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 2022

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 2022 together with the comparative figures for the year ended 31 December 2021.

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

FINANCIAL PERFORMANCE HIGHLIGHTS

For the year ended 31 December

	2022	2021	**Change**
	RMB'000	*RMB'000*	*(%)*
Revenue generated from intelligent marketing solutions services			
– Integrated intelligent marketing solutions services(1)	**416,958**	426,515	-2.2%
– Influential placement services(2)	**26,442**	60,612	-56.4%
– Intelligent livestreaming services(2)	**–**	769	-100.0%
Revenue generated from SaaS subscription solutions services	**94**	132	-28.8%
Revenue	**443,494**	488,028	-9.1%
Gross revenue(3)	**762,965**	1,287,755	-40.8%
Gross profit	**33,425**	97,463	-65.7%
Loss for the year	**(22,432)**	(17,255)	30.0%
Adjusted net (loss)/profit(4)	**(11,954)**	51,652	-123.1%
Dividend per share *(RMB)*(5)	**–**	0.16	-100.0%

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 our revenue.

(4) Adjusted net (loss)/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 net (loss)/profit for the year.

(5) The Board does not recommend a final dividend for the year ended 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW

2022 was nothing short of a rollercoaster ride for the global economy, and China was no exception.

Against the backdrop of the pandemic-induced global economic downturn, at the beginning of the year, the PRC government has further optimised its supervision over its internet economy. Such optimisation works in favour of the sustained and healthy 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) and the private sector.

Yet, with the nation being on a bumpy ride with COVID, the year of 2022 saw the rebound of the PRC economy being marred by weak consumption. With consumer spending taking a more cautious course, even the most-awaited annual shopping bonanza, the "Double 11", was eclipsed by the same from predecessor-years.

Against this backdrop, and aided by the diminished potency of the virus, the Chinese government has opted for optimisation of its prevention and control measures in order to strike a balance between epidemic prevention and control and economic and social development. The move has managed to shore up market confidence and has proved a much welcome boost to domestic consumption. It is hoped that growth will pick up pace in 2023 once the pent-up demand of the Chinese consumers is fully unleashed.

MARKET REVIEW

The PRC advertising market has been through a volatile year. Since the second quarter, the online advertising market has taken a huge blow from slashed advertising budgets and the downsizing of e-commerce and streaming platforms as their digital advertising revenue tumbled whilst compliance costs to regulatory changes are still weighing on the market. With e-commerce advertising being particularly prone to the adverse impacts of COVID, namely halts in consumer spending and logistic snarls, many advertisers opted for a more conservative approach by having their budgets delayed or put on hold in face of economic headwinds. Albeit the Chinese economy has shown signs of recovery early on in the second quarter, the advertising market has been slow to follow suit, with the downward trend only coming to a halt in July. Growth has since picked up pace, starting from the months of August to November, and peaking in October, only to be dragged again in the months nearing the end of the trying year of 2022.

As contraction in advertising spend continued to plague the Chinese marketing industry, with competition intensified amongst its players, the possession of capabilities to proffer innovative solutions and attain value creation amidst a tight budget on advertising spend is key to customer acquisition and retention. To this end, the Group would continue to deliver on its commitment to strong campaign performance by leveraging its AI technologies and automated processes to enhance the value and productivity of its advertising tools.

Meanwhile, it is worth noting that whilst a drop is observed in daily consumption of content such as online videos, general news, online stores and online reading as compared to the corresponding period in 2021, there is a slight increase in the viewing of short-videos and the use of instant messaging and mobile games. It is thus apparent that Chinese internet users' preference in online content is undergoing a drastic change.

In line with the shift in preference in online media consumption, the domination of the short-video format in the Chinese digital marketing arena is there to stay as the easily digestible seconds- to minutes-long videos are ideal for capturing audience preference and occupying their time spent online.

