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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lo Ken Bon (*Deputy Chairman*)  
Mr. Ko Chun Shun, Johnson  
Mr. Madden Hugh Douglas (*Chief Executive Officer*)  
Mr. Chapman David James  
Mr. Tiu Ka Chun, Gary

### Independent Non-Executive Directors

Mr. Chau Shing Yim, David  
Mr. Chia Kee Loong, Lawrence  
Mr. Tai Benedict

## BOARD COMMITTEES

### Audit Committee

Mr. Chau Shing Yim, David (*Chairman*)  
Mr. Chia Kee Loong, Lawrence  
Mr. Tai Benedict

### Remuneration Committee

Mr. Chau Shing Yim, David (*Chairman*)  
Mr. Lo Ken Bon  
Mr. Chia Kee Loong, Lawrence

### Nomination Committee

Mr. Lo Ken Bon (*Chairman*)  
Mr. Chau Shing Yim, David  
Mr. Chia Kee Loong, Lawrence

### Risk Management Committee

Mr. Lo Ken Bon (*Chairman*)  
Mr. Chau Shing Yim, David  
Mr. Tai Benedict  
Mr. Sikora Marek (*Chief Risk Officer*)

## AUTHORISED REPRESENTATIVES

Mr. Lo Ken Bon  
Ms. Chau Wing Kei

## COMPANY SECRETARY

Ms. Chau Wing Kei

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong)  
China Merchants Bank  
Bank of Communications Co., Limited  
Signature Bank  
Silvergate Bank

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

7th Floor, No. 755, 757 Weihai Road  
Jing'an District  
200041  
Shanghai, China

## SHARE REGISTRAR AND TRANSFER OFFICE Principal Registrars

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## WEBSITE

bc.group

# CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders and Partners:

In the first half of 2019 (H1 2019), we increased focus on the BC Group digital assets platform business, while also improving our cost base to reflect greater efficiencies across segments.

During H1 2019, our digital asset platform business grew to become the Group's largest business line by revenue.

At the same time, regulatory developments are bringing more institutional participation to the digital space, creating an opportunity for early movers to deliver the infrastructure needs of this emerging asset class.

BC Group is well-placed in this environment, and capitalising on this change is fundamental to our vision to **build the next generation of Asia's capital markets with digital assets, setting standards for performance, security and compliance.**

Over the past year we have worked to position BC Group as the partner of choice for professional digital asset traders and institutions: We assembled a world-class management team, underwent an independent financial statements audit by PwC and established institutional-grade security controls for the first insured digital asset custody offering in Asia.

We also completed a HKD114 million share placement to strengthen our balance sheet, and continued to build our market-leading brands, OSL and ANXONE, across the region.

Moving forward, the Group will continue to focus on increasing revenues and engaging regulatory bodies with the objective of long-term growth in the digital asset platform business.

BC Group's advertising and business park area management services businesses will continue to experience medium-term headwinds unless there is an improvement in world trade relations and China macroeconomic conditions.

## COMPANY PERFORMANCE

We experienced growth in H1 2019, with Group revenues increasing 29.1% or RMB19.2 million compared to the same period in 2018.

Our newly launched digital asset platform business reached 49.0% of total Group revenue for this period, making it the highest single contributor within the Group. Digital asset revenues were RMB41.6 million for H1 2019, compared to nil in H1 2018, and representing an increase of 386.2% or RMB33.1 million when compared to the second half of 2018 (H2 2018).

BC Group's net loss for H1 2019 also decreased by RMB14.9 million or 10.1% when compared to H2 2018.

Revenues from BC Group's advertising and business park area management services businesses for H1 2019 were RMB43.4 million, representing a decline of 34.1% compared to the same period in 2018. The advertising business was impacted by a slowdown in the automotive industry as a result of slowing macroeconomic growth in China and the unresolved Sino-US trade conflict, leading to significant reduction in client advertising and marketing budgets and spending.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

The decline in business park area management services revenue was mainly due to lower occupancy rates in the first quarter of 2019.

The Group continues to develop and explore opportunities to use its digital asset expertise to maximise revenues from its marketing and business park area management service businesses.

## BUSINESS DEVELOPMENT

The following milestones were met in the H1 2019, including:

- Expansion of digital asset service capabilities into complementary strategic markets
- Signing 6 corporate Software-as-a-Service (SaaS) license agreements with customers in 5 markets
- The launch of Asia's first digital asset custody service, ANXONE Custody, with combined hot and cold wallet insurance and the signing of its first customer letter of intent
- Completion of the HKD114 million share placement
- Completion of the Group rebrand

Reflecting our increasing mix of digital asset and related platform services, BC Group changed its listed entity name from "Branding China Group Limited" to "BC Technology Group Limited". The group's digital asset business is branded as "BC Group", the umbrella Group for ANXONE and OSL brands.

## PEOPLE

To effectively respond to the dynamics of the current market environment, and as a result of the changes to Group business structure, I have had the privilege of accepting the role of CEO for the Group. Additional management changes also took place in H1 2019:

- Ken Lo was appointed Deputy Chairman of the Board to focus on key investor relations
- Group Head of Regulatory Affairs Gary Tiu was elected to the Board
- Group Executive Director Dave Chapman took leadership of company's growing SaaS infrastructure business
- Mr. Fang Bin has moved on from the Board to devote more attention and energy to other business interests

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## PROSPECTS

In the second half of 2019 (H2 2019), we will continue to build our digital asset platform business, while also focusing on continued cost efficiencies and revenue growth.

BC Group's digital asset platform is powered by leading-edge technology to enable cost to income scalability through automation. The platform services the Group's direct to market operations, and allows the company to provide backbone support to SaaS clients and their digital asset businesses.

These complementary capabilities and technologies provide diversity to Group revenues through recurring monthly fees, and upside exposure to market cycles through revenue sharing arrangements.

Increasing digital asset platform revenues through SaaS is an opportunity for BC Group to grow its addressable market. Revenue growth from this product line is expected to materialise throughout the H2 2019.

Though there are uncertainties in the market, current global trends also present a timely opportunity as the digital asset market transitions to a regulated asset class.

With industry leading technology and trading infrastructure, and the most trusted digital asset brand in Asia, BC Group is well placed as the partner of choice for institutional players looking to access digital assets.

## ACKNOWLEDGEMENTS

It has been a strong six months overall, and I would like to express my greatest appreciation to BC Group staff for their dedication and hard work, and to our shareholders for their continued support.

**Hugh Madden**

*Chief Executive Officer*

# MANAGEMENT DISCUSSION AND ANALYSIS

## MATERIAL EVENTS

### Change in Board Lot Size

With effect from 11 March 2019, the board lot size for trading in shares of the Company on the Stock Exchange was changed from 2,000 shares to 500 shares.

### Change of Company Name

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 16 May 2019 and approved by the Registrar of Companies in Cayman Islands and the Registrars of Companies in Hong Kong, the name of the Company was changed from “Branding China Group Limited” to “BC Technology Group Limited” and the Chinese name has been changed from “品牌中國集團有限公司” to “BC科技集團有限公司”. The Change of Company Name better reflect the Group’s future strategic direction and development plan.

### Subscription of New Shares under General Mandate

Reference is made to the Company’s announcement dated 27 May 2019 in relation to the subscription for new shares under general mandate.

On 27 May 2019, the Company entered into 8 subscription agreements with 8 subscribers, pursuant to which the Company conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for 22,876,360 ordinary shares (“Shares”) at the subscription price of HK\$5 per Share. The closing price of Shares on the date of entering the agreement (i.e. 27 May 2019, being the last trading day for the Shares before entering the agreements) was HK\$5.83 per Share. The aggregate nominal value of the 22,876,360 subscription shares was HK\$228,764.

The Group was indebted to one of the Subscribers a loan of principal amount of HK\$100,000,000 which was due on 11 July 2019. Such Subscriber agreed to set-off the outstanding loan in the amount of HK\$100,000,000 due to it to satisfy the consideration payable under its Subscription Agreement for 20,000,000 Subscription Shares. Apart from the set-off of the loan mentioned above, the gross proceeds and the estimated net proceeds from the subscription were approximately HK\$14.38 million and HK\$14.3 million respectively.

The Company intended to use the net proceeds for the payment of regular and recurring monthly expenditure of the Group. The net price per subscription share was approximately HK\$5. The regular and recurring monthly expenditure of the Group amounted to approximately HK\$20 million.

Up to 30 June 2019, the subscription was partially completed and an aggregate of 22,091,860 ordinary shares were allotted and issued to the subscribers and net proceeds of approximately HK\$10.4 million had been received by the Company. The remaining 784,500 shares were subsequently allotted and issued and the net proceeds of approximately HK\$3.9 million were subsequently received by the Company on 5 July 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Use of Net Proceeds of the Allotment and Issue of new shares

Reference is made to the Company's announcement dated 27 May 2019 in relation to the subscription of new shares under general mandate. As at 30 June 2019, the net proceeds from the allotment and issue of 22,091,860 shares (after deducting all relevant costs and expenses of the issue of shares) were approximately HK\$10.4 million, which was intended to be utilised for the payment of regular and recurring monthly expenditure of the Group. As at 30 June 2019, the net proceeds of HK\$10.4 million were fully utilised by the Group. Set forth is a summary of the utilisation of the net proceeds:

	<b>Amount of net proceed intended to be allocated</b>	<b>Actual utilised amounts as of 30 June 2019</b>	<b>Unutilised amount as of 30 June 2019</b>
	HK\$ million (approximately)	HK\$ million (approximately)	HK\$ million (approximately)
Purposes of the net proceeds			
Payment of regular and recurring Monthly expenditures	10.4	10.4	–
	10.4	10.4	–

## FINANCIAL ANALYSIS

### Overall Performance

For the six months ended 30 June 2019 (the "Period"), the Group recorded total revenue of RMB85.0 million, representing an increase of approximately 29.1%, or RMB19.2 million, from RMB65.8 million for the corresponding period of 2018, driven by better than expected performance from the digital asset business, which began in August 2018.

The operating loss of the Group was RMB112.6 million for the Period, representing an increase of RMB106.5 million, from net operating loss of RMB6.1 million for the corresponding period of 2018. As compared with second half of 2018, the Group's operating loss decreased by RMB9.5 million or 7.8%.

The net loss of the Group increased from RMB14.1 million for the six months ended 30 June 2018 to RMB131.8 million for the Period. As compared with second half of 2018, the Group's net loss decreased by RMB14.9 million or 10.1%.

Loss per share of the Group for the Period was RMB52 cents (for the six months ended 30 June 2018: RMB6 cents).

### Digital Assets and Blockchain Platform Business

The digital assets and blockchain platform business started in August 2018. During the Period, the digital assets and blockchain platform business generated revenues of RMB41.6 million, compared to nil in the corresponding period in 2018, mainly from the facilitation of trading of digital assets of RMB39.5 million through the platform, and the provision of digital assets Software as a Service (SaaS) of RMB2.1 million during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Advertising and Business Park Area Management Services Businesses

Revenue of advertising business for the Period was RMB26.6 million, a decline of RMB20.0 million or 43% as compared with the corresponding period of 2018. During the period, the Group was further affected by the slowdown in the automotive industry resulting from the decline in macroeconomic growth in China and the unresolved Sino-US trade conflicts which caused significant reduction and control on their budget and expenses on advertising and marketing activities by our clients.

