desensitised data, which lends support to the other two blocks through accurate data analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

Cloud repository AI management system (雲素材庫AI管理系統)

Cloud repository AI management is achieved through the modular management (模塊化管理) of the Group's massive trough of videos accumulated over years, intelligent analysis of ad placement data (投放數據的智能分析), and through the intelligent merging of clips and other editing functions to achieve creativity duplication (創意複製) such that the Group's short-video output operations can edge closer towards full automation. With the consistent expansion of stock material sources accumulated by the Group's Wuhan short-video base (武漢短視頻基地), which is further armed with the continuous optimisation and upgrading of AI technology, the Group is confident that further improvements in efficiency can be achieved in the future. By the end of the Reporting Period, the Group has added 75,000 videos to its video repository, which boasts of around 275,000 stock videos, having achieved a monthly video production capacity of around 12,500 clips.

Intelligent project management system (智能項目管理系統)

Comprising of the front-end "Bright Future AI smart placement system" (輝煌AI智投系統) and the back-end ERP and CRM systems, the intelligent project management system enables the attainment of effective connection between the Group's internal platform and that of the publication media and/or platform. The improved accuracy in the data so collected and the efficiency of resource sharing (資源共享效率) can in turn be translated into efficiency upgrades throughout the whole ad placement process, covering even the preparatory stages and post-placement monitoring, thereby effectively trimming the Group's clients' decision-making costs and customer acquisition costs.

Continued commitment to technological innovations to bolster business agility with data-driven insights

Back in 2020, the Group constructed its own cloud-based repository system for all stock videos and images created since its incorporation to cope with the surging demand for quality short-video content. Through the process of modulisation (模塊化), (i.e. the breaking down of video footage into small segments and distinct parts which are then labelled according to their subject matters, creative value, previous usages and conversion rates) the stock videos can be readily assessed and utilised for different advertising projects, thus bringing the Group's short-video output operations closer to full automation. During the Reporting Period, the modular management (模塊化管理) of videos uploaded to the cloud-based repository system is being systematically implemented and executed by the LinkDoAI's cloud repository AI management system. Armed with programmatic data analytics functions, the system is instrumental to the Group's short-video advertising operations as it provides valuable insights to the creative process of short-video editing. The system, now being fully optimised and utilised, thus brings agility to the short-video content creation process as it allows for the effective and efficient management, analysis and repurposing of creative content. Aside from other functional upgrades, improvements to the cloud repository AI management system is mainly focused on efficiency improvements of its self-learning and modular management algorithms. To facilitate more efficient deployment of resources, regular internal reviews and revisions are introduced as part of the inter-departmental cooperation efforts between the R&D teams and the short-video production crew.



MANAGEMENT DISCUSSION AND ANALYSIS

Promoting optimisation and upgrading of its content capabilities and influential reach

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

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

Revenue

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Cost of services

The Group's cost of services mainly comprises of advertising traffic costs, expenses on technological and quality improvements to its short videos and employee benefit expenses. During the six months ended 30 June 2022, the Group recorded cost of services of approximately RMB180,202,000, representing a decrease of approximately 9.2% as compared to approximately RMB198,440,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to (i) the reduction of costs corresponding to such decrease in revenue, and (ii) the Group's active adjustment of its fee structure to achieve mutually beneficial arrangements with its clients.

Gross profit

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

Expenses

Selling and distribution expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

General and administrative expenses

The Group's general and administrative expenses mainly comprise of employee benefit expenses, legal and professional fees, consultancy fee, short-term lease expenses, server charges and IT fees and auditor's remuneration. During the six months ended 30 June 2022, the Group recorded general and administrative expenses of approximately RMB24,547,000, representing a decrease of approximately 11.2% as compared to approximately RMB27,638,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to the Group's optimised employee compensation and welfare expenses as well as reduced office expenses as part of its strive to adapt to the increasingly competitive marketing landscape.

Net impairment losses on financial assets

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

Other gains – net

The Group's other gains – net comprise primarily of government grant, net gain on disposal of financial assets at fair value, and value added tax refunds. During the six months ended 30 June 2022, the Group recorded other gains – net of approximately RMB3,846,000, representing a decrease of approximately 61.8% as compared to approximately RMB10,072,000 recorded for the six months ended 30 June 2021. Such decrease was primarily attributable to a decrease in government subsidies and value added tax refunds.