INDUSTRY REVIEW

As COVID slowdown bites, growth of the advertising industry was inevitably stunted by the industry-wide shift to a more disciplined approach to spending and investment as led by big techs and advertising/streaming platforms alike. The industry is going through 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. Against the backdrop of COVID restrictions and the paradigm shift in consumer's palette in favour of online advertising content, market players that have yet to go digital have hastened their move into the digital arena, which inevitably intensified the competition for advertising inventories, thereby ramping up the advertising traffic costs.

Yet, analysts projected that with China increasing its pace of opening-up and further unleashing the demand that was once relatively suppressed, the advertising industry is set on a solid rebound track and is poised for growth in the coming year; yet 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 the meantime, 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.

Throughout the past covid-stricken years, the Group has demonstrated much resilience, persevering by banking on its technological edge in delivery of comprehensive intelligent marketing solutions and the wide array of innovative, customised yet cost-effective options and complementary services it has on offer. Yet the year of 2022 poses unique and unprecedented challenges to the Group's operations and the market as a whole, with mounting downward pressures weighing heavily on the Chinese economy's growth trajectory as it grappled with weak global demand, as well as dented demand and shrinking supply-chain on the domestic front. The pressures of trying to reel in customers amidst slashed advertising budgets, working with more cost-conscientious clients, whilst striving to thrive in a competitive playfield with inflated costs of advertising inventories looming over, has taken a toll on the Group's performance in the particularly trying year of 2022.

The effects of the pandemic induced slowdown in 2022 was acutely felt even by China's fast-growing and deep pocketed home-grown big techs as they resorted to scaling back costs through jobs and budget slashes. It thus follows that in face of such crippling factors, in particular that of a trimming of media spend across industry verticals, the Group's revenue was crimped to approximately RMB443.5 million, representing a decrease of approximately RMB44.5 million or approximately 9.1% 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, a gross profit of approximately RMB33.4 million was recorded, representing a decrease of approximately RMB64.0 million or approximately 65.7% when compared with the same period in 2021. The decline in gross profit was due to, among other things, an overall slowdown of business activities in the PRC spurred on by sporadic COVID-19 outbreaks throughout the year, the Group's operating in a more competitive landscape which led to higher acquisition costs for advertising inventories and higher customer retention and acquisition costs, as well as the associated costs of tapping into new growth opportunities.

A loss attributable to the owners of the Company of approximately RMB22.4 million is recorded for the Reporting Period, as compared to a loss of approximately RMB17.3 million for the corresponding period in 2021, mainly due to the decrease in revenue and gross profit.

The Group is expected to record adjusted net loss for the Reporting Period of RMB12.0 million. By eliminating the effects of items that the Group's management considers non-indicative of its operating performance, namely income tax expense and share-based compensation, adjusted net (loss)/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.

The Group's main clientele are, inevitably, not immune to cuts in advertising budgets during such turbulent times. Nonetheless, the Group has achieved an increase in its number of new customers, from 263 in 2021 to 319 in 2022, which bore testimony to the Group's success in reeling in a growing and diverse clientele; whilst the increase in repeat customers from 173 in 2021 to 221 in 2022 also showcases the Group's capability in maintaining its relatively strong customer stickiness. The Group is therefore confident that demand for the Group's holistic tailored solutions from customers would further increase once consumer spending is up and marketing needs arise.

The Group's impression of advertisements (i.e. the total number of views generated from its advertisements) has also reached 71.04 billion during the Reporting Period. Albeit the monthly video production capacity has slightly dipped from around 14,000 clips for the corresponding period in 2021 to that of around 13,500 clips during the Reporting Period, the Group has accumulated in its video repository around 362,000 stock videos (up from around 200,000 clips nearing the end of the year 2021).

Despite the setbacks in the Reporting Period, hopes remain high for the years to come, with China to widen its opening-up and the PRC government's supportive stance towards the advertising industry as a whole. The Group, armed with its technological prowess and innovative strength, and having a series of niche products up its sleeve, is still well-poised to seize any growth opportunities shall and when they arise. Having navigated through such challenging times, the Group remains committed to seek out sustainable, cost-effective and feasible solutions to maximise the return for its Shareholders and laying a solid foundation for growth.