Revenue from business park area management services for the Period was RMB16.8 million as compared with RMB19.2 million in the corresponding period of 2018. The decrease in revenue of RMB2.4 million, or 12.5% was mainly due to the decrease in occupancy rate in the first quarter of 2019.

As at 30 June 2019, the Group's cost of generating revenues from advertising and business park area management services mainly comprised expenses and costs for procuring advertising space, staff remuneration, event organising lease expense, production costs and holding the lease on the Business Park Area. The Group's cost of revenue for the Period was RMB35.1 million, representing a decrease of approximately 17.4% or RMB7.4 million as compared with RMB42.5 million for the corresponding period of 2018. The cost of revenue decreased correspondingly with the declined revenue in the advertising and business park area management service.

The gross profit of advertising and business park area management services for the Period was RMB8.3 million, representing a decrease of RMB15.0 million as compared to RMB23.3 million for the corresponding period of 2018. For the Period, the Group's gross profit margin of advertising and business park area management services was 19.2% (for the six months ended 30 June 2018: 35.5%). The decrease in the gross profit and gross profit margin was mainly attributable to the decrease in gross profit and gross profit margin in advertising business in the challenging business environment and the decrease in occupancy rate in business park area management service in the first quarter of 2019.

## Selling and Distribution Expenses

Selling and distribution expenses increased by RMB6.5 million from RMB0.7 million for the corresponding period of 2018 to RMB7.2 million for the Period. The increase was mainly attributable to the increase in the travelling expenses for marketing events in advertising business and the increase in traders and sales staff for promoting the digital assets and blockchain platform business.

## Administrative and Other Operating Expenses

Administrative and other operating expenses for the Period increased by RMB129.0 million to RMB155.0 million as compared to the corresponding period of 2018. Such increase was mainly due to the increase in expenditures related to the expansion of operations for the digital assets and blockchain platform business, including IT, legal, rental, marketing and staff costs.

The Group began to make significant investments in the digital asset and blockchain platform business in August 2018. As compared with second half of 2018, administrative and other operating expense (excluded share-based payment) for the first half 2019 increased by RMB3.2 million or 2.6%, while revenue for the digital asset business increased by RMB33.1 million, or 386.2% when compared with the second half of 2018.



## Net Loss

As a result, the net loss of the Group for the Period was RMB131.8 million, an increase of RMB117.7 million as compared with RMB14.1 million for the corresponding period of 2018. Despite the significant increase in revenue from digital assets and blockchain platform business, the increase in net loss was primarily due to the decrease in revenue and gross profit from advertising and business park area management services and the increase in expenditure for the expansion of operations for the digital assets and blockchain platform business which started in second half of 2018. When compared with second half of 2018, the net loss decreased by RMB14.9 million or 10.1%. The decrease was mainly driven by the increase in income generated from facilitation of trading of digital assets through the platform and the provision of the platform as Software as a Service offering.

## Interim Dividends

The Board has resolved not to recommend an interim dividend in respect of the six months ended 30 June 2019 to the holders of ordinary shares of the Company.

## Liquidity and Financial Resources

As at 30 June 2019, the Group recorded total assets of RMB1,333.7 million (31 December 2018: RMB1,002.6 million) which were financed by liabilities of RMB1,305.3 million (31 December 2018: RMB968.0 million) and total shareholders' equity of RMB28.4 million (31 December 2018: RMB34.6 million).

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

As at 30 June 2019, total borrowings amounted to RMB269.3 million (31 December 2018: RMB237.0 million). The Group's borrowings comprised other loans denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB"). RMB131.5 million (31 December 2018: RMB123.4 million) borrowings were interest bearing with interest rates ranging from 6% to 12% per annum. The remaining borrowings were non-interest bearing. RMB16.5 million (31 December 2018: RMB15.5 million) borrowings were secured by 90% equity interest of 上海憬威企業發展有限公司 ("Shanghai Jingwei") held by the Group and all profits of Shanghai Jingwei attributable to the Group for the period from 1 January 2018 till the repayment date of the borrowing. RMB119.2 million (31 December 2018: RMB113.6 million) borrowings were secured by deposits of RMB110.1 million (31 December 2018: RMB94.1 million). As at 30 June 2019, the Group was in a net current assets position (31 December 2018: net current liabilities position).

As at 30 June 2019, 2,851,111 share options were granted under the share option scheme (31 December 2018: 17,148,889 share options). None of the options granted are vested as at 30 June 2019. If all of the remaining outstanding share options were exercised, gross proceeds of approximately HKD172.9 million (31 December 2018: HKD172.9 million) in aggregate would be raised before deducting any issuance expenses. Subsequent to the financial position date, no share options were vested, or exercised, while 833,333 share options have been lapsed.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Treasury Policy

It is the Group's treasury management policy not to engage in any investment or speculative derivative instrument with high risks. During the Period, the Group continued to adopt a conservative approach in financial risk management and did not employ any material financial instrument for hedging purposes. Most of the assets, receipts and payments of the Group was denominated in RMB, HKD and United States dollars ("USD").

## Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group currently operates mainly in Hong Kong and mainland China.

For operations in Hong Kong, most of the transactions are denominated in HKD and USD. The exchange rate of USD against HKD is relatively stable, and the related currency exchange risk is considered minimal. For operations in mainland China, most of the transactions are settled in RMB, the impact of foreign exchange exposure to the Group was minimal.

No financial instrument was used for hedging purposes for the period. However, the Group is closely monitoring the currency exchange risk of RMB and is looking for any opportunities to mitigate the currency exchange risk of RMB.

## Material Acquisitions and Disposals of Subsidiaries and Associates

Save as disclosed in Note 25 to the unaudited condensed consolidated interim financial statements, the Group did not have any material acquisitions and disposals of subsidiaries and associates.

## Charge on the Group's Assets

As at 30 June 2019, the Group had deposits amounting to RMB110.1 million (31 December 2018: RMB94.1 million) pledged for other borrowings granted to the Group.

## Contingent Liabilities

As at 30 June 2019 and 31 December 2018, the Group did not have any significant contingent liabilities.

## Human Resources Cost

As at 30 June 2019, the Group had a total of 177 employees in both Hong Kong and China offices (30 June 2018: 71 employees). The total staff cost during the period was RMB101.3 million (30 June 2018: RMB7.7 million).

The Company also operates a share option scheme and a share award plan for the purpose of providing incentives to, retaining, recognising and motivating eligible Directors and employees who make contribution to the Group. For details, please refer to the section "Share Option Scheme and Share Award Plan" under "Other Information" section.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

### Business Review

During the six months ended 30 June 2019 (the "Period"), the Group was principally engaged in the provision for traditional advertising business and business park area management services in the People's Republic of China (the "PRC"), and the digital assets platform business in Hong Kong.

### Advertising business and business park area management services business

The advertising businesses mainly focuses on the provision of professional, targeted and customized one-stop integrated marketing services to our customers from the automotive industry.

The automotive industry is experiencing an overall downward trend during the Period by a number of negative factors, such as the decline in macroeconomic growth, the unresolved Sino-US trade conflicts and the decline in consumer confidence. All these negative factors adversely affect the financial performance of most automobile clients, which has caused them to implement strict cost measures and tighten their budgets on advertising services, public relation services and event marketing services. These challenges negatively impacted the advertising business segment. The advertising business reported RMB26.6 million of revenue during the Period, representing a significant decline of 43.0% compared to the first half of 2018. The Group is actively seeking opportunities to identify new customers and broaden industry exposure to strive for improvements in its performance in the second half of 2019.

Revenue generated from the Group's business park area management services during the Period was RMB16.8 million, representing a 12.5% decline in revenue compared to the first half of 2018. The slight decrease of revenue is mainly due to the weaker economic conditions leading to a drop in the occupancy rate of the business park office space during the first quarter of 2019. The Group continues to actively promote the operation and management services in the business park area seeing an increase in customers in the second quarter of 2019. With this an occupancy rate of more than 90% in the second half of 2019 is expected.

### Digital asset and blockchain platform business

In view of the economic slowdown of the Mainland economy that will affect the core businesses in the foreseeable future, as well as a booming digital asset industry, since late 2018, the Group has sought to expand and diversify revenue by investing into new business opportunities relating to the provision of blockchain technology Software as a Service, and the facilitation of trading in digital assets through the Group's technology platform.

In the second half of 2018, the Group made significant investments in establishing the requisite corporate and technical infrastructure for the digital asset platform business. The Software as a service platform ("SaaS") encompasses end-to-end technology, best-in-class risk management, market surveillance and compliance systems. To showcase the Group's market leading Platform, the Group began providing digital asset trade facilitation services under the OSL brand generating trading income for the Group since second half of 2018.

During the Period, the Group also launched Asia's first insured custody services for digital assets. This service paves the way for professional investors to store digital assets safely with military grade security protocols. Furthermore, to demonstrate the new capabilities of the Platform, during the Period the Group also launched ANXONE MarketPlace ("MarketPlace"), an automated trade matching service to facilitate trading in non-securities digital assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

With these new capabilities to allow professional investors to trade with confidence as their digital assets are held in an institutional-grade security facility with operational and control processes that adhere to stringent compliance checks, and together with improvements to digital asset market sentiment starting from the first half of 2019, the digital asset business has achieved exceptional performance and become one of the main sources of revenue for the Group during the Period.

The Group recorded digital asset trading income of RMB39.5 million during the Period (Six months ended 30 June 2018: Nil) and generated revenue of RMB2.1 million from the provision of Platform Services. The Group offered the Software-as-a-Service (SaaS) Platform to customers based on a combination of implementation fee and monthly services fee (Six months ended 30 June 2018: Nil).

The Group will continue to grow its revenue from the digital asset business and engage regulatory bodies to best position the Company in the long run. With the current attention towards the regulation of digital asset markets, the Group is optimistic that this represents an opportunity for both our digital asset business and the wider digital asset eco-system.

## Prospects

Looking to the future, the Group will continue to seek opportunities to strengthen its advertising and business park area management services businesses in Mainland China despite the economic slowdown. To diversify revenue and expand the Group's customer base, the Group will increase its investment in Hong Kong and other key jurisdictions in Asia, where it is focused on provision of a digital asset trading platform and related Software as a services Service ("SaaS") offerings. During the period, the Group's revenue from digital assets platform business has already exceeded both advertising business and business park area management services business. Furthermore, geographic expansion remains a priority for the Group as the market for its businesses becomes more global. The Group has opened an office in Singapore in July 2019.

