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品牌中国
BRANDING CHINA

BRANDING CHINA GROUP LIMITED
品牌中國集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 0863)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "Board") of directors (the "Directors") of Branding China Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** *RMB*	2017 *RMB* Restated*
Continuing operations			
Revenue from advertising and business park area management services	6	**136,399,460**	162,015,156
Cost of revenue relating to advertising and business park area management services		**(92,069,201)**	(142,222,816)
Income from digital assets business	7	**8,560,749**	–
Net impairment losses on trade receivables and contract assets		**(5,463,178)**	(3,880,837)
Other losses, net		**(1,042,975)**	(148,221)
Selling and distribution expenses		**(5,936,801)**	(10,573,430)
Administrative and other operating expenses		**(168,711,319)**	(60,956,874)
Operating loss		**(128,263,265)**	(55,767,022)
Finance income		**12,318,840**	897,084
Finance costs		**(39,831,385)**	(425,428)
Finance (costs)/income, net		**(27,512,545)**	471,656
Share of losses of associates		**–**	(1,890,329)
Share of profit of a joint venture		**–**	4,844,289
Loss before income tax		**(155,775,810)**	(52,341,406)
Income tax expense	8	**(5,147,114)**	(1,870,192)
Loss from continuing operations		**(160,922,924)**	(54,211,598)
Profit/(loss) from discontinued operations (attributable to the owners of the Company)		**225,966**	(3,012,125)
Loss for the year		**(160,696,958)**	(57,223,723)
Other comprehensive (loss)/income			
Item that may be reclassified to profit or loss:			
Currency translation differences on translation of foreign operations with a functional currency different from the Company's presentation currency		**(2,337,424)**	1,815,501
Item that will not be reclassified to profit or loss:			
Currency translation differences arising on translation of functional currency to presentation currency		**97,805**	(1,769,374)
Other comprehensive (loss)/income for the year		**(2,239,619)**	46,127
Total comprehensive loss for the year		**(162,936,577)**	(57,177,596)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2018

	Notes	2018 RMB	2017 RMB Restated*
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(161,458,646)**	(55,199,795)
Profit/(loss) from discontinued operations		**225,966**	(3,012,125)
		(161,232,680)	(58,211,920)
Non-controlling interests			
Profit from continuing operations		**535,722**	988,197
		(160,696,958)	(57,223,723)
Loss per share for loss from continuing operations attributable to the owners of the Company			
Basic *(RMB per share)*	*10*	**(0.64)**	(0.22)
Diluted *(RMB per share)*	*10*	**(0.64)**	(0.22)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company			
Basic *(RMB per share)*	*10*	**(0.64)**	(0.23)
Diluted *(RMB per share)*	*10*	**(0.64)**	(0.23)
Total comprehensive loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(163,695,290)**	(55,153,668)
Profit/(loss) from discontinued operations		**225,966**	(3,012,125)
		(163,469,324)	(58,165,793)
Non-controlling interests			
Profit from continuing operations		**532,747**	988,197
		(162,936,577)	(57,177,596)

* See Note 4 for details regarding the restatements due to correction of prior year errors.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	**As at 31 December 2018** *RMB*	As at 31 December 2017 *RMB* Restated*	As at 1 January 2017 *RMB* Restated*
ASSETS				
Non-current assets				
Property, plant and equipment		**237,691,245**	10,689,462	12,599,059
Intangible assets		**48,536,289**	45,010,531	49,480,011
Interest in a joint venture		**–**	–	24,083,611
Interests in associates		**–**	–	1,822,595
Available-for-sale financial assets		**–**	–	2,250,000
Prepayments, deposits and other receivables		**24,788,852**	5,584,500	5,584,500
Deferred income tax assets		**1,908,401**	1,312,793	4,297,193
Total non-current assets		**312,924,787**	62,597,286	100,116,969
Current assets				
Inventories	*11*	**188,739,099**	–	–
Contract assets	*7*	**49,914,408**	–	–
Trade and bills receivables	*12*	**11,821,876**	89,229,785	136,814,137
Prepayments, deposits and other receivables		**144,171,867**	71,056,673	21,759,873
Income tax recoverable		**169,087**	1,058,629	1,058,629
Restricted bank deposits		**–**	10,000,000	4,100,000
Cash and cash equivalents		**294,838,046**	53,772,080	80,210,595
		689,654,383	225,117,167	243,943,234
Assets classified as held for sale		**–**	8,760,115	–
Total current assets		**689,654,383**	233,877,282	243,943,234
Total assets		**1,002,579,170**	296,474,568	344,060,203