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).

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.

To adapt to the challenging times, the Group is constantly optimising its cost structure, yet it will not give up on its innovative pursuits that it has continued to strive for, and will roll out further upgrades and new functions at appropriate timing.

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. Armed with programmatic data analytics functions, the system is instrumental to the Group's short-video advertising operations as it provides valuable insights to the creative process of short-video editing. The system, now being fully optimised and utilised, thus brings agility to the short-video content creation process as it allows for the effective and efficient management, analysis and repurposing of creative content. Aside from other functional upgrades, improvements to the cloud repository AI management system are mainly focused on efficiency improvements of its self-learning and modular management algorithms. To facilitate more efficient deployment of resources, regular internal reviews and revisions are introduced to realise the in-depth cooperation efforts between the R&D teams and the short-video production crew.

Operating in a more competitive landscape rife with market players with diverse strengths, the Group strives to perfect its content creation capabilities and to focus its efforts on gauging consumer preference (especially that of the Z-generation users) so as to win over the hearts of a wider and more diverse audience.

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, and traditional consumer goods companies, 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.

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 channelling 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.

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 as well as highly effective process management to curate solutions that fare better in terms of direct sales conversion, so as to offer cost-effective solutions that aligns well with the needs of customers with different budget standards during the current business cycle.

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

The group is accustomed to serving mainly top-tier clientele, counting some of the biggest names in Chinese tech amongst its customers, for which the offering of customised solutions is deemed critical. 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 SMBs with limited budgets such as those 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 generalisable services and exclusive 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 marketing solutions at affordable prices, the Group is well geared up to gain a strong foothold in the recovering market.

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the year ended 31 December 2022 and the year ended 31 December 2021.

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Revenue	**443,494**	488,028
Cost of services	**(410,069)**	(390,565)
Gross profit	**33,425**	97,463
Selling and distribution expenses	**(4,659)**	(2,334)
General and administrative expenses	**(48,101)**	(93,456)
Net impairment losses on financial assets	**(220)**	(874)
Other gains, net	**6,390**	17,002
Operating (loss)/profit	**(13,165)**	17,801
Finance income	**618**	273
Finance costs	**(3,125)**	(5,548)
Finance costs – net	**(2,507)**	(5,275)
(Loss)/profit before income tax	**(15,672)**	12,526
Income tax expense	**(6,760)**	(29,781)
Loss for the year	**(22,432)**	(17,255)

Revenue

During the year ended 31 December 2022, the Group recorded revenue of approximately RMB443,494,000, representing an approximate decrease of 9.1% as compared to approximately RMB488,028,000 recorded for the year ended 31 December 2021. Such decrease was largely contributed by the overall slowdown of business activities spurred on by sporadic COVID-19 outbreaks in various major Chinese cities. The sluggish demand plaguing the overall PRC intelligent marketing solutions industry in 2022 as a whole as exacerbated by shrinkage of overall marketing budgets, has further intensified competition and thus exerting pressure on the profits from the Group's operations.

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services – gross method	**416,958**	426,515
– Influential placement services – net method	**26,442**	60,612
– Intelligent livestreaming services – net method	**–**	769
SaaS subscription solutions services	**94**	132
Total	**443,494**	488,028

Cost of services

The Group's cost of services mainly comprises of advertising traffic costs, expenses on technological and quality optimisation to its short videos and employee benefit expenses. During the year ended 31 December 2022, the Group recorded cost of services of approximately RMB410,069,000, representing an increase of approximately 5.0% as compared to approximately RMB390,565,000 recorded for the year ended 31 December 2021. Such increase was primarily attributable to (i) higher advertising traffic costs under the influence of the increasingly fierce industry competition; (ii) surging costs of customer retention and acquisition as well as higher production costs of short-videos; and (iii) higher sales and advertising costs as a result of the exploration of new growth areas and potential opportunities.