In the first half of 2019, the Group benefited from the growing acceptance of digital assets and experienced encouraging signs of institutional adoption due to increased regulatory clarity. This is evidenced by large technology and financial services firms announcing their intent to launch their own digital assets. In addition, the recent statement by the Financial Action Task Force (FATF) has provided meaningful regulatory clarity to current and future market participants. This clarity, coupled with the Group's world-class technology, risk management, and compliance capabilities will assist the company to differentiate from competitors. The Group has already seen increasing interest from institutions that recognize it as one of the few market participants that can comply with new and emerging regulations.

As regulation becomes clearer and the market for the Group's services becomes mainstream, large financial institutions and technology firms will seek to partner with the Group to enter the digital asset ecosystem. The Group will continue to build its capabilities in technology, security, risk, and compliance systems as required by regulators who will oversee digital asset platform operators.

The Group believes that both its existing advertising business and business park area management services businesses, together with the growing blockchain technology and digital asset trading platform and SaaS offerings, will continue to be the key revenue streams in the near future.

To support growth, the Group is actively seeking funding through debt and equity to strengthen its working capital base.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited For the six months ended 30 June		
		2019	2018	
		RMB	RMB restated*	
Notes				
<b>Continuing operations</b>				
	Revenue from advertising and business park area management services	7	<b>43,374,844</b>	65,820,380
	Cost of revenue relating to advertising and business park area management services		<b>(35,064,500)</b>	(42,472,571)
	Income from digital assets business	8	<b>41,623,739</b>	–
	Net impairment losses on trade receivables and contract assets		<b>(414,467)</b>	–
	Other gains/(losses), net	9	<b>86,795</b>	(2,721,467)
	Selling and distribution expenses		<b>(7,238,414)</b>	(673,814)
	Administrative and other operating expenses		<b>(155,004,524)</b>	(26,041,569)
	<b>Operating loss</b>		<b>(112,636,527)</b>	(6,089,041)
	Finance income		<b>4,182,521</b>	775,415
	Finance costs		<b>(23,278,990)</b>	(7,694,656)
	Finance costs, net		<b>(19,096,469)</b>	(6,919,241)
	Share of losses of associates		–	(77,283)
	<b>Loss before income tax</b>		<b>(131,732,996)</b>	(13,085,565)
	Income tax expense	11	<b>(19,217)</b>	(1,059,688)
	<b>Loss from continuing operations</b>		<b>(131,752,213)</b>	(14,145,253)
	<b>(Loss)/profit from discontinued operations (attributable to owners of the Company)</b>	12	<b>(4,369)</b>	80,189
	<b>Loss for the period</b>		<b>(131,756,582)</b>	(14,065,064)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB restated*
Loss for the period	<b>(131,756,582)</b>	(14,065,064)
<b>Other comprehensive income/(loss)</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences on translation of foreign operations with a functional currency different from the Company's presentation currency	<b>316,303</b>	(932,118)
<i>Item that will not be reclassified to profit or loss:</i>		
Currency translation differences related to the Company on translation of functional currency to presentation currency	<b>40,628</b>	–
Other comprehensive income/(loss) for the period	<b>356,931</b>	(932,118)
<b>Total comprehensive loss for the period</b>	<b>(131,399,651)</b>	(14,997,182)
Loss for the period attributable to:		
Owners of the Company		
Loss from continuing operations	<b>(133,287,779)</b>	(14,389,474)
(Loss)/profit from discontinued operations	<b>(4,369)</b>	80,189
	<b>(133,292,148)</b>	(14,309,285)
Non-controlling interests		
Profit from continuing operations	<b>1,535,566</b>	244,221
	<b>(131,756,582)</b>	(14,065,064)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited For the six months ended 30 June	
		2019	2018
		RMB	RMB restated*
Notes			
<b>Loss per share for loss from continuing operations attributable to owners of the Company</b>			
	Basic (RMB per share)	(0.52)	(0.06)
	Diluted (RMB per share)	(0.52)	(0.06)
<b>Loss per share for loss from continuing and discontinued operations attributable to owners of the Company</b>			
	Basic (RMB per share)	(0.52)	(0.06)
	Diluted (RMB per share)	(0.52)	(0.06)
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company			
	Loss from continuing operations	(132,935,901)	(15,321,592)
	(Loss)/profit from discontinued operations	(4,369)	80,189
		(132,940,270)	(15,241,403)
Non-controlling interests			
	Profit from continuing operations	1,540,619	244,221
		(131,399,651)	(14,997,182)

\* See Note 32 for details regarding the restatements.

The above unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with accompanying notes.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	<b>227,390,906</b>	237,691,245
Intangible assets	16	<b>46,746,084</b>	48,536,289
Prepayments, deposits and other receivables		<b>23,650,530</b>	24,788,852
Deferred income tax assets		<b>1,908,401</b>	1,908,401
Total non-current assets		<b>299,695,921</b>	312,924,787
<b>Current assets</b>			
Inventories	17	<b>490,445,986</b>	188,739,099
Contract assets	7	<b>26,241,735</b>	49,914,408
Trade and bills receivables	18	<b>36,794,812</b>	11,821,876
Prepayments, deposits and other receivables		<b>152,787,072</b>	144,171,867
Income tax recoverable		–	169,087
Cash and cash equivalents		<b>327,731,835</b>	294,838,046
Total current assets		<b>1,034,001,440</b>	689,654,383
<b>Total assets</b>		<b>1,333,697,361</b>	1,002,579,170
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deposits received and other payables		<b>12,804,792</b>	12,627,230
Lease liabilities	20	<b>182,206,694</b>	197,306,077
Other borrowings	22	<b>111,450,063</b>	15,500,000
Financial liabilities at fair value through profit or loss	23	<b>21,499,771</b>	20,620,230
Deferred income tax liabilities		<b>9,638,662</b>	10,195,766
Total non-current liabilities		<b>337,599,982</b>	256,249,303



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>Current liabilities</b>			
Trade payables	19	51,152,200	34,512,869
Accruals and other payables		34,755,198	37,899,208
Contract liabilities	7	4,157,362	931,198
Liabilities due to customers	21	686,718,322	380,701,523
Lease liabilities	20	31,861,925	31,851,433
Other borrowings	22	157,835,914	221,462,651
Current income tax liabilities		1,211,955	4,343,694
		<u>967,692,876</u>	<u>711,702,576</u>
Total current liabilities		<u>967,692,876</u>	<u>711,702,576</u>
<b>Total liabilities</b>		<u>1,305,292,858</u>	<u>967,951,879</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	2,318,571	2,123,981
Other reserves		371,572,671	246,238,520
Accumulated losses		(351,514,148)	(218,222,000)
		<u>22,377,094</u>	<u>30,140,501</u>
<b>Non-controlling interests</b>		<u>6,027,409</u>	<u>4,486,790</u>
<b>Total equity</b>		<u>28,404,503</u>	<u>34,627,291</u>

The above unaudited condensed consolidated statement of financial position should be read in conjunction with accompanying notes.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company									
		Share capital	Share premium	Capital surplus	Exchange reserve	Statutory reserve	Share-based payments reserve	Retained earnings/(accumulated losses)	Total	Non-controlling interests	Total equity
Notes		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
								Restated*	Restated*	Restated*	Restated*
<b>At 1 January 2018, as previously stated</b>		2,037,681	212,873,290	2,000,000	(851,975)	7,922,520	-	(49,039,632)	174,941,884	5,549,353	180,491,237
Restatement due to correction of prior year's adjustments		32	-	-	-	-	-	1,253,484	1,253,484	(891,366)	362,118
Adjusted on adoption of IFRS 9		32	-	-	-	-	-	(1,974,062)	(1,974,062)	-	(1,974,062)
<b>At 1 January 2018, as restated</b>		2,037,681	212,873,290	2,000,000	(851,975)	7,922,520	-	(49,760,210)	174,221,306	4,657,987	178,879,293
(Loss)/profit for the period		-	-	-	-	-	-	(14,309,285)	(14,309,285)	244,221	(14,065,064)
<b>Other comprehensive loss:</b>											
Currency translation differences		-	-	-	(932,118)	-	-	-	(932,118)	-	(932,118)
Total comprehensive (loss)/income		-	-	-	(932,118)	-	-	(14,309,285)	(15,241,403)	244,221	(14,997,182)
<b>At 30 June 2018</b>		2,037,681	212,873,290	2,000,000	(1,784,093)	7,922,520	-	(64,069,495)	158,979,903	4,902,208	163,882,111
<b>At 1 January 2019</b>		2,123,981	212,786,990	3,278,827	(3,088,619)	15,238,857	18,022,465	(218,222,000)	30,140,501	4,486,790	34,627,291
(Loss)/profit for the period		-	-	-	-	-	-	(133,292,148)	(133,292,148)	1,535,566	(131,756,582)
<b>Other comprehensive income:</b>											
Currency translation differences		-	-	-	351,878	-	-	-	351,878	5,053	356,931
Total comprehensive income/(loss)		-	-	-	351,878	-	-	(133,292,148)	(132,940,270)	1,540,619	(131,399,651)
Equity – settled share-based payments under share option scheme		30	-	-	-	-	11,679,606	-	11,679,606	-	11,679,606
Equity – settled share-based payments under share award scheme		29	-	-	-	-	16,202,665	-	16,202,665	-	16,202,665
Shares allotted for subscription of new shares			194,590	97,100,002	-	-	-	-	97,294,592	-	97,294,592
<b>At 30 June 2019</b>		2,318,571	309,886,992	3,278,827	(2,736,741)	15,238,857	45,904,736	(351,514,148)	22,377,094	6,027,409	28,404,503

\* See Note 32 for details regarding the restatements.

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with accompanying notes.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited For the six months ended 30 June	
		2019 RMB	2018 RMB restated*
<b>Cash flows from operating activities</b>			
Cash used in operations		(50,027,344)	(38,788,274)
Income tax paid		(2,320,723)	(2,109,699)
Net cash used in operating activities		(52,348,067)	(40,897,973)
<b>Cash flows from investing activities</b>			
Interest received		193,688	775,613
Investment in an associate		–	3,000,000
Proceeds from disposal of subsidiaries, net of cash disposal of		–	2,893,561
Purchase of property, plant and equipment		(8,096,588)	(2,819,827)
Purchase of intangible assets	16	(2,030,379)	(1,754,349)
Decrease in restricted bank deposits		–	10,000,000
Net cash (used in)/generated from investing activities		(9,933,279)	12,094,998
<b>Cash flows from financing activities</b>			
Interest paid		(1,838,104)	(403,277)
Proceeds from other borrowings		383,921,387	39,799,379
Repayment of other borrowing		(269,337,017)	(9,565,000)
Principal elements of lease liabilities		(27,888,198)	(12,967,690)
Proceeds from issuance of new shares		9,212,147	–
Net cash generated from financing activities		94,070,215	16,863,412
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>31,788,869</b>	<b>(11,939,563)</b>
Effect of exchange rate changes on cash and cash equivalents		1,104,920	(1,052,682)
Cash and cash equivalents at the beginning of the period		294,838,046	53,772,080
<b>Cash and cash equivalents at the end of the period</b>		<b>327,731,835</b>	<b>40,779,835</b>

\* See Note 32 for details regarding the restatements.