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2018

	Notes	As at 31 December 2018 RMB	As at 31 December 2017 RMB Restated*	As at 1 January 2017 RMB Restated*
LIABILITIES				
Non-current liabilities				
Deposits received and other payables		**12,627,230**	10,897,805	10,897,805
Lease liabilities		**197,306,077**	–	–
Other borrowings		**15,500,000**	–	–
Financial liabilities at fair value through profit or loss	15	**20,620,230**	–	–
Deferred income tax liabilities		**10,195,766**	8,913,659	10,027,867
Total non-current liabilities		**256,249,303**	19,811,464	20,925,672
Current liabilities				
Trade payables	13	**34,512,869**	40,976,809	45,121,455
Accruals and other payables		**37,899,208**	41,928,085	35,634,848
Contract liabilities	7	**931,198**	–	–
Liabilities due to customers	14	**380,701,523**	–	–
Lease liabilities		**31,851,433**	–	–
Bank and other borrowings		**221,462,651**	9,565,000	3,935,000
Current income tax liabilities		**4,343,694**	412,006	412,006
		711,702,576	92,881,900	85,103,309
Liabilities directly associated with assets classified as held for sale		**–**	2,927,849	–
Total current liabilities		**711,702,576**	95,809,749	85,103,309
Total liabilities		**967,951,879**	115,621,213	106,028,981
EQUITY				
Equity attributable to owners of the Company				
Share capital	16	**2,123,981**	2,037,681	2,037,681
Other reserves		**246,238,520**	221,943,835	221,897,979
Accumulated losses		**(218,222,000)**	(47,786,148)	10,425,772
		30,140,501	176,195,368	234,361,432
Non-controlling interests		**4,486,790**	4,657,987	3,669,790
Total equity		**34,627,291**	180,853,355	238,031,222

* See Notes 4 for details regarding the restatements due to correction of prior year errors.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the provision of traditional advertising services and business park area management in the People's Republic of China (the "PRC"), and the digital assets business in Hong Kong.

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 Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, 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 (BVI).

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards ("IFRSs") and Hong Kong Companies Ordinance ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with IFRSs and requirements of HKCO Cap. 622. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for inventories, liabilities due to customers, financial liabilities at fair value through profit or loss, which are measured at fair value.

(c) Going concern basis

As at 31 December 2018, the Group's current liabilities exceeded its current assets by RMB22,048,193, and it had incurred a loss of RMB160,696,958 for the year then ended. The net current liabilities position was mainly attributable to the short-term financing raised for working capital management during the year.

Management of the Group has a prepared cash flow projection covering a period of 12 months from 31 December 2018. The cash flow projection has taken into account the anticipated cash flows to be generated from the Group's different business lines (including considerations of reasonably possible changes in its operating performance) and the loan facilities available during the period under projection, including new loans and facilities obtained subsequent to the year end. The directors, after making due enquiries and considering the basis of management's projection described above, believe that there will be sufficient financial resources to continue its operations and to meet its financial obligations as and when they fall due in the next 12 months from 31 December 2018. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

In order to safeguard the Group's ability to continue as a going concern and to support the Group's strategic growth initiatives in the longer term, management closely monitors the actual financial performance of the Group against the forecasts and pursues further capital or loan financing as and when needed.

(d) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
Amendments to IAS 40	Transfers to Investment Property
IFRIC Int-22	Foreign currency transactions and advance consideration
Annual improvements to IFRSs 2014–2016 cycle	Amendments to IFRS 1 and IAS 28

Upon the adoption of IFRS 9, IFRS 15 and IFRS 16 above, the Group had to change its accounting policies and made certain retrospective adjustments. The details of the changes have been disclosed in Note 3. 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.

(e) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 19	Plan amendment, curtailment or settlement	1 January 2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	1 January 2019
Amendments to IFRS 9	Prepayment features with negative compensation	1 January 2019
IFRIC Int-23	Uncertainty over income tax treatments	1 January 2019
Annual improvement to IFRSs 2015–2017 cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019
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[3]	To be determined

The Group's management assessed that there are no new standards and interpretation 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.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, and the early adoption of IFRS 16 Leases on the Group's consolidated financial statements.

(a) Impact on the consolidated financial statements

As a result of the changes in the Group's accounting policies, prior year consolidated financial statements had to be restated.

As explained in Note 3(b) and 3(c) below, IFRS 15 and IFRS 9 were generally adopted without restating comparative information. The reclassifications of balances related to contracts with customers and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated statement of financial position as at 31 December 2017, but are recognised in the opening consolidated statement of financial position on 1 January 2018.

