

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

The board of directors (the “**Directors**”) (the “**Board**”) of Bright Future Technology Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022.

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

<b>FINANCIAL PERFORMANCE HIGHLIGHTS</b>			
<i>For the year ended 31 December</i>			
	<b>2023</b>	2022	<b>Change</b>
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
Revenue generated from intelligent marketing solution services			
– Integrated intelligent marketing solutions services <sup>(1)</sup>	<b>868,141</b>	416,958	108.2
– Influential placement services <sup>(2)</sup>	<b>24,292</b>	26,442	-8.1
Revenue generated from SaaS subscription solution services	–	94	-100.0
Revenue	<b>892,433</b>	443,494	101.2
Gross revenue <sup>(3)</sup>	<b>1,499,864</b>	762,965	96.6
Gross profit	<b>80,545</b>	33,425	141.0
Profit/(loss) for the year	<b>14,812</b>	(22,432)	166.0
Adjusted net profit/(loss) <sup>(4)</sup>	<b>21,949</b>	(11,954)	283.6

*Notes:*

- (1) Based on the gross basis of revenue recognition.
- (2) Based on the net basis of revenue recognition.
- (3) Based on the gross transaction amount of the Group's revenue.
- (4) Adjusted net profit/(loss), 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 net profit/(loss) for the year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MACROECONOMIC OVERVIEW**

2023 was the year when the pandemic threat receded. Economies around the world slowly bounced back from the challenges brought on by COVID.

In 2023, we saw the resilience exhibited and momentum regained in the Chinese economy as commercial activities gradually return to normalcy. To support economic recovery and to stimulate domestic consumption in the post-COVID stage, the Chinese government has implemented various supportive measures with a focus on promoting high-quality development and giving priority to ensuring stable growth, employment and commodity prices. According to the National Bureau of Statistics of China, China's year-on-year growth in the gross domestic products ("**GDP**") was approximately 5.2% in 2023, indicating a positive post-COVID recovery of the country's economy. With more supportive measures to be rolled out to boost the national economy, the outlook for the platform economy (one that relies on network infrastructure and leverages digital technologies such as artificial intelligence, big data, and blockchain to match transactions, transmit information, and manage processes) and the private sector economy will remain positive.

Yet, the economic recovery in the post-COVID era is totally different from the cyclical recoveries seen in the past. The entire recovery process could be turbulent and lengthy. It begins with transactional repairs based on the restoration of social foundations, followed by profit restoration and ends with the normalisation and expansion of economic growth. China was at a crucial stage of transitioning from the first stage to the second stage in 2023. Furthermore, as the global economy continues to be affected by the cumulative effects of uncertainties including the complex world politics and international financial markets in turmoil, the foundation for the sustained recovery and development of the Chinese economy is yet to be further consolidated.

## MARKET REVIEW

The year of 2023 saw the positive rebound of the Chinese advertising market despite a relatively slow momentum. Consumer demand, which had been refrained for a certain period of time, has been unleashed following the boosted offline economic activities as a result of the policies and initiatives implemented by the Chinese government which aimed at stimulating domestic consumption. As a result, the overall consumer market has been quickly restored at an early stage in 2023, which has subsequently driven the recovery of the Chinese advertising market. A notable shift in consumption scenarios was seen in 2023 in which demand for entertainment and leisure activities has experienced a resurgence as pandemic restrictions ease and people seek avenues for relaxation and enjoyment. Consumers' purchase preferences have also redirected towards products that offer emotional value and contribute to their self-image. Additionally, technologies like Artificial Intelligence-Generated Content (“AIGC”) have brought significant transformations to various aspects of the industry, including user profiling, precise targeting, content creation, data analysis, and even product design. The industry is therefore poised to experience new growth opportunities. Hence, the Group has been actively expanding new business relationships in 2023 with advertisers who have potential for development in the post-COVID market.

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

The domination of the short-video format in the Chinese digital marketing arena is there to stay and short-videos have become one of the main platforms for advertisers to place advertisement. According to the 2023 Short Video Industry Research Report (2023年短視頻行業研究報告) published by Mob Institute, a global leading digital intelligent technology platform based in Shanghai, as of the end of 2023, the domestic short-video user base reached approximately 1 billion people, accounting for a high proportion of 94.8% of the total internet users. Led by top platforms such as Douyin and Kuaishou, a new round of competition is unfolding in the short-video industry, and it is becoming increasingly intense.

## INDUSTRY REVIEW

In 2023, the advertising industry experienced a positive shift.

As content regulation measures became more standardised in China, the environment for advertisers to operate in also became more stabilised. Such regulatory normalisation brought a sense of predictability and allowed advertisers to plan their campaigns with greater confidence. Moreover, the gradual dissipation of factors such as COVID played a crucial role in shaping the advertising landscape. As COVID restrictions eased and public health situation improved, offline entertainment activities started to recover. The revival in offline entertainment created new opportunities for advertisers to engage with consumers, leading to increased advertising expenditures in various sectors.

Yet, it is important to note that the monthly expenditure in the advertising industry is influenced by various factors. The development of the macroeconomic environment, including factors like GDP growth, employment rates and consumer sentiment, can impact advertisers' decisions on budget allocation. Additionally, advertisers' assessments of future trends and consumer willingness to spend also play a role in shaping the monthly expenditure patterns in the industry.

In recent years, the rise of short-video advertising became a significant trend within the advertising industry. Short-video applications gained immense popularity among users, capturing their attention with engaging and easily consumable video content. This surge in user engagement presented a valuable opportunity for advertisers to reach their target audience in a highly interactive and immersive manner. As a result, advertisers increasingly allocated their advertising budgets towards short-video advertising campaigns. The rise of short-video advertising also led to the emergence of specialised short-video ad formats and strategies. Advertisers started to experiment with different ad placements within short-video content. It is therefore expected that this upward trend in short-video advertising is expected to continue as advertisers further embrace the unique opportunities offered by this dynamic and rapidly evolving advertising format.