Finance costs – net

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

Income tax expense

The Group is exempted from Cayman Islands income tax, and no provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the six months ended 30 June 2022. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the six months ended 30 June 2022, the Group recorded income tax expense of approximately RMB7,512,000, representing an increase of approximately 582.3% as compared to approximately RMB1,101,000 recorded for the six months ended 30 June 2021. Such increase was primarily attributable to the expiration of the income tax incentives for domestic entities originally granted to the Group and deferred income tax expense recognised for unallocated retained earnings of the Group's PRC subsidiaries.



MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

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

Liquidity and capital structure

As at 30 June 2022, the Group recorded total assets of approximately RMB395,094,000 (31 December 2021: approximately RMB583,320,000), total liabilities of approximately RMB174,590,000 (31 December 2021: approximately RMB287,725,000) and total equity of approximately RMB220,504,000 (31 December 2021: approximately RMB295,595,000). As at 30 June 2022 and 31 December 2021, the Group has a net cash position.

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

Borrowings

As of 30 June 2022, total borrowings amounted to approximately RMB41,000,000 (31 December 2021: approximately RMB82,102,000). The Group's borrowings comprised of bank borrowings. As at 30 June 2022, the Group's bank borrowings bear interest rate of 5.5% (31 December 2021: 3.85% to 5.5%) per annum.

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

Capital expenditures

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

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures

No significant investments were held, nor were there any material acquisitions or disposals by the Group or any of its subsidiaries, associates or joint ventures during the six months ended 30 June 2022.

Pledge of assets

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

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

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

Employees

As of 30 June 2022, the Group had 199 full-time employees, the majority of whom were based in Shenzhen, China. As required under PRC regulations, the Group has participated in various employee social security plans organised by applicable local municipal and provincial governments, including employee training and incentive plans.

PROSPECTS

The COVID Pandemic has precipitated unprecedented pressures to the global economic order and while it continues to pose major challenges to the local health and socio-economic fronts in the Reporting Period and onwards, the Chinese economy is looking to bottom out following the lacklustre start of the year as supportive policies and economic stimulus take shape in the upcoming quarters. Edging up from COVID lows, uptick in marketing efforts is also expected with brands eager to capitalise on Chinese shopping extravaganzas lined up till the end of the year. The Group's agility is thus put to the test in an arena rife with competition. With the continuous ushering in of technological advances such as artificial intelligence spurred on by the pandemic, the Group would need to juggle its priorities and resources to implement strategic initiatives and harness opportunities to drive cost-saving improvements and innovation going forward. Building upon its competitive strengths as well as its existing network and reach, the key initiatives outlined below underscores both the Group's sharpened focus on forging advancements in the digital marketing realm amidst intensified competition and economic uncertainty, and the strategic priorities that underpin delivery of its aspirations.

Mapping out social media strategies to complement its technological and solution capabilities

Boasting of a sharp technological edge, robust channel network and solid partnerships, the Group is well-poised to serve clients from diverse industry verticals. The Group's commitment to deliver tailored quality marketing solutions and effective content strategies to its customers has been rewarded from time to time by customer referrals and repeat business. Yet in face of intensified competition, the Group acknowledges the need to ramp up its customer base and proactively reach out to new customers and businesses such as those serving a younger generation of shoppers by channeling social media engagement to enhance its market presence and brand relevance. As the heightened popularity of social media during COVID restrictive times remains in ascendance, maintaining strong digital exposure through social media platforms is key to tiding over the constantly changing market conditions and customer preferences. The Group is thus stepping up its efforts in crafting engaging content and dishing out welcome offers that can be pushed to front-end interfaces such as WeChat Official Account, which would serve as its promotion information hubs to draw in and interact with customers across channels.

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

The Group's content strategies bring to full play its technological prowess as it harnesses its analytical expertise and competencies in consumer preference and perception matching to precisely capture and captivate target customers that are ideal for its client's businesses. As pressure is mounting on brands and businesses alike to make up for lost sales during the COVID onslaught in the earlier quarters, the Group is thus focusing its efforts on devising innovative strategies for its clients to reel in customers and drive sales for their products or services. By promoting seamless fusion of optimal keyword targeting, impactful stock footage, relatable user content (such as customer reviews) as well as instant checkout options to facilitate direct sales conversion, the Group is primed to offer cost-effective solutions that aligns well with the needs of its customers during such trying times.



