

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

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 1351

2024
INTERIM
REPORT

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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Mr. WEI Hai Yan
Mr. LIN Sen

AUDIT COMMITTEE

Mr. LIU Kin Wai (*Chairman*)
Mr. WEI Hai Yan
Mr. LIN Sen

REMUNERATION COMMITTEE

Mr. LIN Sen (*Chairman*)
Mr. YANG Dengfeng
Mr. LIU Kin Wai

NOMINATION COMMITTEE

Mr. DONG Hui (*Chairman*)
Mr. WEI Hai Yan
Mr. LIN Sen

COMPANY SECRETARY

Mr. TSO Ping Cheong Brian

AUTHORISED REPRESENTATIVES

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FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended 30 June		Change (%)
	2024	2023	
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	
Revenue generated from intelligent marketing solution services	480,287	461,295	4.1
– Integrated intelligent marketing solutions services ⁽¹⁾	469,895	449,663	4.5
– Influential placement services ⁽²⁾	10,392	11,632	-10.7
Revenue	480,287	461,295	4.1
Gross revenue	680,444	698,909	-2.6
Gross profit	30,468	37,866	-19.5
Profit for the period	3,542	8,947	-60.4
Adjusted net profit ⁽³⁾	4,762	13,019	-63.4

Notes:

- (1) Based on the gross basis of revenue recognition.
- (2) Based on the net basis of revenue recognition.
- (3) Adjusted net profit, a non-HKFRSs measure, is calculated by adding back share-based compensation and income tax expense, which are non-indicative of the Group's operating performance, to the profit for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW

In the first half of 2024, despite various challenges and uncertainties such as geopolitical tensions and trade disputes, the global economy has demonstrated a remarkable resilience as economic activities continued to grow at a fair pace.

Similarly, the Chinese economy has shown steady recovery and a positive trend of development in the first half of 2024. However, it has also been affected by the prolonged downturn in the property sector and the subdued domestic demand. To address these issues, the Chinese government has implemented various measures to promote domestic demand and support economic growth. For instance, the Ministry of Commerce has designated the year 2024 as “The Year of Consumption Promotion”, emphasising the need to organise activities that stimulate consumption and create new consumption scenarios that integrate business, tourism, culture and sports. According to the National Bureau of Statistics of China, China’s gross domestic products (“**GDP**”) grew by 5.0% year-on-year in the first half of 2024. 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, despite the positive momentum, the external landscape has become increasingly challenging at the same time, with the sluggish global economic growth and unfavorable trading conditions, the recovery of the Chinese economy has inevitably been impeded under such a challenging backdrop.

MARKET REVIEW

In the first half of 2024, the Chinese consumer market demonstrated strong adaptability in the face of evolving macro-environmental conditions and consumer confidence has rebounded. A series of policies and initiatives have also been devised in China. For instance, the National Development and Reform Commission, alongside other governmental departments, have introduced new consumption scenarios such as cultural exchange, tourism and sports, with a view to stimulate economic activity and cultivate new areas of economic growth in consumer markets.

Yet, consumer values have also undergone significant changes since the end of COVID, with an emphasis on home lifestyle, waste reduction and health preservation, etc.. Rational spending and careful budgeting has become a notable trend in China’s consumer market. With such transformation in Chinese consumer behaviours and preferences, the industry is presented with new opportunities to cater these shifting values and evolving needs of the Chinese consumers. On the other hand, the development of Artificial Intelligence-Generated Content (“**AIGC**”) technology has become a major force for innovation in various industries. Hence, apart from actively expanding new business relationships with customers who have potential for development in the post-pandemic market such as insurance, local life and entertainment, the Group has also further strengthened its business relationship in the first half of 2024 with well-known domestic AIGC technology and product suppliers, as well as intelligent assistant customers.

The market’s performance has fallen short of expectations despite a general positive trend in the first half of 2024, prompting advertisers to reassess their strategies for sustainable growth. Advertisers have therefore been increasingly prioritising operational efficiency and cost optimisation in response to the lingering uncertainties of the macro market. With such a limited budget on advertising spend, more attention is given to the scarcity of media value (such as quality content and private domain traffic) as well as the preciseness of advertising spending.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The advertising landscape in China is experiencing significant changes and challenges on various fronts. Advertisers have been re-evaluating traditional strategies and adopting new approaches to remain competitive by prioritising innovation and self-improvement. Also, when it comes to budget allocation, advertisers tend to be conservative and prudent. Higher standards were emphasised for intelligent marketing companies, with the hope of achieving greater marketing impact while reducing budgets.

Short-video format continues to dominate the Chinese advertising industry. Short-video applications gained immense popularity among users, capturing their attention with engaging and easily consumable video content. According to the 2024 Q1 Quarterly Report on China Mobile Internet Traffic (2024年Q1中國移動互聯網流量季度報告) published by Shanghai iResearch Co., Ltd., the leading provider of online audience measurement and consumer insights in China, short-video applications have exceeded one billion monthly activity in the first quarter of 2024 with a user penetration rate of 82.2%. The rise of vertical dramas has also fueled new momentum in the short-video advertising industry, enabling advertisers to diversify their own forms of advertising content and to explore innovative approaches to engage with audiences.

Meanwhile, AIGC technology and products have greatly advanced in the realm of creative content generation of advertisements. With the industry's perception of AIGC maturing, there has been a shift towards more careful utilisation of this technology, reflecting a growing understanding of the benefits and potential drawbacks associated with integrating AIGC technology into the generation of advertising marketing materials, while also acknowledging the importance of retaining human intervention and oversight in the process. This ongoing exploration and refinement of AIGC technology applications are shaping the development of the advertising industry, offering new possibilities for engaging audience in effective and innovative ways.

BUSINESS REVIEW

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

The market's performance in the first half of 2024 has fallen short of expectations, despite an overall positive trend, prompting advertisers to reevaluate their approaches to achieve sustainable growth. In response to the prevailing uncertainties in the macro market landscape, advertisers are increasingly emphasising on enhancing operational efficiency which involves streamlining processes, leveraging technology and optimising resources effectively.

As the market demands greater advertising effectiveness, this has also led advertisers to adopt a cautious approach towards their advertising budgets, which results in a heightened emphasis on maximising the value derived from advertising investments, such as quality content and private domain traffic. Additionally, advertisers are placing greater importance on the precision of their advertising spending, which requires a data-driven strategy that leverages insights to customise advertising content and delivery methods for maximum impact and engagement, presenting a significant challenge for industry players.

MANAGEMENT DISCUSSION AND ANALYSIS

While navigating these budgetary constraints and market uncertainties, the evolving landscape also presents opportunities for industry players who can adapt to these changing dynamics, prioritise efficiency and effectiveness, and embrace innovation in their strategies. As a company that delivers targeted and impactful advertising campaigns that resonate with audiences and drive desired outcomes, the Group is determined to thrive in an environment where market demands are evolving rapidly and competition is fierce. As such, the Group has been actively responding to changes in the external environment, complying with industry trends and adjusting its internal structure with a view to achieve operational and cost efficiencies. It has also been improving its advertising strategies by strengthening the application of technologies like AIGC as well as updating the content and form of short videos. As a result, the Group recorded a revenue for the Reporting Period of approximately RMB480.3 million as compared to approximately RMB461.3 million for the corresponding period in 2023, representing an increase of approximately RMB19.0 million or 4.1%.