Additionally, AIGC technology continues to empower various aspects of the advertising industry in 2023, including content production, creative provision and enhancing advertising efficiency. Advertisers have begun to adopt AIGC technology to participate in content and creative generation, which accelerated the progression of the content industry's upgrade. Sora, a generative AI model released by OpenAI that produces videos based on a simple prompt, has a profound understanding of the real world and possesses strong video production capabilities. This combination of knowledge and technical prowess provides a significant advantage for the future development of the short-video industry, particularly for advertising companies with AI application capabilities and experience that can leverage Sora to create visually appealing and cost-effective videos that engage and captivate audiences. The advancement of generative AI has significantly improved the richness and efficiency of generating advertising marketing materials. Vendors' continuous investment in the field of AI marketing is expected to catalyse the industry's development.

## **BUSINESS REVIEW**

The Group has, since its inception, devoted much effort in providing high impact, holistic marketing services that aim to optimally serve its customers' needs, covering the full-service integrated process from strategic marketing planning, advertisement production and placement, to post-placement performance monitoring.

In 2023, there were indeed favourable factors for the Group and the entire advertising market included the boost in vitality of the advertising consumption market due to various reasons such as economy recovery and increased consumer confidence, as well as technologies like AIGC which played a significant role in improving operational capabilities and stimulating market opportunities for the Group and the overall advertising market.

Yet, 2023 also saw an increased trend of concentration among mainstream media outlets, which means that a few dominant players in the media industry gained more significant market share, potentially leading to reduced diversity. This concentration could pose challenges for advertisers as they may have limited options for placing their advertisements and reaching their target audiences effectively. Also, despite a slight recovery in advertisers' willingness to invest in advertising in the post-COVID stage, a sense of caution remained in the market. Advertisers are becoming more selective with advertising campaigns, carefully evaluating the expected return on investment and closely monitoring the effectiveness of the advertisements. Such cautious approach could lead to a more strategic and targeted allocation of advertising budgets.

In response to the intense market competition and overall industry growth pressure, the Group has been proactively taking measures to stimulate internal growth momentum and ensure steady development. This includes adjusting market strategies, expanding its customer segments in line with market recovery, strengthening cooperation with both new and existing customers. As a result, the Group has achieved notable business growth with a revenue for the Reporting Period of approximately RMB892.4 million as compared to approximately RMB443.5 million in 2022, representing an increase of approximately RMB448.9 million or 101.2%.

Furthermore, to cope with the reduction in advertising budgets by advertisers, the Group has been actively expanding its business relationships with industries that showed strong post-COVID development, which included the financial industry, the e-commerce industry and leading domestic social media platforms. Also, in order to serve its customers' needs, the Group has been delving deep into customers' underlying needs, adjusting its service models, and providing more comprehensive and refined intelligent marketing services to its customers. Additionally, in response to the national call for strengthening the governance of the online information content ecosystem and promoting healthy development of the industry, the Group has enhanced control and management measures over customers' advertising content across the entire process, including content planning, creation, revision, review and dissemination. Furthermore, the Group has increased the proportion of end-to-end solutions provided to its customers, maximising the advantages of its marketing algorithms and content management

capabilities. The Group has therefore achieved an increase in its number of new customers, from 319 in 2022 to 357 in 2023, which bore testimony to the Group's success in reeling in a growing and diverse clientele. During the Reporting Period, the Group recorded gross profit of approximately RMB80.5 million as compared to approximately RMB33.4 million in 2022, representing an increase of approximately RMB47.1 million or 141.0%.

A profit attributable to the owners of the Group of approximately RMB14.8 million is recorded for the Reporting Period as compared to a loss attributable to the owners of the Group of approximately RMB22.4 million in 2022 representing an increase of approximately RMB37.2 million or 166.0%. Such increase was mainly due to the increase in revenue and gross profit.

The Group is expected to record adjusted net profit for the Reporting Period of approximately RMB21.9 million. By eliminating the effects of items that the Group's management considers non-indicative of its operating performance, namely income tax expense and share-based compensation, adjusted net profit (albeit a non-HKFRS measure) provides more useful information to investors in facilitating a comparison of the Group's operations from period to period.

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

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

## **Competitive strengths and strategies**

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

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

One of the Group's major breakthroughs that sets it apart from its peers is its proprietary full service intelligent marketing management platform (鄰度全鏈路智能營銷管理平台), LinkDoAI, which is developed through the revamping, enhancement and extension of the Group's existing systems and technological infrastructures. To ensure the seamless integration and synergy across its wide range of technical, cloud-based and back-end support systems, the Group classified its existing systems and tools under three main heads, namely the "AI algorithm platform" (AI算法平台), the "cloud repository AI management system" (雲素材庫AI管理系統) and the "intelligent project management system" (智能項目管理系統), which together constitute the LinkDoAI.

The LinkDoAI provides a practical framework upon which the Group can expand its service offerings and create products capable of generating additional values for its customers and thereby maintaining customer loyalty. The integrative model would also promote continuous improvement in the Group's operating processes and efficacy.

To adapt to the challenging times, the Group has been constantly optimising its cost structure, yet it will not give up on its innovative pursuits that it has continued to strive for, and will roll out further upgrades and new functions at appropriate timing. During the Reporting Period, the Group has embedded AIGC services into its LinkDoAI system and progressively implemented them in its business operations to enhance operational efficiency. By utilising AIGC services, manual operations and repetitive tasks can be reduced, resulting in time and resource savings. Moreover, AIGC's algorithms and data analysis capabilities offer more precise and timely information, enabling the optimisation of business processes and decision-making. The LinkDoAI system has been upgraded and renamed by the Group as "LinkBriAI". The Group is set to hone its precision marketing capabilities through further upgrades and improvements to the LinkBriAI system so as to optimise the profitability of its operations. During the Reporting Period, the Group's impression of advertisements (i.e. the total number of views generated from its advertisements) has reached 131.08 billion (2022: 71.04 billion) and it has achieved a monthly video production capacity of approximately 18,750 clips (2022: approximately 13,500 clips). By the end of the Reporting Period, the Group has also achieved around 587,000 stock videos (31 December 2022: around 362,000 stock videos).