MANAGEMENT DISCUSSION AND ANALYSIS

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

The group is accustomed to serving top-tier clientele, counting some of the biggest names in Chinese tech amongst its customers, for which quality is deemed critical. Yet, treading forward, the Group's cutting-edge precision targeting solutions empowered by its innovative and integrative LinkDoAI, with its ever increasing slate of functions, can be fully accessed and readily utilised by clients through its SaaS initiative. Ideal for businesses with tighter purse strings such as SMBs operating in the sinking market and fledgling domestic brands, the SaaS model allows the Group's clients to tap into its full range of sharp backend operational and technical support that integrates the industry's preeminent up and downstream resources and thoroughly lined with a host of customisable options and specialised features through a mere payment of periodic subscription fee. As the Group's LinkDoAI 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 solutions at affordable prices, the Group is well geared up to gain a strong foothold in the recovering market.

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 2022, 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⁾	321,897,769	65.11%
	Interested of spouse ⁽³⁾	3,639,700	
Ms. Gao	Interested in a controlled corporation ⁽⁴⁾	3,639,700	65.11%
	Interest of spouse ⁽⁵⁾	321,897,769	
Mr. Yang	Interested in a controlled corporation ^(2, 3, 4)	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.
2. Brilliant League and Vast Ocean are wholly-owned by Mr. Dong. Mr. Dong and Mr. Yang are parties acting in concert. Highland Triumph is wholly-owned by Mr. Yang. Thus, Mr. Dong, Mr. Yang, Brilliant League, Vast Ocean and Highland Triumph are all deemed to be interested in 321,897,769 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	Beneficial owner	100%
	VAST OCEAN LIMITED	Beneficial owner	100%
Mr. Yang	HIGHLAND TRIUMPH LIMITED	Beneficial owner	100%

Save as disclosed above, as at 30 June 2022, none of the Directors and 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 2022.

OTHER INFORMATION

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

As at 30 June 2022, 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 Division 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, 4, 5)	325,537,469	65.11%
VAST OCEAN LIMITED	Interest held jointly with other person ^(2, 4, 5)	325,537,469	65.11%
Mr. Dong	Interested in a controlled corporation ⁽²⁾	321,897,769	65.11%
Ms. Gao	Interest of spouse ^(4, 5)	3,639,700	65.11%
Ms. Gao	Interest of spouse ⁽³⁾	321,897,769	65.11%
Ms. Gao	Interested in a controlled corporation ⁽⁴⁾	3,639,700	65.11%
HIGHLAND TRIUMPH LIMITED	Beneficial interest and interest held jointly with other person ^(2, 4, 5)	325,537,469	65.11%
Mr. Yang	Interested in a controlled corporation ^(2, 4, 5)	325,537,469	65.11%
Ms. WU Cheng	Interest of spouse ^(2, 4, 5, 6)	325,537,469	65.11%

Notes:

- All interests stated are long position.
- Brilliant League and Vast Ocean are wholly-owned by Mr. Dong. Mr. Dong and Mr. Yang are parties acting in concert. Highland Triumph is wholly-owned by Mr. Yang. Thus, Mr. Dong, Mr. Yang, Brilliant League, Vast Ocean and Highland Triumph are all deemed to be interested in 321,897,769 Shares held by Brilliant League, Vast Ocean and Highland Triumph.
- Ms. Gao is the spouse of Mr. Dong, and Ms. Gao is thus deemed to be interested in the Shares held by Mr. Dong.
- Able2shine Limited is wholly-owned by Ms. Gao, and thus Ms. Gao is deemed to be interested in 3,639,700 Shares held by Able2shine Limited.
- Mr. Dong is the spouse of Ms. Gao, and Mr. Dong is thus deemed to be interested in the Shares held by Ms. Gao.
- 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 2022, 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 Division 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 2022.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

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

The register of members of the Company will be closed from Monday, 19 September 2022 to Wednesday, 21 September 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 September 2022.

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.

OTHER INFORMATION

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 2022, 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 2022.

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.



OTHER INFORMATION

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.

Eligible participants

Persons eligible to receive awards under the Share Award Scheme are employee(s) selected by the Board.

Maximum number of Shares

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 percent of the total issued share capital of the Company from time to time.

The maximum number of shares which may be awarded to a Selected Employee under the Share Award Scheme shall not exceed one percent of the total issued share capital of the Company in any 12-month period. The Board will, however, refrain from making 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.

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.

On 20 July 2021, the Board resolved to grant a total of 3,855,381 awarded shares, which have been acquired by Futu Trustee from Brilliant League, to 40 Selected Employees of the Group pursuant to the Share Award Scheme. Details of which are set out in the Company’s announcements dated 23 July 2021 and 26 July 2021.