The above unaudited condensed consolidated statement of cash flows should be read in conjunction with accompanying notes.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The principal activity of BC Technology Group Limited (formerly known as Branding China Group Limited) (the “Company”) is investment holding. During the period, the Company and its subsidiaries (together, the “Group”) were principally engaged in the provision for traditional advertising and business park area management services in the People’s Republic of China (the “PRC”), and the digital assets business in Hong Kong.

Subsequent to the special resolution of the Company’s shareholders passed on 16 May 2019, the certificate of incorporation on change of name was issued by the Registrar of Companies in Cayman Islands on 16 May 2019, and the certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 30 May 2019.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 32/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

In the opinion of the directors of the Company (the “Directors”), the ultimate holding company of the Company is Bell Haven Limited.

This unaudited condensed consolidated interim financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the International Accounting Standard (“IAS”) IAS 34 Interim Financial Reporting and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (“Listing Rules”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”). The unaudited condensed consolidated interim financial information are unaudited but have been reviewed by the audit committee of the Company (the “Audit Committee”).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements of the Group for the period are consistent with those applied in the Group's audited financial statements for the year ended 31 December 2018.

### (a) New standards, interpretation and amendments to standards effective in current accounting period and are relevant to the Group's operations

The Group has applied the following standards, interpretation and amendments to standards for the first time for their annual reporting period commencing on 1 January 2019:

Amendments to IAS 19	Plan amendment, curtailment or settlement
Amendments to IAS 28	Long-term interests in associates and joint ventures
Amendments to IFRS 9	Prepayment features with negative compensation
IFRIC Int-23	Uncertainty over income tax treatments
Annual improvement to IFRSs 2015-2017 cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (b) New standards and amendments to standards that are not yet effective and have not been early adopted by the Group

Certain new accounting standards and amendments to standards have been published that are not mandatory for financial year beginning on 1 January 2019 and have not been early adopted by the Group.

		<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1 and IAS 8	Definition of materiality	1 January 2020
Amendments to IFRS 3	Definition of a business	1 January 2020
IFRS 17	Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group's management assessed that there are no new standards and amendments to standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3 RISK DISCLOSURES

The Group operates in three business segments, including traditional advertising, business park area management and digital assets trading, each of which carries distinct risks related to their business model and correlation with the macroeconomic environment.

The unaudited condensed consolidated interim financial information does not include all risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018. There have been no changes in any risk management policies since the year end.

## 4 FAIR VALUE MEASUREMENT

### (a) Financial assets and liabilities

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the unaudited condensed consolidated interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

#### (i) Fair value hierarchy

*Recurring fair value measurements*

Financial liabilities	Notes	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
<b>Unaudited</b>					
<b>At 30 June 2019</b>					
Financial liabilities at fair value through profit or loss	23	-	-	21,499,771	21,499,771
Liabilities due to customers					
— Digital asset liabilities	21	451,714,879	11,465,360	-	463,180,239
Liabilities due to customers					
— Fiat currency liabilities	21	223,538,083	-	-	223,538,083
		<u>675,252,962</u>	<u>11,465,360</u>	<u>21,499,771</u>	<u>708,218,093</u>
<b>Audited</b>					
<b>At 31 December 2018</b>					
Financial liabilities at fair value through profit or loss	23	-	-	20,620,230	20,620,230
Liabilities due to customers					
— Digital asset liabilities	21	178,529,726	1,984,066	-	180,513,792
Liabilities due to customers					
— Fiat currency liabilities	21	200,187,731	-	-	200,187,731
		<u>378,717,457</u>	<u>1,984,066</u>	<u>20,620,230</u>	<u>401,321,753</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE MEASUREMENT *(Continued)*

### (a) Financial assets and liabilities *(Continued)*

#### (i) Fair value hierarchy *(Continued)*

##### **Recurring fair value measurements *(Continued)***

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

#### (ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for periods ended 30 June 2019 and 30 June 2018:

	Convertible note		Warrant		Total	
	30 June 2019 RMB	30 June 2018 RMB	30 June 2019 RMB	30 June 2018 RMB	30 June 2019 RMB	30 June 2018 RMB
Opening balance at 1 January	13,747,067	–	6,873,163	–	20,620,230	–
Change in fair value	–	–	869,501	–	869,501	–
Currency translation differences	(9,903)	–	19,943	–	10,040	–
Closing balance at 30 June	13,737,164	–	7,762,607	–	21,499,771	–

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE MEASUREMENT (Continued)

### (a) Financial assets and liabilities (Continued)

#### (iii) Valuation inputs and relationships to fair value

Financial instruments	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	
	30 June 2019	31 December 2018			30 June 2019	31 December 2018
	RMB	RMB				
(1) Convertible note has a conversion right to convert the note into shares of OS Holdings Limited and is measured at fair value through profit or loss	<b>13,737,164</b>	13,747,067	Level 3	Black-Scholes Formula is adopted and the key inputs are the share price of OS Holdings Limited, the volatilities of the assets and the risk free rate	<b>Expected volatility 56%</b> <b>Risk-free rates 2.48%</b> <b>Dividend yield 0%</b>	Expected volatility 56% Risk-free rates 2.48% Dividend yield 0%
(2) Warrant has a conversion right to convert the warrant into ordinary shares of BC MarketPlace Limited and is measured at fair value through profit or loss	<b>7,762,607</b>	6,873,163	Level 3	Discounted cash flow model is adopted and the key inputs are terminal growth rate and discount rate	<b>Terminal growth rate: 2%</b> <b>Discount rate: 36.8%</b>	Terminal growth rate: 2% Discount rate: 38.4%
(3) Liabilities due to customers — digital asset liabilities (Note)	<b>11,465,360</b>	1,984,066	Level 2	The digital asset is quoted in unit of Bitcoin ("BTC"). Price of the digital assets at level 2 fair value is referenced to quoted price of BTC.	<b>Quoted price of BTC</b>	Quoted price of BTC



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE MEASUREMENT *(Continued)*

### (a) Financial assets and liabilities *(Continued)*

#### (iii) Valuation inputs and relationships to fair value *(Continued)*

*Note:*

Digital asset inventories are held for the purposes of trading in the ordinary course of the Group's digital assets trading business in the over-the-counter market. Based on respective right and obligation between the Group and its customers, and the obligations to settle or deliver such digital assets are recognised as digital asset liabilities due to customers.

The determination of fair value hierarchy level for valuation of the liabilities due to customers would depend on whether the underlying digital asset is traded in an active market.

In determining fair values, the relevant available markets are identified by the Group, and the Group considers accessibility to and activity within those markets in order to identify the principal digital asset markets dealt with by the Group. Reference is made to the quoted prices from the principal digital asset markets in determining the fair values of the corresponding digital assets.

Certain type of digital assets is not traded in an active market for fiat, instead, it is only traded for another type of digital assets. In such case, the digital asset inventories are measured at level 2 fair value and the Group takes reference to the quoted price of the other digital assets in determining the fair value.

The directors are of the opinion that any reasonable changes in the unobservable inputs would not result in a significant change in the Group's result. Accordingly, no sensitivity analysis is presented for level 3 financial instruments.

#### (iv) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's financial liabilities at fair value through profit or loss at the end of every financial year. As at 31 December 2018, the fair values of the financial liabilities at fair value through profit or loss have been determined by Vigers Appraisal & Consulting Limited.

As at 30 June 2019, the Group reviews significant unobservable input and perform valuation adjustment for the fair values of the financial liabilities at fair value through profit and loss.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE MEASUREMENT *(Continued)*

### (b) Non-financial assets

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the unaudited condensed consolidated interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 4(a) above.

#### (i) Fair value hierarchy

*Recurring fair value measurements*

Non-financial assets	Notes	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
<b>Unaudited</b>					
<b>At 30 June 2019</b>					
Digital asset inventories	17	<u>478,712,204</u>	<u>11,733,782</u>	<u>–</u>	<u>490,445,986</u>
<b>Audited</b>					
<b>At 31 December 2018</b>					
Digital asset inventories	17	<u>186,732,789</u>	<u>2,006,310</u>	<u>–</u>	<u>188,739,099</u>

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period.

#### (ii) Valuation inputs and relationships to fair value

Digital asset inventories are held for the purposes of trading in the ordinary course of the Group's digital assets trading business in the over-the-counter market. Based on respective right and obligation between the Group and its customers, digital assets held in the Group's wallets are recognised as the Group's inventories.

As at 30 June 2019 and 31 December 2018, the digital asset inventories are measured at level 1 or level 2 fair value. The determination of fair value hierarchy level for valuation of the digital asset inventories would depend on whether the underlying digital assets are traded in an active market.

In determining fair values, the relevant available markets are identified by the Group, and the Group considers accessibility to and activity within those markets in order to identify the principal digital asset markets dealt with by the Group. Reference is made to the quoted prices from the principal digital asset markets in determining the fair values of the corresponding digital assets.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE MEASUREMENT *(Continued)*

### (b) Non-financial assets *(Continued)*

#### (ii) Valuation inputs and relationships to fair value *(Continued)*

Certain type of digital assets is not traded in an active market for fiat, instead, it is only traded for another type of digital assets. In such case, the digital asset inventories are measured at level 2 fair value and the Group takes reference to the quoted price of the other digital assets in determining the fair value:

Non-financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	
	30 June 2019 RMB	31 December 2018 RMB			30 June 2019	31 December 2018
Digital asset inventories	11,733,782	2,006,310	Level 2	The digital asset is quoted in unit of BTC. Price of the digital assets at level 2 fair value is referenced to quoted price of BTC.	Quoted price of BTC	Quoted price of BTC

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the unaudited condensed consolidated interim financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the unaudited condensed consolidated interim 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 for the year ended 31 December 2018.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6 SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from different segments.

During the period ended 30 June 2019, the Group had four reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Wireless advertising — provision of wireless advertising services.
- Traditional advertising — provision of traditional advertising services, public relation services and event marketing services.
- Business park area management — providing operation and management services in business park area.
- Digital assets business — trading of digital assets through the platform and provision of digital assets Software as a Service ("SaaS").