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

Back in 2020, the Group constructed its own cloud-based repository system for all stock videos and images created since its incorporation to cope with the surging demand for quality short-video content. Through the process of modularisation (模塊化) (i.e., the breaking down of video footage into small segments and distinct parts which are then labelled according to their subject matters, creative value, previous usages and conversion rates), the stock videos can be readily assessed and utilised for different advertising projects, thus bringing the Group's short-video output operations closer to full automation. Equipped with programmatic data analytics capabilities, the system plays a vital role in the Group's short-video advertising operations by providing valuable insights for the creative process of short-video editing. The system has been fully optimised and utilised, bringing agility to the process of creating short-video through effective and efficient management, analysis and repurposing of creative content. Alongside other functional upgrades, enhancements to the cloud repository AI management system primarily focuses on improving the efficiency of self-learning and modular management algorithms. To enable more efficient resource deployment, regular internal reviews and revisions are introduced, fostering deep collaboration between the R&D teams and the short-video production crew.

In an increasingly competitive landscape with a multitude of market players boasting various strengths, the Group is dedicated to enhancing its content creation capabilities and prioritising the understanding of consumer preference, particularly among Z-generation users. This strategic focus aims to capture the attention and loyalty of a broader and more diverse audience. Additionally, as the evaluation and analysis of consumer preferences heavily rely on algorithms and data, the Group collaborates with media platforms to source the necessary insights and information. As such, the Group has been continuously strengthening its partnership with Ocean Engine (巨量引擎) and Ocean Yuntu (巨量雲圖) to enhance the analysis and utilisation of data from these platforms, thereby enabling the Group to understand consumer preference better. In July 2023, the Group obtained the service provider qualification certification from Ocean Yuntu, further integrating into the digital service provider ecosystem of Ocean Yuntu. This milestone signifies that the Group has enhanced its coverage and service capabilities in core media channels, reaching new heights.

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

As marketing budgets reduce and competition steepens among marketing solutions providers, the Group has taken the initiative to reel in customers via online and offline channels and from a wider array of industry verticals such as those specialising in insurance, local life and entertainment. During the Reporting Period, the Group experienced a substantial growth in its customer base across various sectors. Specifically, the Group witnessed a notable increase in its partnership with the insurance and financial sectors. This increase can be attributed to the recovery of the global economy following the challenging times of COVID, which created opportunities for companies in these sectors to invest in marketing and advertising so as to capture a larger market share. Additionally, the Group recorded significant growth in

collaboration in 2023 with products launched by ByteDance, which includes platforms such as Toutiao and Douyin that attract a large and diverse user base, including the highly sought-after Z-generation users. These platforms sought effective advertising solutions so as to reach and engage with this massive user base. Also, the audio-visual entertainment sector witnessed a continued shift towards digital content consumption in 2023. With the rise of online streaming platforms and the increasing popularity of digital content, companies operating in this sector needed to adapt their marketing strategies in order to effectively promote their content and capture the attention of viewers. The Group has also kept pace with industry developments and has focused on expanding its portfolio of AIGC service offerings. In 2023, the Group successfully acquired several new AIGC product customers. By provided customised marketing solutions and services that meet the specific needs to these industries, the Group was able to diversify its clientele and expand its business opportunities into new markets.

This also demonstrated the Group’s adaptability and proactive stance in responding to the evolving market conditions and effectively meeting the needs of its target customers. As customers’ needs and satisfaction lie at the heart of the Group’s culture, innovative strategy and endeavors, the number of the Group’s repeat customers has achieved an increase to 277 for the Reporting Period as compared to 221 in 2022. The Group has also achieved an increase in its number of new customers to 357 for the Reporting Period as compared to 319 in 2022.

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

The Group has managed to extend its business relationship with certain renowned domestic media platforms. For example, during the Reporting Period, it has been appointed as the exclusive advertising agent of Tencent Android App in the general tools and reading industry, as well as the 2024 exclusive service provider in the audio-visual entertainment industry of Shenzhen Honor Software Technology Limited Company (深圳榮耀軟件技術有限公司). In addition, the Group’s collaboration with Huawei Ad has expanded into non-internet customer domains.

Furthermore, the Group has achieved significant results in advertising placement on the media platforms. During the Reporting Period, the Group recorded a total consumption of approximately 1.8 billion virtual tokens through media platforms as compared to approximately 813.5 million virtual tokens in 2022, representing an increase of approximately 986.5 million virtual tokens or 121.3%.

In 2023, the Group has won the “Joint Engine – Annual Effective Growth Case Study” (共擎 • 年度實效增長案例) and the “Annual Service Breakthrough Award” (年度服務突破獎) by Ocean Engine in recognition of its Z-Generation oriented marketing campaign designed for a top trendsetting e-commerce platform, as well as its service capabilities. In addition, the Group has also won the “Qingyun Cup – Optimising Service Capability – AD Award” (青雲杯：優化服務力 – AD獎項) by Ocean Engine in recognition of the Group’s leading capabilities in service quality and acquiring new customers. The Group has also won three awards at the 9th TMA (Top Mobile Awards) Mobile Marketing Awards Ceremony, which included one industry award in the category of “Online Platforms and Services” (網絡平台及

服務類) and two awards in the case study category of “Effectiveness – Effective Advertising” (效果類 – 效果廣告), in recognition of the Group’s leading capabilities and outstanding achievements in the field of mobile marketing. The Group was also the honoured recipient of the “Best TMT Company Award” (最佳TMT公司獎) for the second consecutive year at the 8th Zhitong Finance Capital Markets Annual Meeting (第八屆智通財經資本市場年會), demonstrating recognition from the industry and investors.

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

The Group leverages its technological expertise and analytical capabilities in consumer preference and perception matching to execute its content strategies effectively. By doing so, it aims to attract and engage target audience who are highly suitable for its customers’ businesses. In light of the challenges faced by brands and businesses due to the impact of COVID-19 in 2022, the Group continued to prioritise the development of innovative strategies in 2023 to assist its customers in attracting target audience and boosting sales of their products or services. As economies slowly rebounded in 2023, the Group recognised the importance of adapting marketing approaches to the changing market dynamics. To align with market preferences for media traffic, the Group has intensified its collaboration with mainstream media platforms so as to expand its traffic coverage and broaden its reach to a wider audience. Throughout this expansion process, the Group remains vigilant in monitoring market dynamics and user demands. By understanding consumer preferences, the Group can accurately select media and traffic partners for collaboration. This enables the Group to deliver content and services that cater to the needs of customers with varying budget standards during the present business cycle.

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

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

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

## FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the year ended 31 December 2023 and the year ended 31 December 2022.