On 12 May 2022, the Board resolved to grant a total of 4,181,391 awarded shares, which are held on trust by Futu Trustee pursuant to the Trust Deed, of which 541,691 awarded shares were granted to Global Digital Adc Limited, wholly-owned by Mr. Cen, and 3,639,700 awarded shares were granted to Able2shine Limited, wholly-owned by Ms. Gao. Details of which are set out in the Company’s announcement dated 12 May 2022.

CORPORATE GOVERNANCE

The Company has adopted the CG Code as its own code of corporate governance. Save for the deviation disclosed below, in the opinion of Directors, the Company has complied with all the code provisions as set out in the CG Code during the six months ended 30 June 2022.

Pursuant to code provision C.2.1 of the CG Code, the role of both the Chairman and chief executive officer should be separate and should not be performed by the same individual.

OTHER INFORMATION

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code.

Having made specific enquiries with all the Directors, each of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code for the six months ended 30 June 2022.

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. DONG Hui, an executive director of the Company, was appointed as a director of Wuhan Lindu Technology Company Limited and Shanghai Bianwan Technology Company Limited* (上海遍玩科技有限公司) on 21 January 2022 and 19 March 2022, respectively.

Mr. CEN Senhui, an executive Director of the Company, resigned as a director of Shenzhen Lindu Technology Company Limited on 14 September 2021. Mr. Cen was appointed as a director of Hangzhou Bright Future Technology Company Limited.

REVIEW OF UNAUDITED FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and the Group and the unaudited interim results of the Group for the six months ended 30 June 2022.

USE OF NET PROCEEDS FROM SHARE OFFER

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

Net proceeds from the Share Offer have been, and will be, utilised in accordance with the purposes as set out in the Prospectus.

OTHER INFORMATION

The table below sets out the planned applications of the net proceeds and actual usage up to 30 August 2022:

Use of proceeds		Planned allocation of Net Proceeds <i>HKD million</i>	Planned allocation of Net Proceeds ⁽²⁾ <i>RMB million</i>	Utilised amount (as at 30 August 2022) <i>RMB million</i>	Unutilised amount (as at 30 August 2022) <i>RMB million</i>	Expected timeline for utilising the remaining balance of net proceeds from the Share Offer ⁽¹⁾
Expansion of the Group's intermediary services	64.9%	55.8	47.7	47.7	–	N/A
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	15.6	14.4	1.2	On or before 30 September 2022 ⁽³⁾
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	7.7	7.0	0.7	On or before 30 September 2022 ⁽³⁾
The Group's general working capital	3.3%	2.9	2.5	2.5	–	N/A
Total	100.0%	86.0	73.5	71.6	1.9	

Notes:

- (1) The expected timeline for utilising the remaining balance of net proceeds is based on the best estimation of the market conditions made by the Group.
- (2) Net proceeds from the Share Offer were received in Hong Kong dollars and translated to Renminbi for application planning. The plan was adjusted slightly in light of the fluctuation of exchange rates since the Share Offer.
- (3) The remaining proceeds will be used for their respective disclosed purposes and following the expected implementation timetable (as disclosed in the Prospectus). The unutilised net proceeds have been deposited as short-term deposits in the bank account maintained by the Group.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenues	6	215,145	261,227
Cost of services	7	(180,202)	(198,440)
Gross profit		34,943	62,787
Selling and distribution expenses	7	(1,326)	(1,244)
General and administrative expenses	7	(24,547)	(27,638)
Net impairment losses on financial assets	14	(101)	(1,405)
Other gains, net	8	3,846	10,072
Operating profit		12,815	42,572
Finance income	9	484	89
Finance costs	9	(1,378)	(2,182)
Finance costs, net	9	(894)	(2,093)
Profit before income tax		11,921	40,479
Income tax expense	10	(7,512)	(1,101)
Profit for the period		4,409	39,378
Profit attributable to:			
Owners of the Company		4,409	39,378
Other comprehensive income/(loss), net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(3,580)	19
<i>Items that may not be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		2,678	(883)
Total comprehensive income for the period		3,507	38,514
Total comprehensive income attributable to:			
Owners of the Company		3,507	38,514
Earnings per share			
– Basic (expressed in RMB cents per share)	11	0.93	7.88
– Diluted (expressed in RMB cents per share)	11	0.92	7.88