The Board of Directors (the "Board") has decided to discontinue the operation of wireless advertising business on 29 December 2016. In accordance with IFRS 5, the segment of wireless advertising service for the periods ended 30 June 2019 and 2018 were classified as discontinued operations in the Group's unaudited condensed consolidated interim financial statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6 SEGMENT REPORTING (Continued)

	Continuing operations				Discontinued operations		Total RMB
	Traditional advertising RMB	Business park area management	Digital assets business	Unallocated RMB	Subtotal RMB	Wireless advertising RMB	
		RMB	RMB				
<b>Unaudited for the six months ended</b>							
<b>30 June 2019</b>							
<b>Results</b>							
<b>Revenue under IFRS 15:</b>							
Revenue from advertising (Note (i))	26,603,023	-	-	-	26,603,023	-	26,603,023
Revenue from provision of digital assets SaaS	-	-	2,053,233	-	2,053,233	-	2,053,233
<b>Revenue under other accounting standards:</b>							
Revenue from business park area management services (Note (i))	-	16,771,821	-	-	16,771,821	-	16,771,821
Income from digital assets trading business	-	-	39,570,506	-	39,570,506	-	39,570,506
(Loss)/profit for the period	<u>(8,559,164)</u>	<u>(1,587,906)</u>	<u>15,405,090</u>	<u>(137,010,233)</u>	<u>(131,752,213)</u>	<u>(4,369)</u>	<u>(131,756,582)</u>
(Loss)/profit for the period from continuing operations	<u>(8,559,164)</u>	<u>(1,587,906)</u>	<u>15,405,090</u>	<u>(137,010,233)</u>	<u>(131,752,213)</u>	-	<u>(131,752,213)</u>
Loss for the period from discontinued operations (Note 12)	-	-	-	-	-	<u>(4,369)</u>	<u>(4,369)</u>
	<u>(8,559,164)</u>	<u>(1,587,906)</u>	<u>15,405,090</u>	<u>(137,010,233)</u>	<u>(131,752,213)</u>	<u>(4,369)</u>	<u>(131,756,582)</u>
<b>Unaudited as at 30 June 2019</b>							
<b>Assets and liabilities</b>							
Reportable segment assets (Note (iii))	<u>104,346,545</u>	<u>118,588,270</u>	<u>789,970,731</u>	<u>316,465,882</u>	<u>1,329,371,428</u>	<u>4,325,933</u>	<u>1,333,697,361</u>
Reportable segment liabilities (Note (iii))	<u>67,659,044</u>	<u>121,602,485</u>	<u>796,276,641</u>	<u>312,840,104</u>	<u>1,298,378,274</u>	<u>6,914,584</u>	<u>1,305,292,858</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6 SEGMENT REPORTING (Continued)

	Continuing operations				Discontinued operations		Total
	Traditional advertising	Business park area	Digital assets	Unallocated	Subtotal	Wireless advertising	
		management	business				
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
<b>Unaudited for the six months ended</b>							
<b>30 June 2018 (restated)</b>							
<b>Results</b>							
<b>Revenue under IAS 18</b>							
Revenue from advertising and business park area management services (Note (i))	46,651,627	19,168,753	–	–	65,820,380	–	65,820,380
(Loss)/profit for the period	(1,530,604)	274,455	–	(12,889,104)	(14,145,253)	80,189	(14,065,064)
(Loss)/profit for the period from continuing operations	(1,530,604)	274,455	–	(12,889,104)	(14,145,253)	–	(14,145,253)
Profit for the period from discontinued operations (Note 12)	–	–	–	–	–	80,189	80,189
	(1,530,604)	274,455	–	(12,889,104)	(14,145,253)	80,189	(14,065,064)
<b>Audited as at 31 December 2018</b>							
<b>Assets and liabilities</b>							
Reportable segment assets (Note (ii))	102,757,377	124,946,140	449,580,095	320,991,523	998,275,135	4,304,035	1,002,579,170
Reportable segment liabilities (Note (iii))	42,271,818	126,651,003	462,351,511	329,771,265	961,045,597	6,906,282	967,951,879

Notes:

- (i) All revenue from contracts with customers for advertising and business park area management services was generated from external customers in the PRC.
- (ii) Unallocated assets mainly include cash and cash equivalents in head office and unallocated liabilities mainly include other borrowings.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 REVENUE FROM CONTRACTS WITH CUSTOMERS FOR ADVERTISING AND BUSINESS PARK AREA MANAGEMENT SERVICES

### (a) Disaggregation of revenue from contracts with customers

During the period ended 30 June 2019, all sources of revenue were recognised over time (31 December 2018: Same).

### (b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	<b>Unaudited 30 June 2019 RMB</b>	Audited 31 December 2018 RMB
Contract assets	<b>35,928,332</b>	59,601,005
Less: loss allowance	<b>(9,686,597)</b>	(9,686,597)
Total contract assets	<b>26,241,735</b>	49,914,408
Contract liabilities	<b>4,157,362</b>	931,198

The below table reconciles the impairment loss allowance which is related to trade receivables and contract assets:

	<b>Unaudited 30 June 2019 RMB</b>	Audited 31 December 2018 RMB
At the beginning of the period/year	<b>9,686,597</b>	–
Effect on adoption of IFRS 15 on 1 January 2018	–	8,122,622
Effect on adoption of IFRS 9 on 1 January 2018	–	2,443,594
Reversal of provision for impairment on contract assets	–	(879,619)
At the end of the period/year	<b>9,686,597</b>	9,686,597

### (i) Contract assets and liabilities

Contract assets represent revenue recognised prior to the date on which it is invoiced to customers and contract liabilities represent advance payments received from customers for goods or services that have not yet been transferred to the customers.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 REVENUE FROM CONTRACTS WITH CUSTOMERS FOR ADVERTISING AND BUSINESS PARK AREA MANAGEMENT SERVICES *(Continued)*

### (b) Assets and liabilities related to contracts with customers *(Continued)*

#### (ii) Revenue recognised in relation to contract liabilities

The following shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior period.

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB
Revenue recognised that was included in the contract liability balance at the beginning of the period	<b>931,198</b>	–

## 8 INCOME FROM DIGITAL ASSETS BUSINESS

Income from digital assets business represents service income from provision of digital assets SaaS and trading margin arising from trading various digital assets and net gain or loss from remeasurement of digital asset inventories to the extent it is not offset by remeasurement of digital asset liabilities due to customers arising from Digital Asset Services Agreement (“DASA”). The Group is exposed to net trading gains or losses from holding digital assets for trading up to the point when a trade (to buy or sell digital assets) with customer is concluded with fixed terms of trade with respect to the type, unit and price of digital assets.

Revenue from provision of digital assets SaaS is recognised over the period of contracts entered with the customers.

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB
Income from digital assets business		
— Trading of digital assets	<b>40,262,961</b>	–
— Provision of digital assets SaaS	<b>2,053,233</b>	–
Net fair value loss on digital asset inventories	<b>(692,455)</b>	–
Income from digital assets business	<b>41,623,739</b>	–



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9 OTHER GAINS/(LOSSES), NET

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB
Loss on disposal of subsidiaries ( <i>Note 25</i> )	–	(2,790,041)
Gain on disposal of an associate	–	67,734
Exchange gains, net	<b>283,742</b>	–
Fair value changes of financial liabilities through profit or loss	<b>(869,501)</b>	–
Other service income	<b>657,878</b>	–
Others	<b>14,676</b>	840
Total	<b>86,795</b>	(2,721,467)

## 10 EXPENSES BY NATURE

Cost of revenue, selling and distribution expenses, administrative and other operating expenses and net impairment losses on trade receivables and contract assets included the following:

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB
<b>Continuing operations</b>		
Amortisation of intangible assets	<b>3,833,111</b>	2,827,257
Cost of revenue relating to advertising services (excluding employee benefits)	<b>23,416,057</b>	37,218,788
Depreciation of property, plant and equipment (excluding right-of-use assets)	<b>4,051,691</b>	1,089,892
Depreciation of right-of-use assets	<b>19,350,148</b>	8,213,195
Employee benefit expenses (including directors' emoluments)	<b>101,305,159</b>	7,704,248
Expense relating to short-term leases (included in cost of revenue and administrative and other operating expenses)	<b>1,703,683</b>	2,740,500
Provision for impairment losses of trade receivables	<b>414,467</b>	–

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2019 and 2018.

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. The PRC corporate income tax rate of all the PRC subsidiaries during the six months ended 30 June 2019 and 2018 was 25% on their taxable profits.

The amount of income tax expense charged to the unaudited condensed consolidated statement of profit or loss represents:

	<b>Unaudited For the six months ended 30 June</b>	
	<b>2019 RMB</b>	2018 RMB
<b>Continuing operations</b>		
Current tax		
Hong Kong profits tax	–	–
PRC corporate income tax	<b>19,217</b>	32,045
Deferred income tax	–	1,027,643
	<hr/>	<hr/>
Income tax expense	<b>19,217</b>	1,059,688

## 12 DISCONTINUED OPERATIONS

On 29 December 2016, the Board decided to discontinue the operation of the wireless advertising business. An analysis of the results and cash flows of the discontinued operations for the six months ended 30 June 2019 and 2018 is as below:

	<b>Unaudited For the six months ended 30 June</b>	
	<b>2019 RMB</b>	2018 RMB
<b>Discontinued operations</b>		
Statement of profit or loss of the discontinued operations:		
Other gains	–	117,076
Administrative and other operating expenses	<b>(4,369)</b>	(36,887)
	<hr/>	<hr/>
(Loss)/profit for the period from discontinued operation (attributable to owners of the Company)	<b>(4,369)</b>	80,189
	<hr/>	<hr/>
Statement of cash flows of the discontinued operations:		
Net cash (used in)/generated from operating activities and net cash (outflows)/inflows	<b>(4,334)</b>	107,999

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13 DIVIDENDS

The Board did not recommend the payment of any dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

## 14 LOSS PER SHARE

### For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	2018
	<b>RMB</b>	RMB
<b>Loss from continuing operations:</b>		
Loss for the period attributable to owners of the Company	<b>133,292,148</b>	14,309,285
Less: (Loss)/profit for the period from discontinued operations (attributable to owners of the Company)	<b>(4,369)</b>	80,189
Loss for the period from continuing operations attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>133,287,779</b>	14,389,474

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	2018
	<b>RMB</b>	RMB
<b>Loss from continuing and discontinued operations:</b>		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>133,292,148</b>	14,309,285

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14 LOSS PER SHARE *(Continued)* For continuing and discontinued operations *(Continued)*

	Unaudited For the six months ended 30 June	
	2019	2018
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>255,077,080</b>	251,771,079
Loss per share for loss from continuing operations attributable to owners of the Company		
Basic <i>(RMB per share)</i>	<b>(0.52)</b>	(0.06)
Diluted <i>(RMB per share)</i>	<b>(0.52)</b>	(0.06)
Loss per share for loss from continuing and discontinued operations attributable to owners of the Company		
Basic <i>(RMB per share)</i>	<b>(0.52)</b>	(0.06)
Diluted <i>(RMB per share)</i>	<b>(0.52)</b>	(0.06)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

The share options and share award granted by the Company, convertible note granted by the Company's non-wholly owned subsidiary and warrants granted by the Company's wholly owned subsidiary, could have potential dilutive effect on the loss per share. During the six months ended 30 June 2019, except the convertible note granted by the Company's non-wholly owned subsidiary had dilutive effect to the Group, these share options, share award and warrants had anti-dilutive effect to the Group as the assumed conversion of share options and share award granted by the Company and warrants granted by loss-making subsidiaries would result in a decrease in loss per share.

## 15 PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with a cost of approximately RMB13,029,120 (six months ended 30 June 2018: approximately RMB2,819,827).