Based on the management's assessment, the application of IFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group and there was no impact of IFRS 9 on the classification of the Group's assets at transition date.

In accordance with the transitional provisions in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018. Comparatives for the 2017 financial year have not been restated.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	31 December 2017 As originally presented	**IFRS 15**	**IFRS 9**	**IFRS 16**	**1 January 2018 As restated**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Consolidated statement of financial position (extract)					
Non-current assets					
Property, plant and equipment	10,689,462	–	–	111,617,420	122,306,882
Deferred income tax assets	1,312,793	–	658,021	–	1,970,814
Current assets					
Contract assets (i)	–	82,946,839	(2,443,594)	–	80,503,245
Trade and bills receivables	89,229,785	(82,946,839)	(188,488)	–	6,094,458
Non-current liabilities					
Lease liabilities	–	–	–	109,810,996	109,810,996
Current liabilities					
Accruals and other payables	41,928,085	(6,839,063)	–	(9,905,570)	25,183,452
Contract liabilities (ii)	–	6,839,063	–	–	6,839,063
Lease liabilities	–	–	–	11,711,994	11,711,994

(i) Contract assets mainly consist of reserve from advertising business recognised prior to the date on which it is invoiced to customers.

(ii) Contract liabilities mainly represented advance payments from customers which were previously presented as receipt in advance from customers included in accruals and other payables in the consolidated statement of financial position.

(b) IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The Group has adopted IFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated. The application of IFRS 15 does not have material impact on the timing and amounts of revenue recognition of the Group.

Presentation of contract assets and liabilities related to contracts with customers.

	At 31 December 2017 As restated *RMB*	**Reclassification as a result of adoption of IFRS15** *RMB*	**At 1 January 2018** *RMB*
Trade and bill receivables	89,229,785	(82,946,839)	6,282,946
Contract assets	–	82,946,839	82,946,839
Accruals and other payable	41,928,085	(6,839,063)	35,089,022
Contract liabilities	–	6,839,063	6,839,063

(c) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's accumulated losses as at 1 January 2018 is as follows:

	Note	*RMB*
Closing accumulated losses as at 31 December 2017 — IAS 39/IAS 18, as restated *(Note 4)*		47,786,148
Increase in provision for impairment of trade receivables	*(i)*	188,488
Increase in provision for impairment of contract assets	*(i)*	2,443,594
Increase in deferred income tax assets		(658,020)
Adjustment to accumulated losses from adoption of IFRS 9 on 1 January 2018		1,974,062
Opening accumulated losses as at 1 January 2018		49,760,210

(i) Impairment of financial assets

The Group has four types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Trade receivables
- Contract assets
- Prepayments, deposits and other receivables
- Cash and cash equivalents

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

While restricted bank deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as the Group only transacts with reputable banks which are all high-credit-quality financial institutions. The Group also transacts with financial institutions, and certain level of deposits of which is insured by a regulator in the United States. There has no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

For trade and bills receivables and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables and contract assets. This resulted in an increase of the loss allowance on 1 January 2018 by RMB188,488 and RMB2,443,594 for trade receivables and contract assets respectively.

Deposits and other receivables are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses.

(d) IFRS 16 Leases

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2018, but has not restated comparatives for the 2017 reporting period as permitted under the specific transitional provisions in the standard.

On the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating lease under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted by approximately 10%–12%, with reference to the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the consolidated statement of profit or loss in the period in which it is incurred using effective interest method.

At the inception of a contract that contains a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative standalone price. The Group, as lessees, assessed their leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

As a result of the above changes, cumulative effect of initially applying the new standard are recognised on 1 January 2018.

	2018
	RMB
Operating lease commitments disclosed as at 31 December 2017	**209,180,261**
Discounted using the Group's incremental borrowing rate of 12%	**124,513,016**
Short-term leases recognised on a straight-line basis as expense	**(2,990,025)**
Lease liabilities recognised as at 1 January 2018	**121,522,991**

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2017. Right-of-use assets and lease liabilities increased by RMB111,617,420 and RMB121,522,991 respectively on 1 January 2018.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

— the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

— the accounting for acquired lease with favorable terms with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases;

— the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

— the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease".

4 RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR ERRORS

In preparing the Group's consolidated financial statements for the year ended 31 December 2018, the Group has identified certain errors in the comparative financial information presented. A detailed description of the nature of the prior year errors is provided in Note 4(a) below. The amounts subject to correction for each consolidated financial statement line item affected are presented in the tables in Note 4(b) below.