The accompanying notes on pages 31 to 49 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	5,316	7,548
Deposits and prepayments	14	643	808
Deferred income tax assets		638	414
Financial assets at fair value through other comprehensive income	15	1,760	–
Total non-current assets		8,357	8,770
Current assets			
Trade receivables	14	209,398	333,691
Deposits, prepayments and other receivables	14	105,087	124,480
Restricted cash	16	3,532	–
Cash and cash equivalents	16	68,720	116,379
Total current assets		386,737	574,550
Total assets		395,094	583,320
LIABILITIES			
Non-current liabilities			
Borrowings	17	41,000	41,000
Lease liabilities		1,200	1,950
Deferred income tax liabilities		18,454	21,237
Total non-current liabilities		60,654	64,187
Current liabilities			
Trade payables	18	31,813	118,586
Other payables and accruals	19	16,705	20,957
Dividend payable	12	24,899	–
Borrowings	17	–	41,102
Contract liabilities	6	19,769	23,995
Lease liabilities		1,730	2,676
Current income tax liabilities		19,020	16,222
Total current liabilities		113,936	223,538
Total liabilities		174,590	287,725
EQUITY			
Share capital	20	42,607	42,607
Reserves		115,439	110,679
Retained earnings		62,458	142,309
Total equity		220,504	295,595
Total equity and liabilities		395,094	583,320

The accompanying notes on pages 31 to 49 form an integral part of this interim financial information.

The financial statements on pages 31 to 49 were approved and authorized for issue by the Board of Directors and were signed on its behalf.

Dong Hui
Director

Yang Dengfeng
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital <i>RMB'000</i> <i>(Note 20)</i>	Reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
(Unaudited)				
As at 1 January 2022	42,607	110,679	142,309	295,595
Profit for the period	–	–	4,409	4,409
Other comprehensive loss	–	(902)	–	(902)
Total comprehensive income/(loss) for the period	–	(902)	4,409	3,507
Transactions with owners:				
Share-based compensation	–	3,389	–	3,389
Dividend <i>(Note 12)</i>	–	–	(81,987)	(81,987)
Appropriation for surplus reserve	–	2,273	(2,273)	–
Balance at 30 June 2022	42,607	115,439	62,458	220,504
(Unaudited)				
As at 1 January 2021	42,607	92,282	159,564	294,453
Profit for the period	–	–	39,378	39,378
Other comprehensive loss	–	(864)	–	(864)
Total comprehensive income/(loss) for the period	–	(864)	39,378	38,514
Balance at 30 June 2021	42,607	91,418	198,942	332,967

The accompanying notes on pages 31 to 49 form an integral part of this interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		68,086	(71,520)
Interest received		484	89
Income taxes paid		(7,721)	(1,249)
Net cash generated from/(used in) operating activities		60,849	(72,680)
Cash flows from investing activities			
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 purchase of property, plant and equipment		(26)	(1,944)
Payments for acquisition of financial assets at fair value through other comprehensive income	15	(1,760)	–
Payment for loan to employees		(2,500)	–
Payment for loan to a related party		–	(2,000)
Net cash used in investing activities		(3,564)	(3,944)
Cash flows from financing activities			
Proceeds from bank borrowings		20,000	154,700
Loans from related parties		–	26,700
Repayment of bank borrowings		(61,102)	(29,000)
Repayment of loans from related parties		–	(34,200)
Principal elements of lease payments		(1,829)	(1,595)
Interest paid of borrowings and lease		(2,098)	(2,198)
Changes in restricted cash		(3,532)	–
Dividend paid	12	(57,088)	–
Net cash (used in)/generated from financing activities		(105,649)	114,407
Net (decrease)/increase in cash and cash equivalents		(48,364)	37,783
Cash and cash equivalents at beginning of the period		116,379	97,177
Effects of exchange rate changes on cash and cash equivalents		705	(849)
Cash and cash equivalents at the end of the period		68,720	134,111

The accompanying notes on pages 31 to 49 form an integral part of this interim financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1 GENERAL INFORMATION

Bright Future Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 8 November 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 11 November 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of intelligent marketing solutions services, comprised of 4 key components, namely, “influential placement”, “precision marketing”, “intelligent content” and “intelligent livestreaming” in the People’s Republic of China (the “**PRC**”). The controlling shareholders of the Group are Mr. Dong Hui (“**Mr. Dong**”) and Mr. Yang Dengfeng (“**Mr. Yang**”) (together the “**Controlling Shareholders**”).

The condensed consolidated interim financial information for the six months ended 30 June 2022 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated, and was approved for issue by the Board of Directors of the Company on 30 August 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Interim Financial Information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except as stated below.