Furthermore, to cope with the evolving and challenging market environment, the Group has been actively exploring new media channels with growth momentum and strong credibility while it continues to expand its business relationships with industries that showed strong post-pandemic development, such as insurance, local life and entertainment. The Group has also been delving deep into customers' underlying needs, adjusting its service models, and providing more comprehensive and refined intelligent marketing services to its customers. Additionally, the Chinese government continues to promote the healthy development of the advertising industry while improving the level of regulation which mainly focuses on investigating and punishing false and illegal advertisements. In response, the Group has enhanced control and management measures over customers' advertising content across the entire process, including content planning, creation, revision, review and dissemination. The Group has also increased the proportion of end-to-end solutions provided to its customers, maximising the advantages of its marketing algorithms and content management capabilities. As such, the Group has successfully secured 172 new customers during the Reporting Period as compared to 176 for the corresponding period in 2023, demonstrating the Group's ability in maintaining a stable clientele in a volatile market. During the Reporting Period, the Group recorded gross profit of approximately RMB30.5 million as compared to approximately RMB37.9 million for the corresponding period in 2023, representing a decrease of approximately RMB7.4 million or 19.5%.

A profit attributable to the owners of the Group of approximately RMB3.5 million is recorded for the Reporting Period as compared to approximately RMB8.9 million for the corresponding period in 2023, representing a decrease of approximately RMB5.4 million or 60.4%. Such decrease was mainly due to the decrease in gross profit.

The Group is expected to record adjusted net profit for the Reporting Period of approximately RMB4.8 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Given the intense competition and the challenging operating environment ahead, the following measures taken, strategies formulated and forthcoming plans by the Group during the Reporting Period and beyond encapsulate the key areas that will support the Group’s strategic direction 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), LinkBriAI (originally named as “**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 LinkBriAI.

The LinkBriAI 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. In the first half of 2024, the Group has consistently integrated AIGC technology into its LinkBriAI system and has been steadily incorporating this technology across its business operations to bolster efficiency. Through the utilisation of AIGC technology, manual tasks and repetitive processes are streamlined, resulting in time and resource savings. Additionally, the advanced algorithms and data analytics capabilities of AIGC technology offer more precise and timely information, enabling the optimisation of business processes and decision-making. Furthermore, as the Group’s approach to implementing AIGC technology has become more cautious in tandem with its deepening understanding of this technology, it has also aligned with the Group’s goals of operational efficiency. 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 has achieved a monthly video production capacity of approximately 19,600 clips (for the corresponding period in 2023: approximately 17,500 clips). By the end of the Reporting Period, the Group has also achieved around 704,600 stock videos (at 31 December 2023: around 587,000 stock videos).

MANAGEMENT DISCUSSION AND ANALYSIS

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

Back in 2020, the Group constructed its own cloud-based repository system for all stock videos and images created since its incorporation to cope with the surging demand for quality short-video content. Through the process of modularisation (模塊化) (i.e., the breaking down of video footage into small segments and distinct parts which are then labelled according to their subject matters, creative value, previous usages and conversion rates), the stock videos can be readily assessed and utilised for different advertising projects, thus bringing the Group's short-video output operations closer to full automation. 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.

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

As advertising 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. Throughout the first half of 2024, the Group experienced a steady and expanding customer base, which remains primarily dominated by prominent Internet giants from various sectors such as web services, tools, finance and e-commerce. In addition to major customers like Baidu and Alibaba, key platforms like NetEase and Kuaishou also contributed significantly to the Group's business performance in the first half of 2024. Moreover, the Group has been expanding its partnerships with top influencers to further diversify its e-commerce customer base and enhance its presence in the live broadcasting sector, with an aim to cultivate a more diverse clientele and solidify the Group's position within the dynamic environment. In addition, leading domestic social media platforms such as Xiaohongshu and Weibo have remained relatively active, indicating ongoing opportunities for collaboration and outreach with these active online platforms. The Group has also kept pace with industry developments and has focused on expanding its portfolio of AIGC service offerings. As a result, the Group saw a steady expansion of the scale and number of its co-operation with AIGC product customers. These collaborations and partnerships demonstrated the Group's dedication to expanding and diversifying its clientele while showcasing its ongoing initiatives to utilise a wide array of platforms and influencers to broaden its market reach and impact.

This also demonstrated the Group's adaptability and proactive stance in responding to the evolving market conditions and effectively meeting the needs of its 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 296 for the Reporting Period as compared to 240 for the corresponding period in 2023, demonstrating the Group's effort in strengthening its cooperation with repeat customers and improving its customer stickiness through quality service. The Group has also successfully secured 172 new customers during the Reporting Period as compared to 176 for the corresponding period in 2023, showing the Group's ability in maintaining a stable clientele in a volatile market.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuous reinforcement of cooperation with top media platforms

The Group has managed to maintain and extend its business relationships with certain renowned domestic media platforms. For example, it has been appointed 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) (“HONOR”), a well-known domestic mobile phone manufacturer. The Group has also been appointed as a core agent for HONOR PUSH (榮耀推送服務), an advertising notification platform for HONOR mobile phone products, covering advertising notification channel resources for all of HONOR’s mobile phones. In addition, the Group has also been promoted to a core agent for HONOR Commercial Promotion (榮耀商業推廣平台), a promotion platform provided by HONOR for its pan-ecological partners, covering HONOR’s terminal mobile phone market, desktop resources and other high-quality global traffic. Furthermore, the Group has also passed the four-star accreditation of Baidu’s enterprise certification (企業認證), which is a rating for enterprise advertising service capability by collaborating with advertisers and agencies on Baidu’s platform to assess businesses in various areas like innovation, and service quality. By awarding different certification levels, this initiative aims to recognise exceptional enterprises, driving growth within the Internet advertising industry ecosystem.

The Group has also achieved a stable growth in advertising placement on the media platforms. During the Reporting Period, the Group recorded a total consumption of approximately 819.1 million virtual tokens through media platforms as compared to approximately 789.9 million virtual tokens for the corresponding period in 2023, representing an increase of approximately 29.2 million virtual tokens or 3.7%.

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 the first half of 2024, the Group continued to prioritise the development of innovative strategies so as to assist its customers in attracting target audience and boosting sales of their products or services. The Group acknowledged the importance of adapting to changing developments in the advertising industry by, for example, broadening its AIGC technology service offering. By doing so, it ensures that the Group remains at the forefront of industry developments and is well-equipped to cater to the changing needs and preferences of its clientele. The Group has also strengthened its cooperation with prominent mobile phone manufacturers like HONOR in the first half of 2024, since mobile phone manufacturers excel at precisely categorising customer demographics. This expertise helps the Group reaches users better in the growing markets, thereby enhancing the Group’s engagement with this 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group is accustomed to serving mainly top-tier clientele, counting some of the biggest names in Chinese tech amongst its customers, for which the offering of customised solutions is deemed critical. In the first half of 2024, the Group has continued to increase 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 boasts of more comprehensive, sophisticated and technologically advanced infrastructure, thereby offering such fully-customisable marketing solutions at affordable prices.

FINANCIAL REVIEW

The following table sets forth the comparative statement of comprehensive income for the six months ended 30 June 2024 and the six months ended 30 June 2023.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	480,287	461,295
Cost of services	(449,819)	(423,429)
Gross profit	30,468	37,866
Selling and distribution expenses	(2,598)	(2,412)
General and administrative expenses	(21,073)	(22,076)
Impairment losses under expected credit loss model, net of reversal	(811)	(1,850)
Other income, gains and losses	427	1,987
Operating profit	6,413	13,515
Finance income	29	159
Finance costs	(1,836)	(998)
Finance costs, net	(1,807)	(839)
Profit before income tax	4,606	12,676
Income tax expense	(1,064)	(3,729)
Profit for the period	3,542	8,947

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the six months ended 30 June 2024, the Group recorded revenue of approximately RMB480,287,000 as compared to approximately RMB461,295,000 for the corresponding period in 2023, representing an approximate increase of RMB18,992,000 or 4.1%. Such increase was primarily attributable to the growth resulting from the Group's focus on growing its integrated intelligent marketing solutions services.