Gross Profit

During the year ended 31 December 2022, the Group recorded gross profit of approximately RMB33,425,000, representing a decrease of approximately 65.7% as compared to approximately RMB97,463,000 recorded for the year ended 31 December 2021. The decrease in gross profit was primarily attributable to (i) dampened sales and revenue during the Reporting Period; (ii) higher advertising traffic costs driven by the change of audience preference under a COVID-stricken economy; (iii) higher costs of services; and (iv) the Group's focus on integrated intelligent marketing solutions service delivery (with revenue being recognised on gross basis thereby yielding a lower gross profit margin as compared to other services with revenue being recognised on net basis).

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 2022, the Group recorded selling and distribution expenses of approximately RMB4,659,000, representing an increase of approximately 99.6% as compared to approximately RMB2,334,000 recorded for the year ended 31 December 2021. Such increase was primarily attributable to the expansion of sales team and the Group's increased entertainment expenses and additional travelling 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.

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 2022, the Group recorded general and administrative expenses of approximately RMB48,101,000, representing a decrease of approximately 48.5% as compared to approximately RMB93,456,000 recorded for the year ended 31 December 2021. Such decrease was primarily attributable to (i) the Group's optimised employee compensation and welfare expenses; (ii) reduced office expenses as part of its strive to adapt to the increasingly competitive marketing landscape; and (iii) the decrease of share-based compensation payment expenses by approximately RMB35,408,000 as compared to the year ended 31 December 2021.

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 2022, the Group recorded net impairment losses of approximately RMB220,000, representing a decrease of approximately 74.8% as compared to approximately RMB874,000 for the year ended 31 December 2021. Such decrease was primarily attributable to the Group's optimised receivable management, which led to reductions in trade 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, gains on disposal of property, plant and equipment, and value added tax refunds. During the year ended 31 December 2022, the Group recorded other gains – net of approximately RMB6,390,000, representing a decrease of approximately 62.4% as compared to approximately RMB17,002,000 recorded for the year ended 31 December 2021. Such decrease was primarily attributable to a decrease in government subsidies and value added tax refunds.

Finance costs – net

During the year ended 31 December 2022, the Group recorded net finance costs of approximately RMB2,507,000, representing a decrease of approximately 52.5% as compared to approximately RMB5,275,000 recorded for the year ended 31 December 2021 as impacted by the increase in interest on bank deposits and 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 2022. The income tax expense was primarily attributable to PRC Enterprise Income Tax. During the year ended 31 December 2022, the Group recorded income tax expense of approximately RMB6,760,000, representing a decrease of approximately 77.3% as compared to approximately RMB29,781,000 recorded for the year ended 31 December 2021. The decrease is mainly attributable to the deferred income tax liabilities of approximately RMB21.2 million incurred in 2021 by the Group, recognised for unallocated retained earnings of the Group's PRC subsidiaries.

Loss for the year

During the year ended 31 December 2022, the Group recorded loss of approximately RMB22,432,000, representing an increase of approximately 30.0% as compared to loss of approximately RMB17,255,000 recorded for the year ended 31 December 2021. Such increase was primarily attributable to reasons similar to the foregoing in relation to the Group's gross profit.

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

To supplement its historical financial information which is presented in accordance with HKFRS, the Group also uses adjusted net profit 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 (loss)/profit 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 as net (loss)/profit 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 (loss)/profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is the net loss for the year:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Reconciliation for net (loss)/profit to adjusted net profit		
Net loss for the year	**(22,432)**	(17,255)
Add:		
Share-based compensation		
– Non-recurring	**2,641**	38,240
– Recurring	**1,077**	886
Income tax expense	**6,760**	29,781
Adjusted net (loss)/profit	**(11,954)**	51,652

Liquidity and capital structure

As at 31 December 2022, the Group recorded total assets of approximately RMB358,207,000 (31 December 2021: approximately RMB583,320,000), total liabilities of approximately RMB226,678,000 (31 December 2021: approximately RMB287,725,000) and total equity of approximately RMB131,529,000 (31 December 2021: approximately RMB295,595,000). As at 31 December 2022, the gearing ratio of the Group is 42.6% compared to the net cash position at 31 December 2021. The change in the gearing ratio mainly attributable to the dividend paid during the year ended 31 December 2022.