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

2.2 New and amended standards adopted by the Group

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 New standards, amendments to standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing the consolidated financial statements.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards which are relevant to the Group's operation. The Group considers that the application of amendments to HKFRSs, amendments to HKASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in the future.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information 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 Interim Financial Information, 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 for the year ended 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Interim Financial Information 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 2021.

There have been no significant changes in the risk factors and management policies since 31 December 2021.

4.2 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.

	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)					
At 30 June 2022					
Borrowings	2,255	43,255	–	45,510	41,000
Trade payables	31,813	–	–	31,813	31,813
Other payables and accruals (excluding accrued staff costs and valued-added tax and surcharges)	1,092	–	–	1,092	1,092
Dividend payable	24,899	–	–	24,899	24,899
Lease liabilities	1,809	1,205	33	3,047	2,930
	61,868	44,460	33	106,361	101,734

	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
(Audited)					
At 31 December 2021					
Borrowings	41,981	4,163	41,986	88,130	82,102
Trade payables	118,586	–	–	118,586	118,586
Other payables and accruals (excluding accrued staff costs and valued-added tax and surcharges)	2,284	–	–	2,284	2,284
Lease liabilities	2,958	1,760	275	4,993	4,626
	165,809	5,923	42,261	213,993	207,598

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4 FINANCIAL RISK MANAGEMENT *(Continued)*

4.3 Fair value estimation

The Group's financial instruments are carried at fair value as at balance sheet dates, 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.

The following table presents the Group's assets that are measured at fair value as at 30 June 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2022 (Unaudited)				
Financial assets at fair value through other comprehensive income (<i>Note 15</i>)	–	–	1,760	1,760

As at 31 December 2021, the Group had no financial assets measured at fair value.

5 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6 REVENUES

Revenue comprises of proceeds from providing intelligent marketing solutions services and SaaS subscription solutions services. The analysis of the Group's revenue by category for the six months ended 30 June 2022 and 2021 was as follows:

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

The timings of revenue recognition by category is as follows:

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6 REVENUES (Continued)

(a) Contract liabilities

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

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

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

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

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

(b) Transaction price allocated to unsatisfied long-term contract

The Group has no revenue contract that has an original expected duration more than one year, thus management applied practical expedient under HKFRS 15 and are not disclosing the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied or partially unsatisfied at the end of each reporting period.

(c) Assets recognised from costs to fulfil a contract

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

7 EXPENSES BY NATURE

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

8 OTHER GAINS, NET

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

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

9 FINANCE COSTS – NET

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10 INCOME TAX EXPENSE

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

(a) Cayman Island and BVI Income Tax

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

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

(b) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the period ended 30 June 2022 and the year ended 31 December 2021.

(c) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC have acquired the qualification of "High and New Technology Enterprise" and subject to a reduced preferential PRC Enterprise Income Tax rate of 15% for 3-year period according to the applicable tax preference applicable to the "High and New Technology Enterprise". A 5-year tax free period, followed by 50% reduction in the applicable tax rates for the next five year, has been granted by local tax authority to a subsidiary in the PRC.

(d) PRC Withholding Tax ("WHT")

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume all dilutive potential ordinary shares.

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

12 DIVIDEND

A final dividend in respect of the year ended 31 December 2021 of RMB0.16 (equivalent to HKD0.20) per ordinary share was approved by the shareholders at the annual general meeting of the Company held on 20 May 2022, amounting to RMB81,987,000. Dividend of RMB57,088,000 were paid during the six months ended 30 June 2022.

On 30 August 2022, the board of directors declared an interim dividend of RMB0.123 (equivalent to HKD0.141) per share (totally RMB61,500,000) for the six months ended 30 June 2022. This declared interim dividend is not reflected as dividend payable in the interim financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Motor vehicle RMB'000	Leasehold improvements RMB'000	Right-of-use assets RMB'000	Total RMB'000
(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
(Unaudited)						
At 1 January 2021						
Cost	587	1,238	332	635	7,533	10,325
Accumulated depreciation	(155)	(661)	(26)	(151)	(4,301)	(5,294)
Net book amount	432	577	306	484	3,232	5,031
Six months ended 30 June 2021						
Opening net book amount	432	577	306	484	3,232	5,031
Additions	12	370	-	1,562	4,595	6,539
Depreciation charge	(48)	(146)	(39)	(132)	(1,628)	(1,993)
Closing net book amount	396	801	267	1,914	6,199	9,577
At 30 June 2021						
Cost	599	1,608	332	2,197	12,128	16,864
Accumulated depreciation	(203)	(807)	(65)	(283)	(5,929)	(7,287)
Net book amount	396	801	267	1,914	6,199	9,577