## 16 INTANGIBLE ASSETS

Intangible assets included computer software and domain, goodwill and acquired lease with favorable term. During the Period, the Group acquired computer software and domain with a cost of approximately RMB2,030,379 (six months ended 30 June 2018: approximately RMB1,754,349).

As at 30 June 2019 and 31 December 2018, intangible assets included goodwill of RMB9,275,778 arose from the acquisition of 上海憬威企業發展有限公司 ("Shanghai Jingwei"), on 1 October 2016, whose principal activity is the provision of operation and management services of the business park area.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 17 INVENTORIES

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>Digital asset inventories:</b>		
— Held in the Group own wallet	<b>468,773,961</b>	188,739,099
— Digital assets in transit, net ( <i>Note a</i> )	<b>1,966,478</b>	—
— Digital assets held on exchange institution ( <i>Note b</i> )	<b>19,705,547</b>	—
	<b>490,445,986</b>	188,739,099

Notes:

- (a) The digital assets in transit represents purchase transactions completed but the digital assets were yet to be received from the customers at the end of the reporting period. The digital assets in transit were subsequently received and held in the wallets of the Group.
- (b) The digital assets held on third party exchange institution represents the digital asset inventories that belong to the Group, that were held at the third party exchange institution shared wallet as at the end of the reporting period.

In the ordinary course of the Group's digital assets business, the Group's contractual relationship with its customers is governed by DASA.

As at 30 June 2019, the balance of digital asset inventories included digital assets held on customers' accounts under DASA of RMB386,330,962 (31 December 2018: RMB180,513,792). The balance is measured at fair value less costs to sell. The remaining balances of RMB104,115,024 (31 December 2018: RMB8,225,307) are the digital asset inventories held on the Group account. The digital asset inventories held on the Group account included an amount of USD11,188,521 (equivalent to RMB76,849,277) (31 December 2018: Nil) of digital assets relating to sell transactions completed but the digital assets were yet to be delivered to the customers at the end of the reporting period. These digital assets were delivered to clients subsequent to the end of the reporting period. Please refer to Note 21 for the details.

Fair value loss of RMB692,455 (31 December 2018: Fair value gain of RMB212,444, 30 June 2018: Nil) from remeasurement of digital asset inventories at 30 June 2019 to the extent it is not offset by remeasurement of digital asset liabilities due to customers arising from DASA at the same date is presented as part of the "income from digital assets business" in the unaudited condensed consolidated statement of profit or loss.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 18 TRADE AND BILLS RECEIVABLES

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
Trade receivables and bill receivables from advertising and business park area management services	<b>9,844,046</b>	11,243,910
Less: Loss allowance	<b>(1,851,815)</b>	(1,761,894)
	<b>7,992,231</b>	9,482,016
Trade receivables from digital assets business services	<b>33,935,651</b>	7,152,717
Less: Loss allowance	<b>(5,133,070)</b>	(4,812,857)
Sub-total	<b>28,802,581</b>	2,339,860
	<b>36,794,812</b>	11,821,876

The Group's trading terms with its customers of the advertising and business park area management services are mainly on credit and the credit period is generally 180–270 days.

The majority of customers of the digital assets business are required to prefund prior to a trade, while a limited number of customers will be offered post-trade settlement.

The post-trade settlement limits are determined based on various attributes obtained during the creditability assessment of the customers, including but not limited to their financial creditability, business reputation, business performance, expected trading volume and the past settlement behavior.

The Group has policies in place to ensure that sales are made to reputable and creditworthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 18 TRADE AND BILLS RECEIVABLES *(Continued)*

At 30 June 2019 and 31 December 2018, the ageing analysis of the Group's trade and bills receivables, based on invoice date, were as follows:

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
0–30 days	<b>28,802,580</b>	6,706,660
31–90 days	–	1,805,618
91–180 days	<b>7,085,000</b>	839,422
181–365 days	<b>142,500</b>	213,400
	<b>36,030,080</b>	9,565,100
Bills receivables	<b>764,732</b>	2,256,776
	<b>36,794,812</b>	11,821,876

## 19 TRADE PAYABLES

Trade payables are unsecured and are normally with credit terms of 90–180 days.

An ageing analysis of the Group's trade payables as at the end of the reporting periods, based on the date on which service was rendered or product was received, was as follows:

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
0–30 days	<b>34,995,402</b>	11,776,110
31–90 days	<b>10,233,132</b>	15,269,476
91–180 days	<b>63,600</b>	1,478,050
181–365 days	<b>3,584,270</b>	2,000
Over 365 days	<b>2,275,796</b>	5,987,233
	<b>51,152,200</b>	34,512,869

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 20 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (a) Amounts recognised in the unaudited condensed consolidated statement of financial position

The unaudited condensed consolidated statement of financial position shows the following amounts relating to leases:

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>Right-of-use assets (note (i))</b>		
Properties	<b>186,788,332</b>	206,261,878

(i) included in the line item 'property, plant and equipment' in the unaudited condensed consolidated statement of financial position.

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>Lease liabilities (note (ii))</b>		
Non-current	<b>182,206,694</b>	197,306,077
Current	<b>31,861,925</b>	31,851,433
	<b>214,068,619</b>	229,157,510

(ii) included in the line item 'lease liabilities' in the unaudited condensed consolidated statement of financial position.

No additions to the right-of-use assets during the period ended 30 June 2019 (31 December 2018: RMB116,169,893).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 20 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

### (b) Amounts recognised in the unaudited condensed consolidated statement of profit or loss

The unaudited condensed consolidated statement of profit or loss shows the following amounts relating to leases:

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB
<b>Depreciation charge of right-of-use assets</b>		
Properties <i>(Note 10)</i>	<b>19,350,148</b>	8,213,195

	Unaudited For the six months ended 30 June	
	2019 RMB	2018 RMB
Interest expense (included in finance costs)	<b>12,705,864</b>	7,291,379
Expense relating to short-term leases (included in cost of revenue and administrative and other operating expenses) <i>(Note 10)</i>	<b>1,703,683</b>	2,740,500
	<b>14,409,547</b>	10,031,879

The total cash outflow for leases during the period ended 30 June 2019 was RMB27,888,198 (30 June 2018: RMB12,967,690).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 21 LIABILITIES DUE TO CUSTOMERS

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
Liabilities due to customers		
— Fiat currency liabilities	<b>223,538,083</b>	200,187,731
— Digital asset liabilities	<b>463,180,239</b>	180,513,792
	<b>686,718,322</b>	380,701,523

In the ordinary course of the Group's digital assets trading business, the Group's contractual relationship with its customers is governed by the DASA.

Based on the respective rights and obligations of the Group and its customers under the DASA, fiat and digital assets held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers. These liabilities are measured at fair value through profit or loss with changes in fair values recognised in the consolidated statement of profit or loss in the period of the changes as part of the "income from digital assets business".

As at 30 June 2019, the digital assets liabilities included USD11,188,521 (equivalent to RMB76,849,277) of digital assets relating to sell transactions completed but the digital assets were yet to be delivered to customers.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 22 OTHER BORROWINGS

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>Non-Current</b>		
<i>Secured</i>		
Other borrowing	<b>16,500,000</b>	15,500,000
<i>Unsecured</i>		
Other borrowing	<b>94,950,063</b>	–
	<b>111,450,063</b>	15,500,000
<b>Current</b>		
<i>Secured</i>		
Other borrowings	<b>119,156,594</b>	113,562,573
<i>Unsecured</i>		
Other borrowings	<b>38,679,320</b>	107,900,078
	<b>157,835,914</b>	221,462,651
Other borrowings	<b>269,285,977</b>	236,962,651

As at 30 June 2019, RMB131,495,076 (31 December 2018: RMB123,400,078) borrowings were interest bearing with interest rates ranging from 6% to 12% per annum. The remaining borrowings were non-interest bearing. RMB16,500,000 (31 December 2018: RMB15,500,000) borrowings were secured by 90% equity interest of Shanghai Jingwei held by the Group and all profits of Shanghai Jingwei attributable to the Group for the period from 1 January 2018 till the repayment date of the borrowing. RMB119,156,594 (31 December 2018: RMB113,562,573) borrowings were secured by deposits of RMB110,099,080 (31 December 2018: RMB94,110,237).

The following table is prepared based on the scheduled repayment date:

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
Within 1 year	<b>157,835,914</b>	221,462,651
Between 1 and 2 years	<b>111,450,063</b>	15,500,000
	<b>269,285,977</b>	236,962,651

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

### Warrant

On 14 December 2018, BC MarketPlace Limited (“BCMP”), a wholly owned subsidiary of the Company, entered into a subscription agreement with an independent third party (the “Subscriber”) in relation to the subscription of a warrant of BCMP. Under the agreement, BCMP issued the warrant to the Subscriber at a price of USD1,000,000 (equivalent to RMB6,881,617) which was settled on 15 December 2018. The Subscriber may exercise the warrant to subscribe up to 10,000 ordinary shares of BCMP in tranches until its expiration on 14 December 2024. The exercise amount of shares is subject to an adjustment mechanism based upon the trading volume during the two-year period commencing from the initial date of operation of the platform of BCMP.

Before the maturity date of 14 December 2024, the Subscriber holds a put right to require BCMP to purchase the warrant, in the instance of a sale of BCMP.

Since the conversion feature of the warrant fails the fixed to fixed requirement for equity classification, the warrant is recognised as a derivative liability. The Group has chosen to designate the entire hybrid instrument of warrant as a financial liability at fair value through profit or loss, since the warrant of the BCMP contains embedded derivatives that are not closely related to the host contract. The warrant is measured at fair value subsequently under IFRS 9 with fair value changes being charged or credited to the income statement.

The following table presents the fair value of the item:

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
Opening balance at 1 January	<b>6,873,163</b>	–
Addition	–	6,881,617
Change in fair value	<b>869,501</b>	–
Currency translation difference	<b>19,943</b>	(8,454)
<b>Closing balance</b>	<b>7,762,607</b>	<b>6,873,163</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

### Convertible Note

On 14 December 2018, OS Holdings Limited (“OSHL”), a non-wholly owned subsidiary of the Company, entered into a subscription agreement with an independent third party (“Noteholder”) in relation to a convertible note with a coupon rate of 5% per annum in an aggregate principal amount of USD2,000,000 (equivalent to RMB13,763,235, at the date entered into the subscription agreement). Subject to the terms of the agreement, the Noteholder may require OSHL to convert all or part of the principal amount outstanding under the convertible note into ordinary shares of OSHL at a conversion price of (i) the lowest price per share paid by an independent third party to purchase any shares issued by OSHL after the issuance of the convertible note; or (ii) USD1,000 per share at any time prior to the maturity date on 31 December 2020. OSHL shall repay the entire principal amount outstanding under the convertible note to the Noteholder (together with all interest accrued thereon yet unpaid) on the maturity date.

Since the conversion feature of the convertible note fails the fixed to fixed requirement for equity classification, the conversion feature should be recognised as a derivative liability. The Group decided to designate the entire hybrid instrument of convertible note as a financial liability at fair value through profit or loss, since the convertible note of OSHL contain embedded derivatives that are not closely related to the host contract. The convertible note are measured at fair value subsequently under IFRS 9 with fair value changes being charged or credited to the income statement.