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

Bank borrowings

As at 31 December 2022, total bank borrowings amounted to approximately RMB39,770,000 (31 December 2021: approximately RMB82,102,000). As at 31 December 2022, the Group's bank borrowings bear interest rate of 4.3% to 5.45% (31 December 2021: 3.85% to 5.5%) per annum.

Loans from related parties

As at 31 December 2022, total loans from related parties amounting to 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 2022 mainly consisted of expenditures on property, plant and equipment. For the year ended 31 December 2022, the Group has recorded approximately RMB139,000 capital expenditures, as compared to approximately RMB2,308,000 recorded for the year ended 31 December 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 year ended 31 December 2022.

Pledge of assets

As of 31 December 2022, none of the Group's asset was subject to any pledge.

Contingent liabilities

As of 31 December 2022, the Group had no material contingent liabilities.

Employees

As of 31 December 2022, the Group had 215 full-time employees (2021: 261), 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December **2022** *RMB'000*	2021 *RMB'000*
Revenue	3	**443,494**	488,028
Cost of services	4	**(410,069)**	(390,565)
Gross profit		**33,425**	97,463
Selling and distribution expenses	4	**(4,659)**	(2,334)
General and administrative expenses	4	**(48,101)**	(93,456)
Net impairment losses on financial assets	10(c)	**(220)**	(874)
Other gains, net	5	**6,390**	17,002
Operating (loss)/profit		**(13,165)**	17,801
Finance income	6	**618**	273
Finance costs	6	**(3,125)**	(5,548)
Finance costs – net		**(2,507)**	(5,275)
(Loss)/profit before income tax		**(15,672)**	12,526
Income tax expense	7	**(6,760)**	(29,781)
Loss for the year		**(22,432)**	(17,255)
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified to profit or loss			
Currency translation differences		**(5,392)**	1,806
Items that may not be reclassified to profit or loss			
Currency translation differences		**2,269**	(1,909)
Changes in the fair value of financial assets at fair value through other comprehensive income		**(368)**	–
Total comprehensive loss for the year		**(25,923)**	(17,358)
Loss is attributable to:			
Owners of the Company		**(22,432)**	(17,255)
Total comprehensive loss is attributable to:			
Owners of the Company		**(25,923)**	(17,358)
Losses per share for loss attributable to owners of the Company			
– Basic and diluted *(expressed in RMB cents per share)*	8	**(4.69)**	(3.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2022	2021
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,220**	7,548
Intangible assets		**1,651**	–
Deposits and prepayments	10(b)	**10**	808
Deferred income tax assets		**551**	414
Financial assets at fair value through other comprehensive income		**1,392**	–
Total non-current assets		**6,824**	8,770
Current assets			
Trade receivables	10(a)	**181,197**	333,691
Deposits, prepayments and other receivables	10(b)	**90,205**	124,480
Restricted cash		**5,951**	–
Cash and cash equivalents		**74,030**	116,379
Total current assets		**351,383**	574,550
Total assets		**358,207**	583,320
LIABILITIES			
Non-current liabilities			
Bank borrowings	11	**37,310**	41,000
Lease liabilities		**106**	1,950
Deferred income tax liabilities		**18,455**	21,237
Total non-current liabilities		**55,871**	64,187
Current liabilities			
Trade payables	12	**12,076**	118,586
Other payables and accruals	13	**29,978**	20,957
Dividend payable		**1,523**	–
Loans from related parties	14	**88,926**	–
Bank borrowings	11	**2,460**	41,102
Lease liabilities		**1,251**	2,676
Contract liabilities		**17,800**	23,995
Current income tax liabilities		**16,793**	16,222
Total current liabilities		**170,807**	223,538
Total liabilities		**226,678**	287,725

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
EQUITY		
Share capital	**42,607**	42,607
Reserves	**112,771**	110,679
(Accumulated losses)/retained earnings	**(23,849)**	142,309
Total equity	**131,529**	295,595
Total equity and liabilities	**358,207**	583,320

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 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**").