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

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

The Group normally allows a credit period of 30 to 150 days to its customers. Aging analysis of the trade receivables as at 30 June 2022 and 31 December 2021, based on date of recognition, is as follows:

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

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

30 June 2022	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years past due	Total
(Unaudited)							
Expected loss rate	0.19%	1.13%	6.22%	10.59%	65.24%	100.00%	
Gross carrying amount (RMB'000)	148,377	44,670	11,184	7,367	187	461	212,246
Loss allowance (RMB'000)	285	504	696	780	122	461	2,848
31 December 2021	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years past due	Total
(Audited)							
Expected loss rate	0.16%	0.50%	4.73%	10.49%	61.84%	100.00%	
Gross carrying amount (RMB'000)	218,873	86,156	30,028	810	283	371	336,521
Loss allowance (RMB'000)	351	427	1,421	85	175	371	2,830

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(b) Deposits, prepayments and other receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments to media publishers and advertising agents	62,151	92,743
Loans to employees <i>(Note (a))</i>	11,000	8,500
Value-added tax recoverable	7,817	9,299
Rental and other deposits	7,596	5,682
Loan to a related party <i>(Note 22(b)(ii))</i>	1,920	1,920
Others <i>(Note (b))</i>	15,509	7,324
Less: Loss allowance	(263)	(180)
	105,730	125,288
Less: Non-current deposits and prepayments	(643)	(808)
	105,087	124,480

Notes:

- (a) Loans to employees represent housing loans to certain employees (including a loan of RMB1,500,000 to a member of key management). These loans are unsecured and to be repaid in 1 year from the inception date of the loan. Loan amounted to RMB9,500,000 is interest-free and loan amounted to RMB1,500,000 bears interest rate of 3.4% per annum.
- (b) Others mainly include withholding income tax paid by the Group on behalf of certain employees and would be recovered within one year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income include the following:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Equity investment in an unlisted entity	1,760	–

Movement of Financial assets at fair value through other comprehensive income is analysed as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
At the beginning of the period	–	–
Addition (<i>Note</i>)	1,760	–
At the end of the period	1,760	–

Note: During the six months ended 30 June 2022, the Group invested in an unlisted entity at a consideration of approximately RMB1,760,000. This company is principally engaged in Intelligent livestreaming services, technology and other Internet-related businesses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cash at bank (a)	68,720	116,379
Restricted cash (b)	3,532	–

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
RMB	67,157	115,902
HKD	1,558	474
USD	5	3
	68,720	116,379

(b) Restricted cash

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17 BORROWINGS

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

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

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

The maturity of borrowings is as follows:

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

18 TRADE PAYABLES

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Aging		
Up to 3 months	7,782	11,453
3 to 6 months	1,569	1,923
Over 6 months	22,462	105,210
	31,813	118,586

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

19 OTHER PAYABLES AND ACCRUALS

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

20 SHARE CAPITAL

	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000
Issued:			
As at 31 December 2021 and 30 June 2022	500,000,000	HKD50,000,000	42,607

21 COMMITMENTS

Capital commitments

The Group did not have any material capital commitments as at 30 June 2022 and 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22 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 2022 and 2021, 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries, wages, and bonuses	1,359	1,286
Other social security costs, housing benefits and other employee benefits	51	926
Pension costs – defined contribution plans	46	90
Share-based compensation expenses	2,581	–
	4,037	2,302

(ii) Loans from related parties

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mr. Dong	–	14,700
Mrs. Wu Yang	–	5,000
Mr. Cen Senhui	–	7,000
	–	26,700

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

(i) Loans from related parties

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Beginning of the period	–	7,500
Additions	–	26,700
Repayments	–	(34,200)
End of the period	–	–

(ii) Loan to a related party

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
	Mr. Dong	1,920

(iii) Dividend payable to a related party

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
	Vast Ocean Limited <i>(Note)</i>	18,352

Note: Vast Ocean Limited is wholly-owned by Mr. Dong.

23 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 30 June 2022.

24 SUBSEQUENT EVENTS

On 13 July 2022, the Company entered into a one-year loan facility agreement with a shareholder of the Company, Highland Triumph Limited, which is wholly-owned by Mr. Yang, where a loan facility up to HKD21,442,000 (equivalent to RMB18,336,984) was made available to the Company.