## 24 SHARE CAPITAL

	Unaudited As at 30 June 2019		Audited As at 31 December 2018	
	Number of shares	RMB	Number of shares	RMB
<b>Authorised:</b>				
Ordinary shares of HKD0.01 each at 30 June 2019 and 31 December 2018	<b>2,000,000,000</b>	<b>16,632,421</b>	2,000,000,000	16,632,421
<b>Issued and fully paid:</b>				
Balance brought forward	<b>261,607,553</b>	<b>2,123,981</b>	251,771,079	2,037,681
Issuance of new shares <i>(Note)</i>	<b>22,091,860</b>	<b>194,590</b>	9,836,474	86,300
Balance carried forward	<b>283,699,413</b>	<b>2,318,571</b>	261,607,553	2,123,981

*Note:*

On 27 May 2019, the Company has entered into 8 subscription agreements with 8 subscribers, pursuant to which the Company has conditionally agreed to allot and issue 22,876,360 ordinary shares (“Shares”) to the subscribers at the subscription price of HK\$5 per subscription share. Up to 30 June 2019, the subscription is partially completed and an aggregate of 22,091,860 ordinary shares were allotted and issued to the subscribers. The remaining 784,500 shares were subsequently allotted and issued on 5 July 2019. The total gross proceeds from the subscriptions, before expenses, were HK\$114,381,800 (equivalents to RMB100,560,733) which were used to off-set of the outstanding loan of an amount of HK\$100,000,000 (equivalent to RMB87,916,725) owed to one of the subscribers and for the payment of regular and recurring monthly expenditure of the Group.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 25 DISPOSAL OF SUBSIDIARIES

On 18 January 2018, the Group had entered into an agreement to dispose of 上海和斐投資管理有限公司 and 致成投資有限公司 to an independent third party. Completion had taken place on 27 April 2018. The net assets of the subsidiaries at the date of disposal were as follows:

	Audited 27 April 2018 RMB
Consideration received	2,900,000
<b>Analysis of assets and liabilities over which control was lost:</b>	
Trade and other receivables	2,908,359
Cash and cash equivalents	6,439
Trade and other payables	(2,928,449)
Interests in joint venture	5,703,692
Net assets disposed of	5,690,041
<b>Loss on disposal of subsidiaries:</b>	
Consideration received	2,900,000
Net assets disposed of	(5,690,041)
Loss on disposal of subsidiaries	(2,790,041)
<b>Net cash inflow on disposal of subsidiaries</b>	
Cash consideration	2,900,000
Less: cash and cash equivalents disposed of	(6,439)
	2,893,561

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 26 CAPITAL COMMITMENT

	<b>Unaudited 30 June 2019 RMB</b>	Audited 31 December 2018 RMB
Capital expenditure contracted for but not provided for in the unaudited condensed consolidated interim financial statements in respect of the acquisition of: Property, plant and equipment	–	8,137,660

## 27 RELATED PARTY TRANSACTIONS

### (a) Significant related party transactions

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had no material related party transactions.

### (b) Balances with related parties

Save as disclosed elsewhere in these financial statements, the Group had the following material balances with its directors and related parties:

<b>Name of director and related company</b>	<b>Nature of balances</b>	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
Mr. Chapman David James	Fiat currency and digital asset liabilities	<b>4,518,156</b>	1,455,895
Mr. Madden Hugh Douglas	Fiat currency and digital asset liabilities	<b>2,931,620</b>	1,317,413
Mr. Lo Ken Bon	Fiat currency and digital asset liabilities	<b>7,417,512</b>	2,008,758
OAX Foundation Limited ( <i>Note</i> )	Fiat currency and digital asset liabilities	<b>29,747,389</b>	36,125,842
		<b>44,614,677</b>	40,907,908

*Note:* The directors of the Company, Chapman David James and Madden Hugh Douglas are also the directors of OAX Foundation Limited.

The above directors/related company are regarded as ordinary customers as the Group has a contractual relationship with them governed by the DASA in the ordinary course of the Group's digital asset trading business.

Based on the respective rights and obligations of the Group and its customers under the DASA, fiat and digital assets held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers. Refer to Note 21 to the unaudited condensed consolidated interim financial statements for details.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 28 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

	<b>Unaudited As at 30 June 2019 RMB</b>	Audited As at 31 December 2018 RMB
<b>Financial assets at amortised cost</b>		
Contract assets	<b>26,241,735</b>	49,914,408
Trade and bills receivables ( <i>Note 18</i> )	<b>36,794,812</b>	11,821,876
Prepayments, deposits and other receivables (excluding prepayments and other tax receivables)	<b>169,738,023</b>	145,344,553
Cash and cash equivalents	<b>327,731,835</b>	294,838,046
	<b>560,506,405</b>	501,918,883
<b>Financial liabilities measured at amortised cost</b>		
Trade payables ( <i>Note 19</i> )	<b>51,152,200</b>	34,512,869
Accruals, other payables and deposits received (excluding employee benefits and other tax payables)	<b>24,816,963</b>	39,526,150
Lease liabilities ( <i>Note 20</i> )	<b>214,068,619</b>	229,157,510
Other borrowings ( <i>Note 22</i> )	<b>269,285,977</b>	236,962,651
	<b>559,323,759</b>	540,159,180
<b>Financial liabilities at fair value through profit or loss</b>		
Liabilities due to customers ( <i>Note 21</i> )	<b>686,718,322</b>	380,701,523
Financial liabilities at fair value through profit or loss ( <i>Note 23</i> )	<b>21,499,771</b>	20,620,230
	<b>708,218,093</b>	401,321,753



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 29 SHARE AWARD PLAN

Acheson Limited, a company incorporated in Hong Kong and authorised to undertake trust business in accordance with the laws of Hong Kong, was appointed as the trustee (the "Trustee") for the administration of the share award plan. The Trustee will hold the shares on trust for the selected participants. Acheson Limited and its ultimate beneficial owners are third parties independent of, and not connected with, the Group or its connected persons.

The Group shall pay the Trustee service fee and reimburse its proper expenses incurred in the operation of the trust under the trust deed. The service fees to be paid to the Trustee are determined after considering the service fees to be charged by other independent trustee companies and on arm's length negotiations between the Group and the Trustee.

Under the share award plan, the employees and consultants of the Group ("Selected Participants") are entitled to receive shares in the Company. New shares have been allotted and issued by the Company to an independent trustee which holds the shares for the benefits of the Selected Participants before the share awards are vested.

When a Selected Participant has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Trustee shall transfer the relevant vested Awarded Shares to that employee at no cost.

The Trustee shall not exercise the voting rights in respect of any shares of the Company held under the Trust, including, inter alia, the Awarded Shares and further shares of the Company acquired out of the income derived therefrom.

Under the share award plan, the Company can allot and issue up to 5% of the then issued share capital of the Company ("Existing Plan Limit"). The maximum limit of 5% of the issued share capital of the Company can be refreshed by the Board from time to time by a resolution of the Board and an ordinary resolution of the Shareholders at a general meeting. As at the date of approval of the limit as "refreshed", the remaining Existing Plan Limit will be lapsed.

The 3% Plan Limit ("Refreshed Scheme Limit") was refreshed by the shareholders at the annual general meeting of the Company held on 28 June 2019. The maximum number of shares which can be granted under the Refreshed Scheme Limit shall be 8,534,517 shares, representing 3% of a total of 284,483,913 shares in issue as at the date of this report.

Since the date of adoption of the Share Award Plan and up to the date of this report, 9,836,474 awarded shares have been granted under the plan, which have not been vested, and there was no purchase of shares by the Trustee under the Scheme.

The Group recognised an expense of approximately RMB16,202,665 for the period ended 30 June 2019 in relation to share award granted by the Company.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 30 SHARE OPTION SCHEME

On 10 April 2012, the Group has adopted the share option scheme (the "Scheme"). The Scheme is for a period of ten years commencing from 10 April 2012 whereby the Directors of the Company at its absolute discretion grant any employee and director of our Group, to take up options to subscribe for shares of the Company. The terms and conditions of the grant were determined by the Directors at the time of grant. The exercisable period of an option shall not exceed a period of ten years from the offer date. The options gave the holder the rights to subscribe for ordinary shares in the Company. A nominal consideration of HKD1.00 was payable by the grantee upon acceptance of an option. Options were lapsed in three months if the employee leaves the Group.

On 22 August 2018 and 10 December 2018 and 18 January 2019, the Company offered to grant a total of 16,715,556 share options (the "2018 Share Option 1"), 433,333 share options (the "2018 Share Option 2") and 2,851,111 share options (the "2019 Share Option 1") respectively under the Scheme, to certain directors and eligible employees of the Group pursuant to the Scheme. The details of these share options are summarised as follows:

	Proportion of the total option	2018 Share Option 1		2018 Share Option 2		2019 Share Option 1	
		Vesting period	Exercisable period	Vesting period	Exercise period	Vesting period	Exercise period
Tranche 1	two-third	22 August 2018 to 22 August 2020	22 August 2020 to 21 August 2023	10 December 2018 to 22 August 2020	22 August 2020 to 21 August 2023	18 January 2019 to 21 August 2020	21 August 2020 to 21 August 2023
Tranche 2	one-third	22 August 2020 to 22 August 2021	22 August 2021 to 21 August 2023	22 August 2020 to 22 August 2021	22 August 2021 to 21 August 2023	18 January 2019 to 21 August 2021	21 August 2021 to 21 August 2023
					<b>2018 Share Option 1</b>	<b>2018 Share Option 2</b>	<b>2019 Share Option 1</b>
Number of share options granted to executive directors of the Company					7,000,000	–	–
Number of share options granted to non-executive directors of the Company					600,000	–	–
Number of share options granted to employees of the Company					9,115,556	433,333	2,851,111
Total number of share options granted					16,715,556	433,333	2,851,111
Exercise price (HKD)					8.88	7.84	7.53
Grant date					22 August 2018	10 December 2018	18 January 2019

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 30 SHARE OPTION SCHEME (Continued)

The following table discloses movements of the Company's share options held by employees and directors during the period:

Option type	Outstanding at 1 January 2019	Issued during period	Exercised during period	Forfeited during period	Outstanding at 30 June 2019
2018 Share Option 1	16,715,556	–	–	(833,333)	15,882,223
2018 Share Option 2	433,333	–	–	–	433,333
2019 Share Option 1	–	2,851,111	–	–	2,851,111
Total	17,148,889	2,851,111	–	(833,333)	19,166,667

The Group recognised an expense of approximately RMB11,679,606 for the period ended 30 June 2019 in relation to share options granted by the Company.

## 31 SUBSEQUENT EVENTS

Save as disclosed elsewhere in these financial statements, there are no material subsequent events relating to the Company or the Group after 30 June 2019 and up to the date of this report.