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Intelligent marketing solutions services		
– Integrated intelligent marketing solutions services		
– gross method	469,895	449,663
– Influential placement services – net method	10,392	11,632
Total	480,287	461,295

Cost of services

The Group's cost of services mainly comprises of advertising traffic costs, expenses on technological and quality improvements to its short videos and employee benefit expenses. During the six months ended 30 June 2024, the Group recorded cost of services of approximately RMB449,819,000 as compared to approximately RMB423,429,000 for the corresponding period in 2023, representing an increase of approximately RMB26,390,000 or 6.2%. Such increase was primarily attributable to the increase in costs corresponding to such increase in revenue.

Gross profit

During the six months ended 30 June 2024, the Group recorded gross profit of approximately RMB30,468,000 as compared to approximately RMB37,866,000 for the corresponding period in 2023, representing a decrease of approximately RMB7,398,000 or 19.5%. The decrease in gross profit was primarily attributable to the increase in cost of services, in particular the increase in advertising traffic costs corresponding to the increase in revenue and the discounts offered by the Company to its customers.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses mainly comprise of (i) employee benefit expenses; (ii) entertainment expenses; (iii) office expenses; and (iv) travelling expenses. During the six months ended 30 June 2024, the Group recorded selling and distribution expenses of approximately RMB2,598,000 as compared to approximately RMB2,412,000 for the corresponding period in 2023, representing an increase of approximately RMB186,000 or 7.7%. Such increase was primarily attributable to the Group's increased efforts in market development in responding to market conditions, leading to an increase in incentive costs for sales personnel.

MANAGEMENT DISCUSSION AND ANALYSIS

General and administrative expenses

The Group's general and administrative expenses during the six months ended 30 June 2024 mainly comprise of employee benefit expenses, legal and professional fees, consultancy fee, short-term lease expenses, travelling expenses and server charges and IT fees. During the six months ended 30 June 2024, the Group recorded general and administrative expenses of approximately RMB21,073,000 as compared to approximately RMB22,076,000 for the corresponding period in 2023, representing a decrease of approximately RMB1,003,000 or 4.5%. Such decrease was primarily attributable to (i) the Group optimising its organisational structure and management process during the Reporting Period and (ii) strengthened control and management over administrative expenses.

Impairment losses under expected credit loss model, net of reversal

During the six months ended 30 June 2024, the Group recorded impairment losses under expected credit loss model, net of reversal of approximately RMB811,000 (for the corresponding period in 2023: approximately RMB1,850,000), which represented the Group's expected credit losses from its trade receivables and other receivables.

Other income, gains and losses

The Group's other income, gains and losses comprise primarily of government grant and net gain on disposal of property, plant and equipment. During the six months ended 30 June 2024, the Group recorded other income, gains and losses of approximately RMB427,000 as compared to approximately RMB1,987,000 for the corresponding period in 2023, representing a decrease of approximately RMB1,560,000 or 78.5%. Such decrease was primarily attributable to (i) the decrease in additional deduction of value-added tax due to the cancellation of such deduction within the Group's operating industry in 2024 and (ii) a decrease in government grants.

Finance costs, net

During the six months ended 30 June 2024, the Group recorded net finance costs of approximately RMB1,807,000 as compared to approximately RMB839,000 for the corresponding period in 2023, representing an increase of approximately RMB968,000 or 115.4%. Such increase was primarily attributable to the increase in interest expenses on bank borrowings.

Income tax expense

The Group is exempted from Cayman Islands income tax, and no provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the six months ended 30 June 2024. The income tax expense was primarily attributable to PRC Enterprise Income Tax and PRC Withholding Tax. During the six months ended 30 June 2024, the Group recorded income tax expense of approximately RMB1,064,000 as compared to approximately RMB3,729,000 for the corresponding period in 2023, representing a decrease of approximately RMB2,665,000 or 71.5%. The decrease was primarily attributable to the decrease in taxable profits of the Group's subsidiaries in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

During the six months ended 30 June 2024, the Group recorded profit of approximately RMB3,542,000 as compared to approximately RMB8,947,000 for the corresponding period in 2023, representing a decrease of approximately RMB5,405,000 or 60.4%. The decrease in profit was primarily attributable to (i) reasons similar to the foregoing in relation to the Group's gross profit and (ii) the decrease in other incomes due to cancellation of additional deduction of value-added tax in the Group's operating industry in 2024 and a decrease in government grant.

Liquidity and capital resources

As at 30 June 2024, the Group recorded total assets of approximately RMB476,379,000 (31 December 2023: approximately RMB478,682,000), total liabilities of approximately RMB311,895,000 (31 December 2023: approximately RMB331,372,000), total equity of approximately RMB164,484,000 (31 December 2023: approximately RMB147,310,000) and cash and cash equivalents of approximately RMB9,224,000 (31 December 2023: approximately RMB45,191,000). As at 30 June 2024, the gearing ratio was approximately 82.7% (31 December 2023: approximately 88.4%). This ratio is calculated as net debt divided by total equity of the Group. Net debt includes bank and other borrowings and lease liabilities less cash and cash equivalents.

During the six months ended 30 June 2024, the Group mainly utilised internal cash flows from operating activities and borrowings to satisfy its working capital requirements.

Borrowings

As of 30 June 2024, total borrowings amounted to approximately RMB54,050,000 (31 December 2023: approximately RMB82,100,000).

As at 30 June 2024, the Group's bank borrowings bear interest rate from 2.80% to 4.50% (31 December 2023: 3.85% to 5.20%) per annum. As at 30 June 2024, the Group had no other borrowings (31 December 2023: 7.20%).

Loans from related parties

As at 30 June 2024, total loans from related parties amounted to approximately RMB88,790,000 (31 December 2023: approximately RMB90,215,000) are unsecured, interest-free and repayable on demand of lenders under the loan contracts.

The unsecured loans from shareholders and key management personnel as at 30 June 2024 were interest-free and initially recognised at their principal amounts. No subsequent interest expense accretion was recognized during the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditures

The Group's capital expenditures during the six months ended 30 June 2024 mainly consisted of expenditures on property, plant and equipment. For the six months ended 30 June 2024, the Group has recorded approximately RMB498,000 capital expenditures, as compared to approximately RMB4,092,000 recorded for the six months ended 30 June 2023. As at 30 June 2024, the Group did not have any material capital commitments (31 December 2023: Nil).

Capital Structure

As at 30 June 2024, the issued share capital of the Group was HK\$60,000,000 (31 December 2023: HK\$50,000,000) divided into 600,000,000 Shares (31 December 2023: 500,000,000 Shares) of nominal value of HK\$0.1 per Share.

References are made to the announcements of the Company dated 27 December 2023 and 22 January 2024. The number of issued share capital of the Company increased from 500,000,000 Shares to 600,000,000 Shares as a result of the completion of the subscription of new shares under general mandate which took place on 22 January 2024.

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

No significant investments were held, nor were there any material acquisitions or disposals by the Group or any of its subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

Pledge of assets

As of 30 June 2024, none of the Group's assets was subject to any pledge (31 December 2023: a trade receivable amounted to RMB3,351,000 was pledged to a financial institution in secure a borrowing of RMB3,000,000).

Contingent liabilities

As of 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

Foreign exchange risk

The Group mainly carry out its 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.