On 11 August 2022, the Company entered into a one-year loan facility agreement with a shareholder of the Company, Brilliant League Limited, which is wholly-owned by Mr. Dong, where a loan facility up to HKD11,400,000 (equivalent to RMB9,749,116) was made available to the Company.



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)” or “mobile app(s)” or “mobile applications”	application software designed to operate on smartphones and other mobile devices
“AR”	augmented reality
“Audit Committee”	the audit committee of the Board
“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
“Baidu”	Baidu, Inc., a company listed on the Main Board of the Stock Exchange (stock code: 9888)
“big data”	a combination of structured, semi-structured and unstructured data collected by organisations that can be mined for information and used in machine learning projects, predictive modeling and other advanced analytics applications
“Board” or “Board of Directors”	the board of directors of the Company

DEFINITIONS

“Brilliant League”	BRILLIANT LEAGUE LIMITED, a company incorporated in the British Virgin Islands with limited liability on 25 April 2018, which is wholly-owned by Mr. DONG Hui, an executive Director of the Company
“BVI”	the British Virgin Islands
“CG Code”	corporate governance code contained in Appendix 14 to the Listing Rules
“cloud-based”	applications, services or resources made available to users on demand via the internet from a cloud computing provider’s server with access to shared pools of configurable resources
“Companies Act”	The Companies Act, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	Bright Future Technology Holdings Limited (輝煌明天科技控股有限公司) (formerly known as “Bright Future Science Holdings Limited”), an exempted company incorporated in the Cayman Islands with limited liability on 8 November 2018
“core service provider(s)”	a status recognised by media publisher(s) which offer advertisement inventories, indicating the close business relationship between the media publisher and the advertising agent in relation to the purchase of advertisement inventories. The status is usually obtained through, among other requirements, reaching a certain level of transaction amounts with the media publisher within a prescribed period of time. Obtaining such status usually allows the advertising agent to directly deal with the media publisher
“COVID” or “COVID-19”	novel coronavirus 2019
“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



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 wholly-owned by Mr. YANG Dengfeng, an executive Director of the Company
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huzhou Bright Future”	Huzhou Bright Future Technology Company Limited* (湖州輝煌明天科技有限公司), a company established in the PRC on 25 October 2018, which is an indirect wholly-owned subsidiary of our Company
“industry verticals”	specific industries in which vendors offer goods and services to group of customers with specialised needs
“KOL”	key opinion leaders
“LinkDoAI”	the Group’s proprietary full service intelligent marketing management platform
“Listing”	the listing of the Shares on the Main Board on 11 November 2020
“Listing Date”	11 November 2020, the date on which the Shares are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
“livestreaming”	online streaming media simultaneously recorded and broadcast in real-time
“long to medium tailed media”	medium-sized mobile apps or small-sized media publishers that do not have their own advertising placement systems such as games and e-commerce apps
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

DEFINITIONS



“metaverse”	a simulated digital environment that uses AR, VR and blockchain, along with concepts from social media, to create spaces for rich user interaction mimicking the real world
“Model Code”	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“platform(s)”	the environment in which a piece of software is executed
“platform economy”	tech-driven online marketplaces or businesses which allow consumers and businesses to connect, share resources or sell and purchase of products or services
“PRC” or “China”	the People’s Republic of China, which for the purpose of this 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
“Reporting Period”	the six months ended 30 June 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“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)



DEFINITIONS

“SMB(s)”	small and medium-sized business(es)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“stock image(s)”	generic photos, illustrations and icons etc., created with or without a particular project in mind that can be used for other productions
“stock video(s)” or “stock footage(s)”	generic video clips, outtakes or videos created with or without a particular project in mind that can be used for other productions
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“top media”	major online media publishers such as popular search engines and social media that offer advertisement inventories through their own advertising placement systems
“Vast Ocean”	VAST OCEAN LIMITED, a company incorporated in the British Virgin Islands with limited liability on 23 June 2021, which is wholly-owned by Mr. DONG Hui, an executive Director of the Company
“VR”	virtual reality
“Z-Generation”	the cohort of people who were born between 1996 and 2010, and in China, being its first generation of digital natives who are instinctively familiar with technology as a form of communication, entertainment and enabler of commerce
“%”	per cent.

The English names of the PRC established companies or entities and the PRC laws and regulations mentioned herein are translation from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.