## 32 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

In preparing the Group's unaudited condensed consolidated interim financial statements for the period ended 30 June 2019, the Group has restated certain comparative amounts due to initial adoption of IFRS 16 and correction of prior year errors for the year ended 31 December 2018. Details of the restatements can be read in conjunction with Note 2.2(d) and Note 2.3 in the Group's annual financial statements as at 31 December 2018.

## OTHER INFORMATION

### CHANGES OF THE BOARD

During the six-month period ended 30 June 2019, no change in the board composition was noted.

Subsequently as at 11 July 2019, Mr. Fang Bin resigned as executive Director and Mr. Tiu Ka Chun, Gary was appointed as executive Director. On the same day, Mr. Lo Ken Bon was appointed as the deputy chairman of the Board and remained as an executive Director. Mr. Madden Hugh Douglas was appointed as the Chief Executive Officer of the Company. Details of the changes of the Directors were set out in the announcement of the Company dated 11 July 2019.

The Directors of the Company during the six months ended 30 June 2019 and up to the date of this report are:

#### Executive Directors

Mr. Lo Ken Bon  
Mr. Ko Chun Shun, Johnson  
Mr. Madden Hugh Douglas  
Mr. Chapman David James  
Mr. Tiu Ka Chun, Gary (appointed with effect from 11 July 2019)  
Mr. Fang Bin (resigned with effect from 11 July 2019)

#### Independent Non-Executive Directors

Mr. Chau Shing Yim, David  
Mr. Chia Kee Loong, Lawrence  
Mr. Tai Benedict

### DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the six months ended 30 June 2019.

## THE INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2019, 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 its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, were as follows:

### Long Positions in Shares and Underlying Shares of the Company

Name of Director	Number of Ordinary Shares Held				Number of underlying shares held			Grand Total	% of the issued share capital of the Company
	Personal Interest	Family Interest	Corporate Interests	Total	Personal Interests	Family Interests	Total		
Mr. Ko Chun Shun, Johnson	-	-	187,536,194 (Note (i))	187,536,194	1,000,000 (Note (ii))	-	1,000,000	188,536,194	66.46%
Mr. Lo Ken Bon	-	-	-	-	2,000,000 (Note (ii))	1,111,111 (Note (iii))	3,111,111	3,111,111	1.10%
Mr. Madden Hugh Douglas	-	-	-	-	2,000,000 (Note (ii))	-	2,000,000	2,000,000	0.70%
Mr. Chapman David James	-	-	-	-	2,000,000 (Note (ii))	-	2,000,000	2,000,000	0.70%
Mr. Chau Shing Yim, David	-	-	-	-	200,000 (Note (ii))	-	200,000	200,000	0.07%
Mr. Chia Kee Loong, Lawrence	-	-	-	-	200,000 (Note (ii))	-	200,000	200,000	0.07%
Mr. Tai Benedict	-	-	-	-	200,000 (Note (ii))	-	200,000	200,000	0.07%

Notes:

- (i) Mr. Ko is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of his interests in Colour Day Limited.
- (ii) These represent the share options of the Company granted to the respective Directors under the Company's Share Option Scheme.
- (iii) This represents the share options of the Company granted to the spouse of Mr. Lo under the Company's Share Option Scheme.

## OTHER INFORMATION

Save as disclosed above, as at 30 June 2019, none of the Directors had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations which had been recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the six months period ended 30 June 2019 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2019, other than the interests and short positions of the Directors of the Company as disclosed in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Number of Ordinary Shares Held			% of the issued share capital of the Company
	Direct Beneficially owned	Through controlled Corporation	Total	
East Harvest Global Limited	187,536,194	–	187,536,194	66.10%
Wise Aloe Limited	–	187,536,194 (Note (i))	187,536,194	66.10%
Bell Haven Limited	–	187,536,194 (Note (ii))	187,536,194	66.10%
Colour Day Limited	–	187,536,194 (Note (iii))	187,536,194	66.10%
Mr. Ko Chun Shun, Johnson	1,000,000 (Note (v))	187,536,194 (Note (iv))	188,536,194	66.46%
Eternity Investment Limited	20,000,000	–	20,000,000	7.05%

Notes:

- (i) Wise Aloe Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in East Harvest Global Limited.
- (ii) Bell Haven Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Wise Aloe Limited.

Bell Haven Limited is held as to 30.82% by Mr. Lo Ken Bon, and 22.09% by each of Mr. Madden Hugh Douglas and Mr. Chapman David James.

- (iii) Colour Day Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in East Harvest Global Limited.
- (iv) Mr. Ko is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Colour Day Limited.
- (v) This represents the share options of the Company granted to Mr. Ko under the Company's Share Option Scheme.

Save as disclosed above, as at 30 June 2019, no other person (other than the Directors of the Company whose interests are set out in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above) had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### SHARE OPTION SCHEME AND SHARE AWARD PLAN

#### (A) Share Option Scheme

The Company adopted a share option scheme (the "**Share Option Scheme**") on 10 April 2012.

The Board is authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, clients, business partners or service providers of the Group ("**Eligible Persons**").

The purpose of the Share Option Scheme is to attract and retain the Eligible Persons, whose contribution are aligned and important to the long-term growth and profitability of the Group to motivate them to optimize their performance and efficiency.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the date of approving the scheme ("**Scheme Mandate Limit**"). The Scheme Mandate Limit may be refreshed by the shareholders in general meeting in accordance with the rules of the Share Option Scheme and in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme shall not exceed 30% of the then Shares of the Company in issue from time to time.

The Scheme Mandate Limit was refreshed by the shareholders at the annual general meeting of the Company held on 28 June 2019. The maximum number of shares which can be issued upon the exercise of all the share options to be granted under the refreshed Scheme Mandate Limit shall be 28,369,941 shares, representing 10% of a total of 283,699,413 shares in issue as at the date of approval of the refreshment of Scheme Mandate Limit. For details, please refer to the circular to the annual general meeting of the Company dated 29 May 2019.

The total number of shares issued and to be issued upon exercise of options (including both exercised and outstanding options) by any participant under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the issued shares of the Company.

## OTHER INFORMATION

An option may be exercised by the grantee in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant and subject to the provisions of early termination thereof. The options gave the holder the rights to subscribe for ordinary shares in the Company. A nominal consideration of HKD1.00 was payable by the grantee upon acceptance of an option. Options were lapsed in three months if the employee leaves the Group.

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least 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 option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares on the date of grant of the option.

The Share Option Scheme became unconditional upon the Listing Date on 27 April 2012 and shall be valid for a period of ten years commencing on 10 April 2012, subject to the early termination provisions contained in the Share Option Scheme.

On 18 January 2019, 2,851,111 share options were granted under the Share Option Scheme. Up to the date of this report, 20,000,000 share options had been granted, representing about 7.03% of the shares in issue while no share options had been exercised and 833,333 share options had been lapsed.

### (B) Share Award Plan

#### 2014 Share Award Scheme

On 29 September 2014, the Company adopted an employees' share award scheme (the "**2014 Share Award Scheme**"), which was terminated after the approval of the Board of the Company on 21 August 2018. As of 30 June 2019, no shares were awarded under the 2014 Share Award Scheme.

#### 2018 Share Award Plan

The Company has adopted a new share award plan (the "**2018 Share Award Plan**") on 21 August 2018.

Subject to any early termination as may be determined by the Board, the Share Award Plan shall be valid and effective for a term of ten years commencing on its adoption date.

The purposes of the 2018 Share Award Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.



The Company can allot and issue up to 5% of the then issued share capital of the Company (“Existing Plan Limit”). The Existing Plan Limit shall be valid over the life of the Share Award Plan. Nevertheless, the maximum limit of 5% of the issued share capital of the Company can be refreshed by the Board from time to time by a resolution of the Board and an ordinary resolution of the Shareholders at a general meeting. As at the date of approval of the limit as “refreshed”, the remaining Existing Plan Limit will be lapsed.

The 3% Plan Limit (“Refreshed Scheme Limit”) was refreshed by the shareholders at the annual general meeting of the Company held on 28 June 2019. The maximum number of shares which can be granted under the Refreshed Scheme Limit shall be 8,534,517 shares, representing 3% of a total of 284,483,913 shares in issue as at the date of this report. For details, please refer to the circular to the annual general meeting of the Company dated 29 May 2019.

Since the date of adoption of 2018 Share Award Plan (i.e. 21 August 2018) and up to the date of this report, 9,836,474 awarded shares have been granted under the plan, which have not been vested, and there was no purchase of shares by the Trustee under the plan.

Acheson Limited (“Acheson”) has been appointed as the trustee for the administration of 2018 Share Award Plan. Acheson shall hold the shares for the benefit of the selected participants who are not connected persons (as defined under the Listing Rules) of the Company. Acheson shall not be entitled to exercise any voting rights in respect of any Shares held under the trust.

Details and other principal terms of the 2018 Share Award Plan were set out in the announcements of the Company dated 21 August 2018 and 7 September 2018.

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

The Company has not redeemed any of its listed securities during the six-month period ended 30 June 2019. Neither the Company nor any of its subsidiaries, has purchased or sold any of the Company’s listed securities during the period ended 30 June 2019.

### **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with all the Directors, each of the Directors confirmed that he has complied with the required standards as set out in the Model Code throughout the six-month period ended 30 June 2019.

## OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2019, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code") from time to time, as set out in Appendix 14 to the Listing Rules, except for the following deviations:

Under Code Provision A.2.1 of the CG Code, it stipulates that the role of both the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. During the period, Mr. Lo Ken Bon was appointed as Chief Executive Officer and has also assumed his responsibilities as Chairman. He is also the Chairman of the nomination committee. Subsequently on 11 July 2019, Mr. Lo Ken Bon was appointed as Deputy Chairman of the Board and Mr. Madden Hugh Douglas was appointed as the Chief Executive Officer of the Company. The changes made have complied with the code provision. The Board will also continue to use its best endeavor to determine and appoint a suitable candidate to assume as the post of Chairman as soon as possible.

In respect of the code provision A6.7 of the CG Code, Independent non-executive Directors should attend the general meeting of the Company. Mr. Chia Kee Loong, Lawrence was unable to attend the annual general meeting of the Company held on 28 June 2019 due to other work commitment. He will use his best endeavors to attend all future shareholders' meetings of the Company.

Save as disclosed above, throughout the six-month period ended 30 June 2019 and up to the date of this report, in the opinion of the Directors, the Group has complied with the code provision of the CG Code.

### AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

Currently, the Audit Committee comprises three independent non-executive Directors of the Company namely Mr. Chau Shing Yim, David (chairman), Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.

The Audit Committee together with the management has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the Group's unaudited consolidated interim results for the six months ended 30 June 2019 with no disagreement with the accounting treatment adopted by the Company.

By order of the Board  
**BC Technology Group Limited**  
**Lo Ken Bon**  
*Executive Director*

Hong Kong, the People's Republic of China, 26 August 2019

*As at the date of this report, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Tiu Ka Chun, Gary, Mr. Madden Hugh Douglas and Mr. Chapman David James, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.*