	Year ended 31 December	
	2023	2022
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	<b>892,433</b>	443,494
Cost of services	<b>(811,888)</b>	(410,069)
<b>Gross profit</b>	<b>80,545</b>	33,425
Selling and distribution expenses	<b>(6,064)</b>	(4,659)
General and administrative expenses	<b>(53,544)</b>	(48,101)
Net impairment losses on financial assets	<b>(1,388)</b>	(220)
Other gains, net	<b>4,486</b>	6,390
<b>Operating profit/(loss)</b>	<b>24,035</b>	(13,165)
Finance income	<b>183</b>	618
Finance costs	<b>(2,666)</b>	(3,125)
Finance costs – net	<b>(2,483)</b>	(2,507)
<b>Profit/(loss) before income tax</b>	<b>21,552</b>	(15,672)
Income tax expense	<b>(6,740)</b>	(6,760)
<b>Profit/(loss) for the year</b>	<b>14,812</b>	(22,432)

### Revenue

During the year ended 31 December 2023, the Group recorded revenue of approximately RMB892,433,000 as compared to approximately RMB443,494,000 recorded for the year ended 31 December 2022, representing an approximate increase of RMB448,939,000 or 101.2%. Such increase was primarily attributable to (i) the rising trend of advertising demand as consumer sentiment revived and economic upturn in 2023; and (ii) the Group’s proactive effort in exploring a diverse clientele, resulting in an expansion of the Group’s customer base.

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services – gross method	<b>868,141</b>	416,958
– Influential placement services – net method	<b>24,292</b>	26,442
SaaS subscription solutions services	–	94
	<hr/>	<hr/>
Total	<b>892,433</b>	443,494
	<hr/> <hr/>	<hr/> <hr/>

### **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 year ended 31 December 2023, the Group recorded cost of services of approximately RMB811,888,000 as compared to approximately RMB410,069,000 recorded for the year ended 31 December 2022, representing an increase of approximately RMB401,819,000 or 98.0%. Such increase was primarily attributable to the increase in costs corresponding to such increase in revenue.

### **Gross Profit**

During the year ended 31 December 2023, the Group recorded gross profit of approximately RMB80,545,000 as compared to approximately RMB33,425,000 recorded for the year ended 31 December 2022, representing an increase of approximately RMB47,120,000 or 141.0%. The increase in gross profit was primarily attributable to (i) the growth of the Group's business; (ii) optimisation of business structure; and (iii) the Group's efforts in propelling quality improvement and efficiency enhancement.

### **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 year ended 31 December 2023, the Group recorded selling and distribution expenses of approximately RMB6,064,000 as compared to approximately RMB4,659,000 recorded for the year ended 31 December 2022, representing an increase of approximately RMB1,405,000 or 30.2%. Such increase was primarily attributable to the increase in sales volume, resulting in an increase in employees compensation and travel and entertainment expenses.

### ***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 year ended 31 December 2023, the Group recorded general and administrative expenses of approximately RMB53,544,000 as compared to approximately RMB48,101,000 recorded for the year ended 31 December 2022, representing an increase of approximately RMB5,443,000 or 11.3%. Such increase was primarily attributable to (i) the Group's commitment in elevating its research and development capabilities (in particular investment in embedding AIGC services in the Group's systems; and (ii) the expansion of business scale (in particular short video advertising), resulting in an increase in employee benefit expenses, server charges and IT fees.

### ***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 year ended 31 December 2023, the Group recorded net impairment losses of approximately RMB1,388,000 (for the year ended 31 December 2022: approximately RMB220,000). Such increase was primarily attributable to the increase in expected credit loss on trade receivables.

### ***Other gains – net***

The Group's other gains – net comprise primarily of government grant and value-added tax refunds. During the year ended 31 December 2023, the Group recorded other gains – net of approximately RMB4,486,000 as compared to approximately RMB6,390,000 recorded for the year ended 31 December 2022, representing a decrease of approximately RMB1,904,000 or 29.8%. Such decrease was primarily attributable to a decrease in government grant, net gain in disposal of financial assets at fair value and additional deduction of value-added tax.

### ***Finance costs – net***

During the year ended 31 December 2023, the Group recorded net finance costs of approximately RMB2,483,000 as compared to approximately RMB2,507,000 recorded for the year ended 31 December 2022, representing a decrease of approximately RMB24,000 or 1.0%. Such decrease was primarily attributable to the decrease in interest expenses on bank borrowings.

### ***Income tax expenses***

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 year ended 31 December 2023. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the year ended 31 December 2023, the Group recorded income tax expense of approximately RMB6,740,000 as compared to approximately RMB6,760,000 recorded for the year ended 31 December 2022, representing a decrease of approximately RMB20,000 or 0.3%. The decrease is mainly attributable to the utilisation of tax losses against profits by the Group's subsidiaries, as well as a reduction of expenses not deductible for tax.

### ***Profit/(loss) for the year***

During the year ended 31 December 2023, the Group recorded profit of approximately RMB14,812,000 as compared to loss of approximately RMB22,432,000 recorded for the year ended 31 December 2022, representing an increase of approximately RMB37,244,000 or 166.0%. Such increase was primarily attributable to the Group's simultaneous efforts in expanding its business, propelling quality improvement and efficiency enhancement.

### **Non-HKFRS Measure: Adjusted net profit/(loss)**

To supplement its historical financial information which is presented in accordance with HKFRS, the Group also uses adjusted net profit/(loss) as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group believes that this non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net profit/(loss) may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS.

The Group defines adjusted net profit/(loss) as net profit/(loss) for the year adjusted by adding back share-based compensation and income tax expense incurred during the Reporting Period. The Group eliminates the potential impacts of these items that the management does not consider to be indicative of the Group's operating performance.

The table below reconciles the Group's adjusted net profit/(loss) for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is the net profit/(loss) for the year:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Reconciliation for net profit/(loss) to adjusted net profit/(loss)		
Net profit/(loss) for the year	<u><b>14,812</b></u>	<u>(22,432)</u>
Add:		
Share-based compensation		
– Non-recurring	–	2,641
– Recurring	<b>397</b>	1,077
Income tax expense	<u><b>6,740</b></u>	<u>6,760</u>
Adjusted net profit/(loss)	<u><u><b>21,949</b></u></u>	<u><u>(11,954)</u></u>

### **Liquidity and capital structure**

As at 31 December 2023, the Group recorded total assets of approximately RMB478,682,000 (31 December 2022: approximately RMB358,207,000), total liabilities of approximately RMB331,372,000 (31 December 2022: approximately RMB226,678,000) and total equity of approximately RMB147,310,000 (31 December 2022: approximately RMB131,529,000). As at 31 December 2023, the Group's gearing ratio was approximately 88.4% (31 December 2022: approximately 42.6%).