Employees and remuneration policies

As of 30 June 2024, the Group had 189 full-time employees (31 December 2023: 222), the majority of whom were based in Shenzhen, China. For the six months ended 30 June 2024, total remuneration cost incurred by the Group amounted to approximately RMB21.9 million (six months ended 30 June 2023: approximately RMB22.4 million). The remuneration package of our employees includes salaries, wages and bonuses, pension costs, share-based compensation, other social security costs, housing benefits and other employee benefits, which are generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations. The remuneration policies of the Group are reviewed by the remuneration committee of the Group regularly. The Group is also dedicated to providing compulsory training courses to new employees and continuing trainings to existing employees to enhance their knowledge and skills.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

China's economy has shown a positive trend of quality development and steady recovery amidst the twists and turns of the macro environment, yet it is also facing the challenge of insufficient effective domestic demand. As a result, major advertisers have tended to focus more on refined and targeted advertising, demanding better placement strategies from companies. Furthermore, the utilisation of AIGC technology in advertising campaigns is on the rise, leading advertisers to closely monitor its development.

Building upon its competitive strengths, its existing network and reach, as well as consumer stickiness, the key initiatives outlined below underscore the Group's sharpened focus on advancing the development and utilisation of AIGC technology in light of reduced advertising spending and intensified competition. These initiatives also highlight the strategic deployments that support the Group in achieving its goals.

General performance: attaining operational and cost efficiencies

In response to the evolving business landscape and macro market conditions, the Group has placed greater emphasis on operational efficiency and cost optimisation, which involves the integration of AIGC technology into its LinkBriAI system. By gradually applying this technology across its business operations, the Group automates repetitive tasks and improves output accuracy and quality, thereby streamlining the content production process, particularly in image and video processing. The integration of AIGC technology not only facilitates automation but also improves the overall operational efficiency of the Group. By integrating this technology with the Group's existing cloud-based databases, a more comprehensive approach to manage content assets is established, enabling efficient organisation, storage, retrieval, ensuring easy access and optimisation of resources within the Group. By leveraging the power of AIGC technology, the Group is positioning itself for sustained growth, enhanced competitiveness in the dynamic advertising landscape.

In parallel, the Group has made strategic adjustments to its personnel structure in the first half of 2024 to enhance the efficiency of personnel management. By restructuring its workforce and organisational structure, the Group is not only aiming to optimise human resources allocation but also to enhance the overall operational efficiency of the Group, thereby creating a more effective work environment that can adapt to the change needs of the business environment.

Innovative front: unleashing innovative potential

The advertising industry, with its high demand for customisation and real-time optimisation, holds vast prospects for AI applications. The development of AIGC technology brings improvements in various aspects, including user profiling, precision recommendations, content creation, data analysis and product design, resulting in enhanced effectiveness and efficiency across different stages.

In the first half of 2024, the Group has continued to apply AIGC technology gradually to its business operations. AIGC technology utilises AI algorithms and machine learning to analyse data and trends. This knowledge, combined with advertisers' positioning and products, improves ad targeting and effectiveness. By studying market trends, user preferences and competitor activities, AIGC provides suggestions for content creativity and assists in generating and optimising creative content through automated copywriting, image processing, and video editing. This allows for quick generation of multiple creative versions and real-time optimisation, giving content creators more choices and flexibility to experiment and find the best solutions. Additionally, the algorithms and data analysis capabilities of AIGC technology could provide more accurate and timely information to optimise business processes and decision-making. The Group has also improved its employees' skills in using the AIGC tools through internal training programs, particularly some of the emerging short-video formats, with a view to strengthen the effectiveness and quality of content production within the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Technologies like AIGC will continue to empower the advertising industry in the long run. As such, the Group will continue to monitor the market for technological updates and iterations, and further upgrade its LinkBriAI system. As the Group's LinkBriAI system boasts of more comprehensive, sophisticated and technologically advanced infrastructure when pitted against most of its peers in the market, thus by offering such fully-customisable marketing solutions at affordable prices, the Group is well geared up to gain a strong foothold in the recovering market.

Operations front: develop AI-driven operations

The Group being acutely aware that with AI technology at its fingertips, its business and operations can readily take flight when opportunities come its way. The integration of AI technology not only improves the Group's operational efficiency but also opens up new possibilities for marketing strategies and customer engagement. The Group's AIGC services help customers to improve their advertising strategies, reach their target audience more effectively, and enhance their overall marketing effectiveness. In addition, the Group's AIGC services enable businesses to explore new avenues for reaching their target audience, such as through personalised advertising, dynamic content creation and predictive analytics. This can lead to more engaging and impactful marketing campaigns, ultimately driving better results and customer satisfaction.

As AI technology continues to develop, the Group will continue to keep pace with the latest industry developments by identifying industries that hold advantageous positions in market recovery, strengthening collaborations with mainstream media, and concentrating on technological R&D upgrades, including new applications and upgrades of AI technology, as well as the development of other emerging technologies. Also, as AIGC products demonstrate significant market potential, our strategy thus not only involves leveraging our proprietary technology but also strengthening collaborations with companies possessing similar capabilities, so as to tap into market growth opportunities together. By embracing AI technology and staying ahead of industry trends, the Group is positioning itself for future success and growth.

OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in the Company

Name	Capacity/Nature of Interest ⁽¹⁾	Number of Shares held	Approximate percentage of shareholding interest
Mr. Dong Hui ("Mr. Dong")	Interested in a controlled corporation ⁽²⁾ Interested of spouse ⁽³⁾	325,537,469	54.26%
Ms. Gao Yuqing ("Ms. Gao")	Interested in a controlled corporation ⁽⁴⁾ Interest of spouse ⁽⁵⁾	325,537,469	54.26%
Mr. Yang Dengfeng ("Mr. Yang")	Interested in a controlled corporation ⁽²⁾	325,537,469	54.26%
Mr. Cen Senhui ("Mr. Cen")	Interested in a controlled corporation ⁽⁶⁾	541,691	0.09%

Notes:

- All interests stated are long position. This is based on the total Shares in issue as at 30 June 2024, being 600,000,000.
- Brilliant League and Vast Ocean are indirectly and directly wholly-owned by Mr. Dong respectively. Mr. Dong and Mr. Yang are parties acting in concert. Highland Triumph is indirectly wholly-owned by Mr. Yang. Also, as the entire issued share capital of Brilliant League and Highland Triumph are being indirectly held by ARK TRUST (SINGAPORE) LTD and VISTRA TRUST (SINGAPORE) PTE. LIMITED respectively as trustees, which in turn wholly-owns SMART GUIDE VENTURES LIMITED and ULTRA MODEL LIMITED respectively, ARK TRUST (SINGAPORE) LTD and SMART GUIDE VENTURES LIMITED are deemed to have an interest in the shares in which Brilliant League is interested, whilst VISTRA TRUST (SINGAPORE) PTE. LIMITED and ULTRA MODEL LIMITED are deemed to have an interest in the shares in which Highland Triumph is interested. Thus, Mr. Dong, Mr. Yang, Brilliant League, Vast Ocean and Highland Triumph are all deemed to be interested in 325,537,469 Shares held by Brilliant League, Vast Ocean and Highland Triumph.
- Mr. Dong is the spouse of Ms. Gao, and Mr. Dong is thus deemed to be interested in the Shares held by Ms. Gao.
- Able2shine Limited is wholly-owned by Ms. Gao, and Ms. Gao is thus deemed to be interested in 3,639,700 Shares held by Able2shine Limited.
- Ms. Gao is the spouse of Mr. Dong, and Ms. Gao is thus deemed to be interested in the Shares held by Mr. Dong.
- Global Digital Adc Limited is wholly-owned by Mr. Cen, and Mr. Cen is thus deemed to be interested in 541,691 Shares held by Global Digital Adc Limited.