2 SUMMARY OF SIGNIFICANT 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 the revaluation of financial assets at fair value through other comprehensive income, which are carried 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.

The Group has applied all the new and amended standards that effective for the financial period beginning on 1 January 2022. The adoption of these new and revised standards does not have any material impact on the consolidated financial statements of the Group.

New 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 HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 4	Extension of the temporary exemption from applying HKFRS 9	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 16	Lease liability in a sales and leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HK Interpretation 5 (2020)	Presentation of financial statement – classification by the borrower of a term loan that contains a repayment on demand clause	Applied when an entity applies Amendments to HKAS 1

The Group has already commenced an assessment of the impact of these new and amendments to standards and interpretation which are relevant to the Group's operation. The Group considers that the application of these new and amendments to standards and interpretation is unlikely to have a material impact on the Group's financial position and performance.

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 2022 and 2021 was as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services		
– gross method	**416,958**	426,515
– Influential placement services – net method	**26,442**	60,612
– Intelligent livestreaming services – net method	**–**	769
SaaS subscription solutions services	**94**	132
Total	**443,494**	488,028

The timings of revenue recognition by category is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
At a point in time	**443,400**	487,896
Over time	**94**	132
Total	**443,494**	488,028

The Group has concentration of risk from a major customer as the customer contributed to approximately 18% and 22% of the Group's total revenue for the years ended 31 December 2022 and 2021, respectively.

As at 31 December 2022 and 2021, the trade receivables from the aforesaid major customer amounted to approximately RMB53,515,000 and RMB67,035,000, representing approximately 30% and 19% respectively of the Group's total trade receivables.

During the years ended 31 December 2022 and 2021, the incremental costs incurred to obtain contracts was not significant.

4 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Advertising traffic costs	**382,286**	366,978
Employee benefit expenses	**48,508**	90,140
Consultancy and out-sourced service fees	**13,895**	7,373
Server charges and IT fees	**5,242**	4,477
Depreciation and amortisation	**4,890**	4,604
Office expenses	**2,098**	4,822
Auditor's remuneration – audit service	**1,803**	2,400
Travelling expenses	**1,068**	1,105
Short-term lease expenses	**750**	1,422
Others	**2,289**	3,034
Total cost of services, selling and distribution expenses, and general and administrative expenses	**462,829**	486,355

5 OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Additional deduction of value-added tax	**4,032**	6,725
Government grants *(note)*	**1,469**	10,152
Gains on disposal of financial assets at fair value through profit or loss	**722**	125
Gains on disposal of property, plant and equipment	**167**	–
	6,390	17,002

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	
	2022	2021
	RMB'000	*RMB'000*
Finance income		
Interest income from bank deposits	**618**	273
Finance costs		
Interest expenses on bank borrowings	**(2,917)**	(5,145)
Interest expenses on lease liabilities	**(208)**	(403)
	(3,125)	(5,548)
Finance costs – net	**(2,507)**	(5,275)

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 2022 and 2021.

(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 ("**Shenzhen Bright Future**") approved as the "Software Enterprise" in 2017 and was entitled to an exempt from EIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, if certain requirements are met, commencing from its first profitable year. Shenzhen Bright Future also 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 ("**Shenzhen Lindu**") approved as the "Software Enterprise" in 2017 and was entitled to an exempt from EIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years, if certain requirements are met, commencing from its first profitable year. Shenzhen Lindu also approved as the HNTE in 2022 and subject to a reduced preferential EIT rate of 15% for 3-year period from 2022 to 2024 according to the applicable tax preference applicable to the HNTE.