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

### **Borrowings**

As at 31 December 2023, total borrowings amounted to approximately RMB82,100,000 (31 December 2022: approximately RMB39,770,000). As at 31 December 2023, the Group's bank borrowings bear interest rate from 3.85% to 5.20% (31 December 2022: 4.3% to 5.45%), other borrowings bear interest rate at 7.2% per annum (31 December 2022: nil).

### **Loans from related parties**

As at 31 December 2023, total loans from related parties amounted to approximately RMB90,215,000 (31 December 2022: approximately RMB88,926,000) are unsecured, interest-free and repayable on demand of lenders under the loan contracts.

## **Capital expenditures**

The Group's capital expenditures during the year ended 31 December 2023 mainly consisted of expenditures on property, plant and equipment. For the year ended 31 December 2023, the Group has recorded approximately RMB238,000 capital expenditures, as compared to approximately RMB139,000 recorded for the year ended 31 December 2022.

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

No significant investments were held, nor were there any material acquisitions or disposals by the Group or any of its subsidiaries, associates or joint ventures during the year ended 31 December 2023.

## **Pledge of assets**

As of 31 December 2023, a trade receivable amounting to RMB3,351,000 was pledged to secure a borrowing of RMB3,000,000 (31 December 2022: Nil).

## **Contingent liabilities**

As of 31 December 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

## **Employees**

As of 31 December 2023, the Group had 222 full-time employees (2022: 215), the majority of whom were based in Shenzhen, China. For the year ended 31 December 2023, total remuneration cost incurred by the Group amounted to approximately RMB49.2 million (2022: RMB48.5 million). 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.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	892,433	443,494
Cost of services	4	<u>(811,888)</u>	<u>(410,069)</u>
<b>Gross profit</b>		<b>80,545</b>	33,425
Selling and distribution expenses	4	(6,064)	(4,659)
General and administrative expenses	4	(53,544)	(48,101)
Net impairment losses on financial assets	10	(1,388)	(220)
Other gains, net	5	<u>4,486</u>	<u>6,390</u>
<b>Operating profit/(loss)</b>		<u><b>24,035</b></u>	<u>(13,165)</u>
Finance income	6	183	618
Finance costs	6	<u>(2,666)</u>	<u>(3,125)</u>
Finance costs – net		<u>(2,483)</u>	<u>(2,507)</u>
<b>Profit/(Loss) before income tax</b>		<b>21,552</b>	(15,672)
Income tax expense	7	<u>(6,740)</u>	<u>(6,760)</u>
<b>Profit/(Loss) for the year</b>		<u><b>14,812</b></u>	<u>(22,432)</u>
<b>Profit/(Loss) is attributable to:</b>			
Owners of the Company		<u><b>14,812</b></u>	<u>(22,432)</u>

		<b>Year ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
<i>Note</i>		<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income/(loss), net of tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
	Currency translation differences	(374)	(5,392)
<i>Items that may not be reclassified to profit or loss</i>			
	Currency translation differences	(662)	2,269
	Changes in the fair value of financial assets at fair value through other comprehensive income	<u>1,608</u>	<u>(368)</u>
	<b>Total comprehensive income/(loss) for the year</b>	<u><u>15,384</u></u>	<u><u>(25,923)</u></u>
<b>Total comprehensive income/(loss) is attributable to:</b>			
	Owners of the Company	<u><u>15,384</u></u>	<u><u>(25,923)</u></u>
Earnings/(Losses) per share attributable to owners of the Company			
	– Basic (expressed in RMB cents per share)	8 <b>3.08</b>	(4.69)
	– Diluted (expressed in RMB cents per share)	8 <b>3.07</b>	(4.69)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,659	3,220
Intangible assets		991	1,651
Deposits and prepayments	10(b)	10	10
Deferred income tax assets		751	551
Financial assets at fair value through other comprehensive income		<u>3,000</u>	<u>1,392</u>
<b>Total non-current assets</b>		<u><b>9,411</b></u>	<u>6,824</u>
<b>Current assets</b>			
Trade receivables	10(a)	282,145	181,197
Deposits, prepayments and other receivables	10(b)	137,262	90,205
Restricted cash		4,673	5,951
Cash and cash equivalents		<u>45,191</u>	<u>74,030</u>
<b>Total current assets</b>		<u><b>469,271</b></u>	<u>351,383</u>
<b>Total assets</b>		<u><b>478,682</b></u>	<u><b>358,207</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	31,450	37,310
Lease liabilities		912	106
Deferred income tax liabilities		<u>18,817</u>	<u>18,455</u>
<b>Total non-current liabilities</b>		<u><b>51,179</b></u>	<u>55,871</u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>			
Trade payables	12	77,872	12,076
Other payables and accruals	13	25,288	29,978
Dividend payable		–	1,523
Loans from related parties	14	90,215	88,926
Borrowings	11	50,650	2,460
Contract liabilities		12,854	17,800
Lease liabilities		2,227	1,251
Current income tax liabilities		21,087	16,793
		<u>280,193</u>	<u>170,807</u>
<b>Total current liabilities</b>		<b>280,193</b>	<b>170,807</b>
		<u>331,372</u>	<u>226,678</u>
<b>Total liabilities</b>		<b>331,372</b>	<b>226,678</b>
<b>EQUITY</b>			
Share capital		42,607	42,607
Reserves		115,279	112,771
Accumulated losses		(10,576)	(23,849)
		<u>147,310</u>	<u>131,529</u>
<b>Total equity</b>		<b>147,310</b>	<b>131,529</b>
		<u>478,682</u>	<u>358,207</u>
<b>Total equity and liabilities</b>		<b>478,682</b>	<b>358,207</b>

## NOTES

### 1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of intelligent marketing solutions services, comprised of two key components, namely, “influential placement services” and “integrated intelligent marketing solutions services” 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 consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, and have been approved for issue by the Board of Directors of the Company on 28 March 2024.