OTHER INFORMATION

(ii) Interest in associated corporations

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

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2024.

OTHER INFORMATION

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

As at 30 June 2024, according to the register kept by the Company under Section 336 of SFO and so far as was known to the Directors, the following persons (otherwise than in the capacity of the Director or chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity/Nature of Interest ⁽¹⁾	Number of Shares	Approximate percentage of shareholding interest
BRILLIANT LEAGUE LIMITED	Beneficial interest and interest held jointly with other person ⁽²⁾	325,537,469	54.26%
VAST OCEAN LIMITED	Interest held jointly with other person ⁽²⁾	325,537,469	54.26%
HIGHLAND TRIUMPH LIMITED	Beneficial interest and interest held jointly with other person ⁽²⁾	325,537,469	54.26%
SMART GUIDE VENTURES LIMITED	Interested in a controlled corporation ⁽³⁾	325,537,469	54.26%
ULTRA MODEL LIMITED	Interested in a controlled corporation ⁽⁴⁾	325,537,469	54.26%
ARK TRUST (SINGAPORE) LTD	Trustee ⁽³⁾	325,537,469	54.26%
VISTRA TRUST (SINGAPORE) PTE. LIMITED	Trustee ⁽⁴⁾	325,537,469	54.26%
Ms. Wu Cheng	Interest of spouse ⁽⁵⁾	325,537,469	54.26%
Little wisdom Limited	Beneficial interest ⁽⁶⁾	71,020,000	11.84%
Mr. Shen Ming ("Mr. Shen")	Interested in a controlled corporation ⁽⁶⁾	71,020,000	11.84%
Ms. Hu Simian (胡思勉)	Interest of spouse ⁽⁷⁾	71,020,000	11.84%

Notes:

- All interests stated are long position. This is based on the total Shares in issue as at 30 June 2024, being 600,000,000.
- Brilliant League and Vast Ocean are indirectly and directly wholly-owned by Mr. Dong respectively. Mr. Dong and Mr. Yang are parties acting in concert. Highland Triumph is indirectly wholly-owned by Mr. Yang. Thus, Mr. Dong, Mr. Yang, Brilliant League, Vast Ocean and Highland Triumph are all deemed to be interested in 325,537,469 Shares held by Brilliant League, Vast Ocean and Highland Triumph.
- SMART GUIDE VENTURES LIMITED is a wholly-owned subsidiary of ARK TRUST (SINGAPORE) LTD which in turn holds the entire issued share capital of Brilliant League as trustee for the trusts established by Mr. Dong as settlor for the benefit for himself. SMART GUIDE VENTURES LIMITED and ARK TRUST (SINGAPORE) LTD are therefore deemed to have an interest in the shares in which Brilliant League is interested.
- ULTRA MODEL LIMITED is a wholly-owned subsidiary of VISTRA TRUST (SINGAPORE) PTE. LIMITED which in turn holds the entire issued share capital of Highland Triumph as trustee for the trusts established by Mr. Yang as settlor for the benefit for himself. ULTRA MODEL LIMITED and VISTRA TRUST (SINGAPORE) PTE. LIMITED are therefore deemed to have an interest in the shares in which Highland Triumph is interested.
- Ms. Wu Cheng is the spouse of Mr. Yang, and Ms. Wu Cheng is thus deemed to be interested in the Shares held by Mr. Yang.
- Little wisdom Limited is wholly-owned by Mr. Shen Ming (沈明), who is the Chief Marketing Officer of Shenzhen Lindu Technology Company Limited, a wholly-owned subsidiary of the Company. Mr. Shen is all deemed to be interested in 71,020,000 Shares held by Little wisdom Limited.
- Ms. Hu Simian (胡思勉) is the spouse of Mr. Shen, and Ms. Hu is thus deemed to be interested in the Shares held by Mr. Shen.

Save as disclosed above, as at 30 June 2024, according to the register kept by the Company under Section 336 of the SFO and so far as were known to the Directors, there was no other person (otherwise than in the capacity of the Director or chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the Subscriptions (which is defined in the sub-heading "Use of Net Proceeds from the Subscription of New Shares under General Mandate"), neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

INTERIM DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

SHARE OPTION SCHEME

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

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

Eligible persons

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

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

Maximum number of Shares available for issue

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

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

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

As at 30 June 2024, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme and therefore the total number of Shares available for grant under the Share Option Scheme was 50,000,000 Shares, representing 8.3% of the issued share capital of the Company as at 30 June 2024.

OTHER INFORMATION

Maximum entitlement of each participant

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

The period within which the options may be exercised by the participant

A period to be notified by the Board to each participant and not more than ten years from the date of grant.

Vesting period of options granted

As determined by the Board on a case-by-case basis but in any case not less than 12 months.

Life of the Share Option Scheme

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

Subscription price

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

Consideration

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

SHARE AWARD SCHEME

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

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

Eligible participants

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

Maximum number of Shares available to be granted

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

OTHER INFORMATION

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

During the six months ended 30 June 2024, no Awarded Shares were granted.

Since the Adoption Date and up to the date of this interim report, a total of 8,136,772 Awarded Shares had been granted under the Share Award Scheme, representing about 1.63 per cent of the share capital of the Company in issue on the Adoption Date. During the Reporting Period, no Awarded Shares were vested in the Selected Employees and 78,769 Award Shares were cancelled/lapsed. The total number of Awarded Shares which is available for being further awarded under the Share Award Scheme is 42,771,890 which represents about 7.13 per cent of the Company's issued shares as at the date of this interim report.

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

The Group recognised a share-based compensation expenses of RMB156,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB343,000).

Maximum entitlement of each Selected Employee

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

Vesting period of the Awarded Shares

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

Amount payable on acceptance of the Awarded Shares

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

Remaining life of the Share Award Scheme

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

Voting rights

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

OTHER INFORMATION

Movements of the number of Awarded Shares during the six months ended 30 June 2024 are as follows:

Awardee	Date of Grant	Vesting date	Number of unvested Awarded Shares as at 1 January 2024	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Adjustment/ cancelled/ lapsed during the Reporting Period	Number of unvested Awarded Shares as at 30 June 2024	Weighted average closing price of the Shares immediately before the vesting date HK\$
40 Selected Employees	20 July 2021	20 July 2023 ¹	1,100,028	-	-	78,769	1,021,259	-
Total			1,100,028	-	-	78,769	1,021,259	-

Note:

- The Awarded Shares are vested in three tranches: (i) 30% of the Award Shares to be vested on any date after the last day of period of 12 months commencing on the date of acceptance form; (ii) 30% of the Award Shares to be vested on any date after the last day of period of 24 months commencing on the date of acceptance form; (iii) 40% of the Award Shares to be vested on any date after the last day of period of 36 months commencing on the date of acceptance form. For further details, please refer to the announcement of the Company dated 23 July 2021.

Pursuant to the announcement of the Company dated 7 May 2021, the award of the Awarded Shares were awarded to each of the awardees at nil consideration. The closing price of the share immediately before the dates of grant of the Awarded Shares on 20 July 2021, 12 May 2022 and 7 May 2022 was HK\$0.98, HK\$0.73, and HK\$0.71 respectively.

During the Reporting Period, no Awarded Shares had been granted pursuant to the Share Award Scheme (six months ended 30 June 2023: Nil). The number of Shares that may be issued in respect of options and Award Shares, if any, granted under all of the abovementioned share incentive schemes of the Company during the Reporting Period divided by the weighted average total issued share capital of the Company for the Reporting Period is nil (six months ended 30 June 2023: Nil).