(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	
	2022	2021
	RMB'000	*RMB'000*
Current income tax	**9,679**	8,693
Deferred income tax	**(2,919)**	21,088
Income tax expense	**6,760**	29,781

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

(a) Basic losses per share

	Year ended 31 December	
	2022	2021
Loss attributable to owners of the Company *(RMB'000)*	**(22,432)**	(17,255)
Weighted average number of ordinary shares in issue *(thousands)*	**478,273**	492,362
Basic losses per share *(in RMB cents)*	**(4.69)**	(3.50)

(b) Diluted losses per share

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

As the Group incurred loss for the years ended 31 December 2022 and 2021, the impact of employee incentive plan was not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 December 2022 and 2021 are the same as basic losses per share.

9 DIVIDENDS

A final dividend in respect of the year ended 31 December 2021 of RMB0.16 (equivalent to HKD0.20) per ordinary share, totally to RMB80,000,000, was approved by the shareholders at the annual general meeting of the Company held on 20 May 2022, which were paid and have been reflected on an appropriation of retained earnings for the year ended 31 December 2022.

An interim dividend of RMB0.123 (equivalent to HKD0.141) per ordinary share, totally to RMB61,500,000, was declared by the board of directors on 30 August 2022, which were paid during the year ended 31 December 2022.

The Board does not recommend a final dividend for the year ended 31 December 2022.

10 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables – third parties	**183,030**	336,521
Loss allowance	**(1,833)**	(2,830)
	181,197	333,691

As at 31 December 2022 and 2021, the trade receivables were denominated in RMB.

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Aging		
Up to 3 months	**136,724**	220,570
3 to 6 months	**38,782**	37,847
6 months to 1 year	**3,085**	76,777
1 to 2 years	**3,402**	784
Over 2 years	**1,037**	543
	183,030	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.

(b) Deposits, prepayments and other receivables

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Prepayments to media publishers and advertising agents	**62,001**	92,743
Loans to employees *(Note)*	**11,000**	8,500
Rental and other deposits	**10,303**	5,682
Loan to a related party	**2,107**	1,920
Value-added tax recoverable	**2,066**	9,299
Others	**4,135**	7,324
Less: Loss allowance	**(1,397)**	(180)
	90,215	125,288
Less: Non-current deposits and prepayments	**(10)**	(808)
	90,205	124,480

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

(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 2022 comprised the following:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**(997)**	694
Other receivables	**1,217**	180
	220	874

11 BANK BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Non-current		
Secured bank borrowings	**37,310**	41,000
Current		
– Secured bank borrowings	**2,460**	–
– Guaranteed bank borrowings	**–**	41,102
	2,460	41,102
	39,770	82,102

As at 31 December 2022, the Group's bank borrowings bear interest rate of 4.3% to 5.45% (31 December 2021: 3.85% to 5.5%) per annum.

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:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Aging		
Up to 3 months	**4,228**	11,453
3 to 6 months	**2,416**	1,923
Over 6 months	**5,432**	105,210
	12,076	118,586

13 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Accrued staff costs	**11,850**	10,877
Value-added tax and surcharge	**9,626**	7,796
IT service fees	**5,539**	–
Deposits	**1,118**	118
Accrued auditors' remuneration	**991**	1,609
Others	**854**	557
	29,978	20,957

14 LOANS FROM RELATED PARTIES

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Mr. Dong	**56,266**	14,700
Mr. Yang Dengfeng	**32,660**	–
Mr. Cen Senhui	**–**	9,400
Ms. Wu Yang	**–**	5,000
	88,926	29,100

Note: The loans from related parties are unsecured, interest-free and repayable on demand of lenders under the loan contracts.

OTHER INFORMATION

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the Group's five largest customers and the largest customer accounted for approximately 69.9% and 28.9%, respectively, of the Group's total revenue for the year ended 31 December 2022. Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for approximately 67.0% and 29.2%, respectively, of the costs of services for the year ended 31 December 2022.

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 2022.