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention as modified by certain financial assets measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise HKFRS; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3 REVENUE

Revenue comprises of proceeds from providing intelligent marketing solutions services and SaaS subscription solutions services. The analysis of the Group's revenue by category for the years ended 31 December 2023 and 2022 was as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services	868,141	416,958
– Influential placement services	24,292	26,442
SaaS subscription solutions services	–	94
	<hr/>	<hr/>
Total	<b>892,433</b>	443,494
	<hr/> <hr/>	<hr/> <hr/>

The timings of revenue recognition by category is as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
At a point in time	892,433	443,400
Over time	–	94
	<hr/>	<hr/>
Total	<b>892,433</b>	443,494
	<hr/> <hr/>	<hr/> <hr/>

The Group has concentration of risk from a major customer as a customer contributed to approximately 19% and 18% of the Group's total revenue for the years ended 31 December 2023 and 2022, respectively.

As at 31 December 2023 and 2022, the trade receivables from the aforesaid major customer amounted to approximately RMB45,731,000 and RMB53,515,000, representing approximately 16% and 30% respectively of the Group's total trade receivables.

#### 4 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Advertising traffic costs	799,336	382,286
Employee benefit expenses	49,164	48,508
Consultancy fees	4,256	13,895
Server charges and IT fees	7,548	5,242
Depreciation and amortisation	3,686	4,890
Office expenses	1,533	2,098
Auditor's remuneration-audit service	1,400	1,803
Travelling expenses	1,501	1,068
Short-term lease expenses	31	750
Others	3,041	2,289
	<hr/>	<hr/>
Total cost of services, selling and distribution expenses, and general and administrative expenses	<b>871,496</b>	462,829
	<hr/> <hr/>	<hr/> <hr/>

#### 5 OTHER GAINS, NET

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Additional deduction of value-added tax	3,771	4,032
Government grants ( <i>note</i> )	715	1,469
Gains on disposal of financial assets at fair value through profit or loss	–	722
Gains on disposal of property, plant and equipment	–	167
	<hr/>	<hr/>
	<b>4,486</b>	6,390
	<hr/> <hr/>	<hr/> <hr/>

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

## 6 FINANCE COSTS – NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<i>Finance income</i>		
Interest income from bank deposits	<u>183</u>	<u>618</u>
<i>Finance costs</i>		
Interest expenses on borrowings	(2,482)	(2,917)
Interest expenses on lease liabilities	<u>(184)</u>	<u>(208)</u>
	<u>(2,666)</u>	<u>(3,125)</u>
<b>Finance costs – net</b>	<b><u>(2,483)</u></b>	<b><u>(2,507)</u></b>

## 7 INCOME TAX EXPENSE

### (a) Cayman Island and BVI Income Tax

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

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

### (b) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any estimated assessable profit subject to Hong Kong profits tax during the years ended 31 December 2023 and 2022.

### (c) PRC Enterprise Income Tax (“EIT”)

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 enterprise income tax rate in the PRC is 25%.

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

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

(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% or 5% withholding tax.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax	6,578	9,679
Deferred income tax	162	(2,919)
<b>Income tax expense</b>	<b>6,740</b>	<b>6,760</b>

8 **EARNINGS/LOSSES PER SHARE (EXPRESSED IN RMB CENTS PER SHARE) – BASIC AND DILUTED**

(a) **Basic earnings/losses per share**

	Year ended 31 December	
	2023	2022
Profit/(Loss) attributable to owners of the Company (RMB'000)	14,812	(22,432)
Weighted average number of ordinary shares in issue (thousands)	480,781	478,273
Basic earnings/(losses) per share (in RMB cents)	3.08	(4.69)

(b) **Diluted earnings/losses per share**

	Year ended 31 December	
	2023	2022
Profit/(Loss) attributable to owners of the Company (RMB'000)	14,812	(22,432)
Weighted average number of ordinary shares in issue (thousands)	480,781	478,273
Adjustments of employee incentive plan (thousand)	1,215	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(losses) per share (thousands)	481,996	478,273
Diluted earnings/(losses) per share (in RMB cents)	3.07	(4.69)

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2022.

## 9 DIVIDENDS

A final dividend in respect of the year ended 31 December 2021 of HKD0.20 (equivalent to RMB0.16) per ordinary share, totally to HKD100,000,000, was approved by the shareholders at the annual general meeting of the Company held on 20 May 2022, which have been reflected on an appropriation of retained earnings for the year ended 31 December 2022 and were paid during the years ended 31 December 2023 and 2022.

An interim dividend of HKD0.141 (equivalent to RMB0.123) per ordinary share, totally to HKD70,500,000, was declared by the board of directors on 30 August 2022, which were paid during the years ended 31 December 2023 and 2022.

The board does not recommend a final dividend at the year ended 31 December 2023 (2022: Nil).

## 10 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### (a) Trade receivables

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables-third parties	285,290	183,030
Loss allowance	(3,145)	(1,833)
	<u>282,145</u>	<u>181,197</u>

As at 31 December 2023 and 2022, the trade receivables were denominated in RMB.

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>At the beginning of the year</b>	1,833	2,830
Impairment provision	1,312	–
Reversal of Impairment provision	–	(997)
<b>At the end of the year</b>	<u>3,145</u>	<u>1,833</u>

The Group normally allows a credit period of 30 to 150 days to its customers. Aging analysis of the gross trade receivables as at 31 December 2023 and 2022, based on date of recognition, is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
<b>Aging</b>		
Up to 3 months	235,732	136,724
3 to 6 months	41,245	38,782
6 months to 1 year	7,026	3,085
1 to 2 years	757	3,402
Over 2 years	530	1,037
	<b>285,290</b>	183,030
	<b>285,290</b>	183,030

As at 31 December 2023, a trade receivable amounting to RMB3,351,000 (2022: nil) was pledged to a financial institution to secure a borrowing of RMB3,000,000 as set out in note 11.

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.

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Prepayments to media publishers and advertising agents	82,860	62,001
Loans to employees ( <i>Note (i)</i> )	11,000	11,000
Rental and other deposits	37,935	10,303
Loan to a related party	2,141	2,107
Value-added tax recoverable	1,565	2,066
Others	2,761	4,135
Less: Loss allowance	(990)	(1,397)
	<b>137,272</b>	90,215
Less: Non-current deposits and prepayments	<b>(10)</b>	(10)
	<b>137,262</b>	90,205

*Note:*

- (i) 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.