CORPORATE GOVERNANCE

The Company has adopted the CG Code as its own code of corporate governance. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. Save for the deviation disclosed below, in the opinion of Directors, the Company has complied with all the code provisions as set out in the CG Code during the six months ended 30 June 2024.

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.

OTHER INFORMATION

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 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 interim report, 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 required standards set out in 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 and its code of conduct regarding Directors’ securities transactions for the six months ended 30 June 2024 and the Board was of the view that the Model Code has been fully complied with during the six months ended 30 June 2024.

UPDATE ON DIRECTORS’ INFORMATION

Save as disclosed herein, there are no changes in information of Directors, since the date of publication of the annual report of the Company for the year ended 31 December 2023, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF UNAUDITED FINANCIAL STATEMENTS

As at the date of this report, 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 reviewed the accounting principles and policies adopted by the Company and the Group and the unaudited interim results of the Group for the six months ended 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, the Group does not have other plans for material investments or additions of capital assets.

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 interim report.

USE OF NET PROCEEDS FROM THE SHARE OFFER

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

OTHER INFORMATION

Net proceeds from the Share Offer had been fully utilised during the year ended 31 December 2022 in accordance with the purposes as set out in the Prospectus.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 December 2023 (after trading hours), the Company entered into two subscription agreements (the “**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. For further details, please refer to the announcements of the Company dated 27 December 2023 and 22 January 2024.

Breakdown of the use of net proceeds from the Subscriptions during the Reporting Period is set out in the following table:

Expected use of net proceeds	Intended use of the net proceeds <i>HK\$ million</i>	Amount of net proceeds utilised during the Reporting Period <i>HK\$ million</i>	Amount of net proceeds utilised up to the Reporting Period <i>HK\$ million</i>	Unutilised net proceeds as at 30 June 2024 <i>HK\$ million</i>	Expected timeline for utilisation of the unutilised net proceeds as at 30 June 2024
For potential future acquisitions or projects	5.0	0.0	0.0	5.0	before 31 December 2026
For replenishment of the general working capital of the Group	8.5	8.5	8.5	0.0	N/A
Total	13.5	8.5	8.5	5.0	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	7	480,287	461,295
Cost of services	8	(449,819)	(423,429)
Gross profit		30,468	37,866
Selling and distribution expenses	8	(2,598)	(2,412)
General and administrative expenses	8	(21,073)	(22,076)
Impairment losses under expected credit loss model, net of reversal	15	(811)	(1,850)
Other income, gains and losses	9	427	1,987
Operating profit		6,413	13,515
Finance income	10	29	159
Finance costs	10	(1,836)	(998)
Finance costs, net	10	(1,807)	(839)
Profit before income tax		4,606	12,676
Income tax expense	11	(1,064)	(3,729)
Profit for the period		3,542	8,947
Other comprehensive income/(loss) for the period			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		841	408
<i>Items that may not be reclassified to profit or loss</i>			
Currency translation differences		(547)	(2,670)
Total comprehensive income for the period		3,836	6,685
Profit for the period attributable to:			
Owners of the Company		3,542	8,947
Total comprehensive income for the period attributable to:			
Owners of the Company		3,836	6,685
Earnings per share attributable to owners of the Company			
– Basic (expressed in RMB cents per share)	12	0.62	1.86
– Diluted (expressed in RMB cents per share)	12	0.62	1.86

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	3,786	4,659
Intangible assets		660	991
Deposits and prepayments	15	10	10
Deferred income tax assets		879	751
Financial assets at fair value through other comprehensive income	16	3,000	3,000
Total non-current assets		8,335	9,411
Current assets			
Trade receivables	15	317,157	282,145
Deposits, prepayments and other receivables	15	136,925	137,262
Restricted cash	17	4,738	4,673
Cash and cash equivalents	17	9,224	45,191
Total current assets		468,044	469,271
Total assets		476,379	478,682
LIABILITIES			
Non-current liabilities			
Borrowings	18	30,430	31,450
Lease liabilities		26	912
Deferred income tax liabilities		19,559	18,817
Total non-current liabilities		50,015	51,179
Current liabilities			
Trade payables	19	81,629	77,872
Other payables and accruals	20	32,403	25,288
Loans from related parties	23(b)(i)	88,790	90,215
Borrowings	18	23,620	50,650
Contract liabilities	7	14,510	12,854
Lease liabilities		2,385	2,227
Current income tax liabilities		18,543	21,087
Total current liabilities		261,880	280,193
Total liabilities		311,895	331,372
EQUITY			
Share capital	21	51,698	42,607
Reserves		121,237	115,279
Accumulated losses		(8,451)	(10,576)
Total equity		164,484	147,310
Total equity and liabilities		476,379	478,682

Approved and authorised for issue by the Board of Directors on 28 August 2024.

Dong Hui
Director

Yang Dengfeng
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Accumulated (losses)/ profits RMB'000	
(Unaudited)				
At 1 January 2024	42,607	115,279	(10,576)	147,310
Profit for the period	–	–	3,542	3,542
Other comprehensive income	–	294	–	294
Total comprehensive income for the period	–	294	3,542	3,836
Transactions with owners				
Issue of shares	9,091	4,091	–	13,182
Share-based compensation	–	156	–	156
Appropriation for surplus reserve	–	1,417	(1,417)	–
At 30 June 2024	51,698	121,237	(8,451)	164,484
(Unaudited)				
At 1 January 2023	42,607	112,771	(23,849)	131,529
Profit for the period	–	–	8,947	8,947
Other comprehensive expense	–	(2,262)	–	(2,262)
Total comprehensive income/(loss) for the period	–	(2,262)	8,947	6,685
Transactions with owners				
Share-based compensation	–	343	–	343
Appropriation for surplus reserve	–	1,539	(1,539)	–
At 30 June 2023	42,607	112,391	(16,441)	138,557

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(16,048)	(74,775)
Interest received	10	29	159
Income taxes paid		(2,994)	(1,916)
Net cash used in operating activities		(19,013)	(76,532)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(3)	(50)
Proceeds from disposal of property, plant and equipment		13	–
Repayment of loans to employees		3,000	–
Net cash from/(used in) investing activities		3,010	(50)
Cash flows from financing activities			
Proceeds from bank borrowings		85,900	65,500
Repayment of bank borrowings		(113,950)	(50,290)
Repayment of loans from related parties		(2,266)	–
Principal elements of lease payments		(1,223)	(1,558)
Interest paid of borrowings and lease		(1,836)	(998)
Issuance of share capital		13,182	–
Changes in restricted cash		–	1,165
Net cash (used in)/from financing activities		(20,193)	13,819
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		45,191	74,030
Effects of exchange rate changes on cash and cash equivalents		229	278
Cash and cash equivalents at the end of the period	17	9,224	11,545

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”). The Company’s functional currency is Hong Kong dollars (“**HK\$**”). The directors of the Company adopted RMB as presentation currency for the convenience of the financial statements users.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

3. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendment to HK-Int 5	Amendments to HKAS 1

The application of the amendments to HKFRSs in the current interim period has no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2023.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

There have been no significant changes in the risk factors and management policies since 31 December 2023.