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 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 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, utilized 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 up to 30 March 2023:

Use of proceeds		Planned allocation of Net Proceeds *(HKD million)*	Planned allocation of Net Proceeds[2] *(RMB million)*	Utilised amount (as at 30 March 2023) *(RMB million)*	Unutilised amount (as at 30 March 2023) *(RMB million)*	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	0	N/A
Expansion of the Group's marketing, customer services and design teams	21.3%	18.3	15.7	15.7	0	N/A
Enhancement of the information technology and DMP systems of the Group	10.5%	9.0	7.7	2.7	0	N/A
The Group's general working capital	3.3%	2.9	2.5	2.5	0	N/A
Total	100.0%	86.0	73.6	73.6	0	

Notes:

(1) The expected timeline for utilizing 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.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2022 (2021: RMB0.16 (equivalent to HK$0.20) per Share).

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 Monday, 15 May 2023 to Friday, 19 May 2023, 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 Friday, 12 May 2023.

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 2022.

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and Board meeting should be held at least four times a year at approximately quarterly intervals.

During the year ended 31 December 2022, only three regular Board meetings were held to review and discuss the annual results, the interim results and the approval on the grant of award pursuant to the Share Award Scheme. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

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

Mr. Dong Hui was appointed as chief executive officer and has also assumed his responsibilities as chairman of the Board, as well as being the chairman of the Nomination Committee. Throughout the business history of the Company, Mr. Dong Hui 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 of the Board and chief executive officer in Mr. Dong Hui is beneficial to, and in the interests of the Company and its shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders of the Company 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 2022.

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 2022.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Corporate Governance 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. ZHANG Fanchen. 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 2022, 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 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

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 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2022 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 2022, which contains all the information required under the Listing Rules, will be despatched to shareholders and available on the above websites in mid April 2023.

DEFINITIONS

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

"advertisement inventory(ies)"	traffic available on online media publishers for advertising
"advertisers"	any persons, companies, organisations which advertise their brands, products (or services) through the placing of mobile advertisements, (e.g. brand owners, advertising agents, mobile app developers) and as the original initiators of the whole value chain for mobile advertising
"advertising"	any communication, usually paid-for, with the intention of bringing a product (or service) to the attention of potential and current customers
"AI"	artificial intelligence
"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
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company

"BVI"	the British Virgin Islands
"CG Code"	corporate governance code contained in Appendix 14 to the Listing Rules
"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's server with access to shared pools of configurable resources
"Company"	Bright Future Technology Holdings Limited (辉煌明天科技控股有限公司) (formerly known as "Bright Future Science Holdings Limited), an exempted company incorporated in the Cayman Islands with limited liability on 8 November 2018
"COVID" or "COVID-19"	novel coronavirus 2019
"DMP(s)" or "Data Management Platform(s)"	a platform with built-in computer software, tools and systems which allow for the use of algorithms to selectively extract non-confidential information from the public domain and to analyse the information and group or classify the information in a useful way
"employee"	any employee (including without limitation any executive director) of any member of the Group
"ERP" or "enterprise resource planning"	a business process management software which enables an organization to utilise a system of integrated applications to manage its business and automate many back office functions related to finance, technology services and human resources
"Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HKFRS"	Hong Kong Financial Reporting Standards
"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

"industry verticals"	specific industries in which vendors offer goods and services to group of customers with specialised needs
"Listing"	the listing of the Shares on the Main Board on 11 November 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
"livestreaming"	online streaming media simultaneously recorded and broadcast in real-time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"platform(s)"	the environment in which a piece of software is executed
"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
"Reporting Period"	the year ended 31 December 2022
"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 Award Scheme"	the share award scheme of the Company approved and adopted by the Board on 7 May 2021, in its present form or as amended from time to time in accordance with the Share Award Scheme
"Share Offer"	the public offering and placing of Shares
"shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"stock image(s)"	generic photos, illustrations and icons etc., created with or without a particular project in mind that can be used for other productions
"stock video(s)"	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
"%"	per cents.

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

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

Shenzhen, PRC, 30 March 2023

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