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

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	1,397	180
Impairment provision	76	1,217
Amount written off	(483)	–
	<u>          </u>	<u>          </u>
At the end of the year	<u><u>990</u></u>	<u><u>1,397</u></u>

(c) **Net impairment losses on financial assets**

Net impairment losses on financial assets recognised in the consolidated statement of comprehensive income during the year ended 31 December 2023 comprised the following:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	1,312	(997)
Other receivables	76	1,217
	<u>          </u>	<u>          </u>
	<u><u>1,388</u></u>	<u><u>220</u></u>

**11 BORROWINGS**

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current</b>		
Secured bank borrowings	<u>31,450</u>	<u>37,310</u>
<b>Current</b>		
– Secured bank borrowings	39,350	2,460
– Guaranteed bank borrowings	8,300	–
– Other borrowings	<u>3,000</u>	<u>–</u>
	<u>50,650</u>	<u>2,460</u>
	<u><u>82,100</u></u>	<u><u>39,770</u></u>

As at 31 December 2023, the Group's bank borrowings bear interest rates from 3.85% to 5.20% per annum (31 December 2022: 4.3% to 5.45%), other borrowings bear interest rate at 7.2% per annum (31 December 2022: nil).

The maturity of borrowings is as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Within 1 year	50,650	2,460
Between 1 and 2 years	2,040	37,310
After 2 years	29,410	–
	<u>82,100</u>	<u>39,770</u>

The pledge and guarantee related to borrowings is as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Secured by the pledge of Mr. Dong's residence and Ms. Gao's residence	37,310	39,770
Secured by the pledge of residence of Mr. Dong and Mr. Shen Ming (“Mr. Shen”) and guaranteed by Mr. Dong, Ms. Gao and Mr. Shen	33,490	–
Secured by a trade receivable from a third party	3,000	–
Guaranteed by Mr. Dong	2,700	–
Guaranteed by Mr. Yang and Mr. Dong and two subsidiaries of the Company	5,600	–
	<u>82,100</u>	<u>39,770</u>

## 12 TRADE PAYABLES

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
<b>Aging</b>		
Up to 3 months	57,257	4,228
3 to 6 months	9,948	2,416
Over 6 months	10,667	5,432
	<u>77,872</u>	<u>12,076</u>

### 13 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Accrued staff costs	12,407	11,850
Value-added tax and surcharge	8,212	9,626
Research and development payables	2,271	5,539
Deposits	888	1,118
Accrued auditors' remuneration	910	991
Others	600	854
	<u>25,288</u>	<u>29,978</u>

### 14 LOANS FROM RELATED PARTIES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Mr. Dong ( <i>Note a</i> )	57,082	56,266
Mr. Yang ( <i>Note b</i> )	33,133	32,660
	<u>90,215</u>	<u>88,926</u>

*Notes:*

- (a) As at 31 December 2023, the loans were mainly financed by Vast Ocean Limited and Brilliant League Limited, which are wholly-owned by Mr. Dong. The loans from Mr. Dong included an aggregate amount of RMB33,158,000 which was transferred from dividend payable to Mr. Dong, and were unsecured, interest free and repayable on demand.
- (b) As at 31 December 2023, the loans were mainly financed by Highland Triumph Limited, which is wholly owned by Mr. Yang, and were unsecured, interest free and repayable on demand.

## **OTHER INFORMATION**

### **MAJOR CUSTOMERS AND SUPPLIERS**

Revenue attributable to the Group's five largest customers and the largest customer accounted for approximately 55.8% and 18.7%, respectively, of the Group's total revenue for the year ended 31 December 2023. Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for approximately 63.3% and 27.4%, respectively, of the costs of services for the year ended 31 December 2023.

None of the Directors, nor any of their close associates (as defined in the Listing Rules), nor any shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital), had material interest in the Group's five largest customers or suppliers during the year ended 31 December 2023.

### **FOREIGN EXCHANGE EXPOSURE**

The Group mainly carry out our operations in the PRC with most transactions settled in Renminbi. During the Reporting Period, the Directors consider that the Group is not subject to foreign exchange risk. Currently, the Group does not have foreign currency hedging policy but the Group's management continuously monitors foreign exchange exposure.

### **USE OF NET PROCEEDS FROM THE SHARE OFFER**

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

The net proceeds from the Share Offer have been fully utilised in accordance with the purposes as set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage as at 31 December 2023:

<b>Use of proceeds</b>		<b>Planned allocation of Net Proceeds (HKD million)</b>	<b>Planned allocation of Net Proceeds<sup>(1)</sup> (RMB million)</b>	<b>Utilised amount (as at 31 December 2023 (RMB million)</b>
Expansion of the Group's intermediary services	64.9%	55.8	50.6	50.6
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	16.6	16.6
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	8.2	8.2
The Group's general working capital	3.3%	2.9	2.6	2.6
<b>Total</b>	<b>100.0%</b>	<b>86.0</b>	<b>78.0</b>	<b>78.0</b>

*Note:*

- (1) Net proceeds from the Share Offer were received in Hong Kong dollars and translated to Renminbi for application planning. The plan was adjusted slightly in light of the fluctuation of exchange rates since the Share Offer.

## **DIVIDEND**

The Board did not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil).

## **CLOSURE OF THE REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the annual general meeting (“AGM”), the register of members of the Company will be closed from Thursday, 16 May 2024 to Wednesday, 22 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, 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 Tuesday, 14 May 2024.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the CG Code as its own code of corporate governance. Continuous efforts are made to review and enhance the Group’s internal controls and procedures in light of changes in regulations and developments in best practices. Save for the deviation disclosed below, in the opinion of Directors, the Company has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2023 except code provision C.2.1 of the CG Code.

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

Mr. Dong was appointed as chief executive officer and has also assumed his responsibilities as chairman of the Board (“**Chairman**”), as well as being the chairman of the Nomination Committee. Throughout the business history of the Company, Mr. Dong has been the key leadership figure of the Group, and being primarily involved in the strategic development, overall operational management and major decision making of the Group. Taking into account the need for continued implementation of the Company’s business plans, the Directors consider that at the current stage of development of the Group, vesting the roles of both Chairman and the chief executive officer in Mr. Dong is beneficial to, and in the interests of the Company and its shareholders as a whole. As at the date of this announcement, the Board comprises four executive Directors and three independent non-executive Directors, and therefore power and authority are sufficiently maintained in its composition. 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 year ended 31 December 2023 and the Board was of the view that the Model Code has been fully complied with during the year ended 31 December 2023.