5.2 Liquidity risk

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

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

At 30 June 2024

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
(Unaudited)					
Borrowings	25,700	2,132	29,668	57,500	54,050
Loans from related parties	88,790	–	–	88,790	88,790
Trade payables	81,629	–	–	81,629	81,629
Other payables and accruals (excluding accrued staff costs and valued-added tax and surcharges)	14,125	–	–	14,125	14,125
Lease liabilities	2,475	27	–	2,502	2,411
	212,719	2,159	29,668	244,546	241,005

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Liquidity risk *(Continued)*

At 31 December 2023

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
(Audited)					
Borrowings	50,942	3,349	31,055	85,346	82,100
Loans from related parties	90,215	–	–	90,215	90,215
Trade payables	77,872	–	–	77,872	77,872
Other payables and accruals (excluding accrued staff costs and valued-added tax and surcharges)	4,669	–	–	4,669	4,669
Lease liabilities	2,374	1,006	–	3,380	3,139
	226,072	4,355	31,055	261,482	257,995

5.3 Fair value estimation

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

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

During the six months ended 30 June 2024 and year ended 31 December 2023, there were no transfers between Level 1, 2 and 3.

As at 30 June 2024 and 31 December 2023, the Group's assets that are measured at fair value comprised financial assets of fair value through other comprehensive income which was measured at level 3.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. FINANCIAL RISK MANAGEMENT *(Continued)*

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

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

6. SEGMENT INFORMATION

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

7. REVENUE

Revenue comprises of proceeds from providing intelligent marketing solutions services. The analysis of the Group’s revenue by category for the six months ended 30 June 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Intelligent marketing solutions services:		
– Integrated intelligent marketing solutions services – gross method	469,895	449,663
– Influential placement services – net method	10,392	11,632
Total	480,287	461,295

The timings of revenue recognition by category is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
At a point in time	480,287	461,295

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. REVENUE *(Continued)*

(a) Contract liabilities

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

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Contract liabilities	14,510	12,854

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

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

	Six months ended 30 June 2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the period	8,963	10,978

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

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

(c) Assets recognised from costs to fulfil a contract

During the six months ended 30 June 2024 and 2023, the incremental costs incurred to obtain contracts was not significant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Advertising traffic costs	442,172	415,076
Employee benefit expenses	21,944	22,445
Consultancy fees	4,102	4,305
Depreciation and amortisation	1,696	1,412
Office expenses	667	2,120
Travelling expenses	572	803
Short-term lease expenses	965	71
Taxes and surcharges	620	162
Others	752	1,523
Total cost of services, selling and distribution expenses, and general and administrative expenses	473,490	447,917

9. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grant (Note)	203	474
Additional deduction of value-added tax	–	1,446
Net gain on disposal of property, plant and equipment	7	–
Others	217	67
	427	1,987

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	29	159
Finance costs		
Interest expenses on borrowings	(1,743)	(972)
Interest expenses on lease liabilities	(93)	(26)
	(1,836)	(998)
Finance costs, net	(1,807)	(839)

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	449	4,128
Deferred income tax	615	(399)
Income tax expense	1,064	3,729

(a) Cayman Islands and BVI Income Tax

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

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

(b) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any estimated assessable profit subject to Hong Kong profits tax during the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. INCOME TAX EXPENSE *(Continued)*

(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 period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%.

Shenzhen Bright Future Technology Company Limited was being approved as the “High and New Technology Enterprise” (“HNTTE”) 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 HNTTE.

Shenzhen Lindu Technology Company Limited was being approved as the HNTTE 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 HNTTE.

(d) PRC Withholding Tax (“WHT”)

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

12. EARNINGS PER SHARE

(a) Basic earnings per share

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	3,542	8,947
Weighted average number of ordinary shares in issue (thousands)	569,737	480,377
Basic earnings per share (in RMB cents)	0.62	1.86

(b) Diluted earnings per share

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	3,542	8,947
Weighted average number of ordinary shares in issue (thousands)	569,737	480,377
Adjustments for employee incentive plan (thousands)	1,038	1,007
Weighted average number of ordinary shares for calculating diluted earnings per share (thousands)	570,775	481,384
Diluted earnings per share (in RMB cents)	0.62	1.86

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Motor vehicle <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Right-of-use assets – leased offices <i>RMB'000</i>	Total <i>RMB'000</i>
(Unaudited)						
At 1 January 2024						
Cost	655	2,103	332	2,239	9,335	14,664
Accumulated depreciation	(435)	(1,594)	(263)	(1,483)	(6,230)	(10,005)
Net book amount	220	509	69	756	3,105	4,659
Six months ended 30 June 2024						
Opening net book amount	220	509	69	756	3,105	4,659
Additions	1	2	–	–	495	498
Disposals	–	(6)	–	–	–	(6)
Depreciation charge	(9)	(121)	(39)	(53)	(1,143)	(1,365)
Closing net book amount	212	384	30	703	2,457	3,786
At 30 June 2024						
Cost	656	2,099	332	2,239	9,830	15,156
Accumulated depreciation	(444)	(1,715)	(302)	(1,536)	(7,373)	(11,370)
Net book amount	212	384	30	703	2,457	3,786
(Unaudited)						
At 1 January 2023						
Cost	655	1,865	332	2,239	5,133	10,224
Accumulated depreciation	(394)	(1,278)	(184)	(1,349)	(3,799)	(7,004)
Net book amount	261	587	148	890	1,334	3,220
Six months ended 30 June 2023						
Opening net book amount	261	587	148	890	1,334	3,220
Additions	–	50	–	–	4,042	4,092
Depreciation charge	(24)	(155)	(33)	(305)	(912)	(1,429)
Closing net book amount	237	482	115	585	4,464	5,883
At 30 June 2023						
Cost	655	1,915	332	2,239	9,175	14,316
Accumulated depreciation	(418)	(1,433)	(217)	(1,654)	(4,711)	(8,433)
Net book amount	237	482	115	585	4,464	5,883

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade receivables – third parties	321,013	285,290
Loss allowance	(3,856)	(3,145)
	317,157	282,145

The Group normally allows a credit period of 30 to 150 days to its customers. Aging analysis of the trade receivables as at 30 June 2024 and 31 December 2023, based on date of recognition, is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Aging		
Up to 3 months	293,923	235,732
3 to 6 months	20,456	41,245
6 months to 1 year	3,582	7,026
1 to 2 years	1,973	757
Over 2 years	1,079	530
	321,013	285,290

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

(a) Trade receivables *(Continued)*

On that basis, the loss allowance as at 30 June 2024 and 31 December 2023 was determined as follows for trade receivables:

30 June 2024

	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years past due	Total
(Unaudited)							
Expected loss rate	0.14%	0.52%	1.92%	22.05%	51.91%	100.0%	
Gross carrying amount (RMB'000)	250,889	43,034	20,456	3,582	1,973	1,079	321,013
Loss allowance provision (RMB'000)	348	222	393	790	1,024	1,079	3,856

31 December 2023

	Current	Up to 3 months past due	3 to 6 months past due	6 months to 1 year past due	1 year to 2 years past due	Over 2 years past due	Total
(Audited)							
Expected loss rate	0.22%	0.90%	1.51%	18.04%	43.90%	100.00%	
Gross carrying amount (RMB'000)	238,608	29,037	10,284	5,122	1,709	530	285,290
Loss allowance provision (RMB'000)	525	261	155	924	750	530	3,145

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	3,145	1,833
Additions	711	1,850
At the end of the period	3,856	3,683

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

(b) Deposits, prepayments and other receivables

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Prepayments to media publishers and advertising agents	90,420	82,860
Loans to employees <i>(Note)</i>	8,000	11,000
Value-added tax recoverable	2,847	1,565
Rental and other deposits	30,123	37,935
Loan to a related party <i>(Note 23(b)(ii))</i>	2,161	2,141
Others	4,474	2,761
Less: Allowance for credit losses	(1,090)	(990)
	136,935	137,272
Less: Non-current deposits and prepayments	(10)	(10)
	136,925	137,262