## **CHANGE OF AUDITOR**

PricewaterhouseCoopers (“**PwC**”) resigned as the auditor of the Company with effect from 24 July 2023. Zhonghui Anda CPA Limited (“**Zhonghui Anda**”) was appointed as the new auditor of the Company with effect from 25 July 2023 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next AGM of the Company. For more details regarding the change of auditor of the Company, please refer to the announcement dated 28 July 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee currently consists of three independent non-executive Directors, namely Mr. LIU Kin Wai, Mr. WEI Hai Yan and Mr. LIN Sen. Mr. LIU Kin Wai is the chairman of the Audit Committee.

The Audit Committee has considered and reviewed the Group’s annual results for the year ended 31 December 2023, the accounting principles and practices adopted by the Company and the Group, and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 December 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **SCOPE OF WORK OF ZHONGHUI ANDA**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Zhonghui Anda, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Zhonghui Anda in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Zhonghui Anda on the preliminary announcement.

## EVENTS AFTER THE REPORTING PERIOD

### Subscription of New Shares under General Mandate

Reference is made to the announcements of the Company dated 27 December 2023 and 22 January 2024 in relation to the subscription of new shares of the Company under general mandate. On 27 December 2023 (after trading hours), the Company entered into two subscription agreements with Little wisdom Limited and BridgeDo Holding Limited (collectively, the “**Subscribers**”) respectively, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 100,000,000 new shares of the Company (the “**Subscription Shares**”) under general mandate at the subscription price of HK\$0.145 per Subscription Share (the “**Subscriptions**”). The aggregate nominal value of the Subscription Shares is HK\$10,000,000. The subscription price of HK\$0.145 per Subscription Share represented: (i) a discount of approximately 12.12% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 27 December 2023, being the date of the Subscription Agreements; and (ii) discount of approximately 16.18% to the average closing prices of approximately HK\$0.173 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements. The Directors were of the view that the Subscriptions are in the interests of both the Company and its shareholders as a whole and the Subscriptions represent an opportunity to raise capital for the Company and improve the financial position of the Group for its future development and prospects.

The Subscriptions have been completed on 22 January 2024 and upon completion, Little wisdom Limited has become a substantial Shareholder of the Company as defined in the Listing Rules, being interested in 71,020,000 Shares, which represents approximately 11.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The gross proceeds from the Subscriptions amount to approximately HK\$14.5 million and the net proceeds, after deduction of professional fees and all relevant expenses, amount to approximately HK\$13.5 million. The net proceeds were intended to be applied for (i) potential future acquisitions or projects; and (ii) replenishment of the general working capital of the Group. As at the date of this announcement, HK\$8.5 million has been applied for the general working capital of the Group.

Save as disclosed above, the Board is not aware of any significant event occurred that materially affect the Group’s financial condition or operation following the Reporting Period and up to the date of this announcement.

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

This annual results announcement was published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.btomorrow.cn>). The annual report of the Group for the year ended 31 December 2023, which contains all the information required under the Listing Rules, will also be issued and available on the above websites in April 2024.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“ad placement”	the placing of advertisements on media publishers or mobile apps
“advertisement inventory(ies)”	traffic available on online media publishers for advertising
“advertisers”	any persons, companies, organisations which advertise their brands, products (or services) through the placing of mobile advertisements, (e.g. brand owners, advertising agents, mobile app developers) and as the original initiators of the whole value chain for mobile advertising
“advertising”	any communication, usually paid-for, with the intention of bringing a product (or service) to the attention of potential and current customers
“AI”	artificial intelligence
“AIPL”	acronym of “Awareness”, “Interest”, “Purchase” and “Loyalty”, the key tenets forming the Group’s strategic agenda and business model
“algorithm(s)”	a set of well-defined instructions in sequence to solve the problem in programming
“app(s)”	application software designed to operate on smartphones and other mobile devices
“Audit Committee”	the audit committee of the Board

“big data”	a combination of structured, semi-structured and unstructured data collected by organisations that can be mined for information and used in machine learning projects, predictive modeling and other advanced analytics applications
“blockchain”	a decentralised and distributed digital ledger that is used to record transactions across many computers
“Board” or “Board of Directors”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code contained in Appendix C1 (previously Appendix 14) of 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
“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 organisation to utilise a system of integrated applications to manage its business and automate many back office functions related to finance, technology services and human resources
“Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“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
“Huawei Ad”	an advertising marketplace by Huawei Software Technologies Co., Ltd.
“industry verticals”	specific industries in which vendors offer goods and services to group of customers with specialised needs
“LinkBriAI”	The LinkDoAI system upgraded and renamed as “LinkBriAI” in the first half of 2023
“LinkDoAI”	the Group’s proprietary full service intelligent marketing management platform
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
“livestreaming”	online streaming media simultaneously recorded and broadcast in real-time

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (previously Appendix 10) of the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“platform(s)”	the environment in which a piece of software is executed
“platform economy”	tech-driven online marketplaces or businesses which allow consumers and businesses to connect, share resources or sell and purchase of products or services
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 28 October 2020
“R&D”	research and development
“Reporting Period”	the year ended 31 December 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SaaS”	software as a service, being software hosted by a third-party provider and delivered to customers over the internet as a service
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Offer”	the public offering and placing of Shares
“shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“stock image(s)”	generic photos, illustrations and icons etc., created with or without a particular project in mind that can be used for other productions

“stock video(s)” or “stock footage(s)”	generic video clips, outtakes or videos created with or without a particular project in mind that can be used for other productions
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“top media”	major online media publishers such as popular search engines and social media that offer advertisement inventories through their own advertising placement systems
“virtual token(s)”	a digital asset designed to work as a medium of exchange for advertisement inventories
“Z-Generation”	the cohort of people who were born between 1996 and 2010, and in China, being its first generation of digital natives who are instinctively familiar with technology as a form of communication, entertainment and enabler of commerce
“%”	per cent.

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

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

Shenzhen, PRC, 28 March 2024

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