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. Loan amounted to RMB6,500,000 is interest-free and loan amounted to RMB1,500,000 bears interest rate of 3.4% per annum.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Equity investment in an unlisted entity <i>(Note)</i>	3,000	3,000

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

Movement of financial assets at FVTOCI is analysed as follows:

	<i>RMB'000</i>
(Unaudited)	
At 1 January 2023	1,392
Changes in fair value	–
At 30 June 2023	1,392
(Unaudited)	
At 1 January 2024	3,000
Changes in fair value	–
At 30 June 2024	3,000

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value at		Significant unobservable inputs	Range of input at		Relationship of unobservable inputs to fair value
	30 June 2024	31 December 2023		30 June 2024	31 December 2023	
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)				
Investments in unlisted equity securities included in financial assets at FVTOCI	3,000	3,000	Price-to-sales ratio	0.37x	0.37x	Increasing the price-to-sales ratio by 5% would increase the fair value by RMB150,000 (31 December 2023: RMB150,000) approximately; and decreasing the price-to-sales ratio by 5% would decrease the fair value by RMB150,000 (31 December 2023: RMB150,000) approximately

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

17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Cash at bank (a)	9,224	45,191
Restricted cash (b)	4,738	4,673

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

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

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
RMB	8,141	44,455
HK\$	527	468
USD	556	268
	9,224	45,191

(b) Restricted cash

As at 30 June 2024 and 31 December 2023, the restricted cash mainly represents the cash balance held by an employee share trust controlled and consolidated by the Company.

18. BORROWINGS

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Non-current		
Secured bank borrowings	30,430	31,450
Current		
Secured bank borrowings	17,040	39,350
Guaranteed bank borrowings	6,580	8,300
Other borrowings	–	3,000
	54,050	82,100

As at 30 June 2024, the Group's bank borrowings bear interest rate of 2.80% to 4.50% (31 December 2023: 3.85% to 5.20%) per annum. As at 30 June 2024, the Group had no other borrowings (31 December 2023: 7.20%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. BORROWINGS (Continued)

The maturity of borrowings is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 1 year	23,620	50,650
Between 1 and 2 years	2,040	2,040
After 2 years	28,390	29,410
	54,050	82,100

The pledge and guarantee related to borrowings is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Secured by the pledge of Mr. Dong's residence and Ms. Gao's residence	15,000	37,310
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	32,470	33,490
Secured by a trade receivable from a third party	–	3,000
Guaranteed by Mr. Dong	6,580	2,700
Guaranteed by Mr. Dong and Mr. Yang and two subsidiaries of the Company	–	5,600
	54,050	82,100

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. TRADE PAYABLES

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Aging		
Up to 3 months	56,694	57,257
3 to 6 months	6,402	9,948
Over 6 months	18,533	10,667
	81,629	77,872

20. OTHER PAYABLES AND ACCRUALS

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Accrued staff costs	11,180	12,407
Value-added tax and surcharge	7,098	8,212
IT service fees	–	2,271
Cooperation intention deposits	12,848	–
Deposits	935	888
Accrued auditor's remuneration	–	910
Others	342	600
	32,403	25,288

21. SHARE CAPITAL

	Number of shares	Nominal value of shares
Authorised		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024 (unaudited)	2,000,000,000	HK\$200,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. SHARE CAPITAL *(Continued)*

	Number of shares	Nominal value of shares	Equivalent nominal value of shares RMB'000
Issued and fully paid:			
At 1 January 2023, 30 June 2023 and 1 January 2024 (unaudited)	500,000,000	HK\$50,000,000	42,607
Issue new shares (unaudited)	100,000,000	HK\$10,000,000	9,091
At 30 June 2024 (unaudited)	600,000,000	HK\$60,000,000	51,698

On 27 December 2023, the Company entered into two subscription agreements with two subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 100,000,000 subscription shares at the subscription price of HKD0.145 per subscription share. The subscription was completed on 22 January 2024.

22. COMMITMENTS

Capital commitments

The Group did not have any material capital commitments as at 30 June 2024 and 31 December 2023.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

During the six months ended 30 June 2024 and 2023, the directors are of the view that the following are related parties of the Group.

(a) Transactions with related parties

(i) Key management personnel compensation

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages, and allowances	1,710	1,838
Discretionary bonus	–	–
Other social security costs, housing benefits and other employee benefits	107	59
Pension costs – defined contribution plans	92	49
	1,909	1,946

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

(i) Loans from related parties

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Mr. Dong Hui	55,421	57,082
Mr. Yang Dengfeng	33,369	33,133
	88,790	90,215

(ii) Loan to a related party

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Mr. Dong Hui	2,161	2,141

Note: The loan to a related party is unsecured and interest-free, which the original loan period is from 19 August 2021 to 18 August 2024. On 18 August 2024, the Company and Mr. Dong Hui have entered into supplementary agreements for extending the maturity date of the aforesaid loan to 18 August 2025, while all other terms set forth in the loan contracts remain unchanged.

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 18 August 2024, the Group entered into supplementary agreements with Mr. Dong Hui which stated that the maturity date of the remaining loan amounting to RMB2,161,000 will extend to 18 August 2025 (as disclosed in note 23(b)(ii)).

DEFINITIONS

In this interim report, unless the context otherwise requires, the below expressions shall have the following meanings:

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

DEFINITIONS

“Companies Act”	The Companies Act, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	Bright Future Technology Holdings Limited (辉煌明天科技控股有限公司) (formerly known as “Bright Future Science Holdings Limited), an exempted company incorporated in the Cayman Islands with limited liability on 8 November 2018
“COVID”	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
“Excluded Employee”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee
“Futu Trustee”	Futu Trustee Limited, a company incorporated in Hong Kong with limited liability on 28 August 2017, the trustee under the Share Award Scheme
“Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context requires, in respect of the period before our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Highland Triumph”	HIGHLAND TRIUMPH LIMITED, a company incorporated in the British Virgin Islands with limited liability on 28 May 2018, which is wholly-owned by Mr. YANG Dengfeng, an executive Director of the Company

DEFINITIONS

“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“industry verticals”	specific industries in which vendors offer goods and services to group of customers with specialised needs
“LinkBriAI”	the Group’s proprietary full service intelligent marketing management platform originally named as the “LinkDoAI” system, and upgraded and renamed as “LinkBriAI” in the first half of 2023
“Listing Date”	11 November 2020, the date on which the Shares are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange made by the Stock Exchange from time to time
“livestreaming”	online streaming media simultaneously recorded and broadcast in real-time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 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 report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 28 October 2020
“R&D”	research and development
“Reporting Period”	the six months ended 30 June 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Selected Employee(s)”	Employee(s) selected by the Board pursuant to the Share Award Scheme for participation in the Share Award Scheme; for avoidance of doubt, the Board confirms that no controlling shareholder (including any Employee who is a controlling shareholder) will be a Selected Employee
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Award Scheme”	the share award scheme of the Company approved and adopted by the Board on 7 May 2021, in its present form or as amended from time to time in accordance with the Share Award Scheme
“Share Offer”	the public offering and placing of Shares
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 16 October 2020
“shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“stock 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
“top media”	major online media publishers such as popular search engines and social media that offer advertisement inventories through their own advertising placement systems
“Vast Ocean”	VAST OCEAN LIMITED, a company incorporated in the British Virgin Islands with limited liability on 23 June 2021, which is wholly-owned by Mr. DONG Hui, an executive Director of the Company
“vertical dramas”	a kind of vertical screen storytelling video derived from short videos, with the length of a single episode ranging from a few tens of seconds to about fifteen minutes
“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.