(a) Recognition of goodwill

During the year ended 31 December 2016, the Group recognised the excess of the aggregate of consideration paid and amount of non-controlling interest over the fair value of the net identifiable assets acquired, in relation to the business acquisition of 上海憬威企業發展有限公司 ("Shanghai Jingwei"), as part of the intangible assets — acquired lease with favorable terms subject to amortisation. However, in accordance with IFRS 3, such excessive amount shall be recognised as goodwill that should be carried at cost less impairment.

As a result, goodwill is understated by RMB9,275,778 as at both 1 January 2017 and 31 December 2017, and intangible assets — acquired lease with favorable terms is overstated by RMB10,027,868 and RMB8,913,660 as at 1 January 2017 and 31 December 2017, respectively. Amortisation of intangible assets and loss for the year ended 31 December 2017 are also overstated by RMB1,114,208.

Further details of the effect of restatements are disclosed in Note 4(b).

(b) Summary of the effect of restatements due to correction of prior year errors

The following is a summary of the effect of the restatements due to correction of prior year errors on:

(i) the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017;

(ii) the Group's consolidated statement of cash flows for the year ended 31 December 2017;

(iii) the Group's consolidated statement of financial position as at 31 December 2017; and

(iv) the Group's consolidated statement of financial position as at 1 January 2017.

(i) Effect of restatements on the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
Continuing operations			
Revenue from advertising and business park area management service	162,015,156		162,015,156
Cost of revenue from advertising and business park area management service	(142,222,816)		(142,222,816)
Net impairment losses on financial and contract assets *(Note)*	(3,880,837)		(3,880,837)
Other losses, net *(Note)*	(148,221)		(148,221)
Selling and distribution expenses	(10,573,430)		(10,573,430)
Administrative and other operating expenses *(Note)*	(62,071,082)	1,114,208	(60,956,874)
Operating loss	(56,881,230)		(55,767,022)
Finance income *(Note)*	897,084		897,084
Finance costs	(425,428)		(425,428)
Finance income, net	471,656		471,656
Share of loss of associates	(1,890,329)		(1,890,329)
Share of profit of a joint venture	4,844,289		4,844,289
Loss before income tax	(53,455,614)		(52,341,406)
Income tax expense	(1,870,192)		(1,870,192)
Loss from continuing operations	(55,325,806)		(54,211,598)
Loss from discontinued operations (attributable to the owners of the Company)	(3,012,125)		(3,012,125)
Loss for the year	(58,337,931)		(57,223,723)
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations	(56,202,582)	1,002,787	(55,199,795)
Loss from discontinued operations	(3,012,125)		(3,012,125)
	(59,214,707)		(58,211,920)
Non-controlling interests			
Profit from continuing operations	876,776	111,421	988,197
	(58,337,931)		(57,223,723)

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
Loss per share for loss from continuing operations attributable to the owners of the Company			
Basic *(RMB per share)*	(0.23)		(0.22)
Diluted *(RMB per share)*	(0.23)		(0.22)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company			
Basic *(RMB per share)*	(0.24)		(0.23)
Diluted *(RMB per share)*	(0.24)		(0.23)
Loss for the year	(58,337,931)		(57,223,723)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	1,815,501		1,815,501
Item that will not be reclassified to profit or loss:			
Exchange differences on translating operations with a functional currency different from the Company's presentation currency	(1,769,374)		(1,769,374)
Other comprehensive income for the year	46,127		46,127
Total comprehensive loss for the year	(58,291,804)		(57,177,596)
Total comprehensive loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations	(56,156,455)	1,002,787	(55,153,668)
Loss from discontinued operations	(3,012,125)		(3,012,125)
	(59,168,580)		(58,165,793)
Non-controlling interests			
Profit from continuing operations	876,776	111,421	988,197
	(58,291,804)		(57,177,596)

Note: Finance income and reversal of provision for impairment of trade receivables previously reported under "Other losses, net" have been reclassified to "Finance income" and "Net impairment losses on trade receivables and contract assets" respectively and provision for impairment of trade and other receivables previously reported under "Administrative and other operating expenses" has been reclassified to "Net impairment losses on trade receivables and contract assets" to conform with current year presentation. Loss on disposal of property, plant and equipment previously reported under "Administrative and other operating expenses" has been reclassified to "Other losses, net".

(ii) Effect of restatements on the Group's statement of cash flow as at 31 December 2017

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
Loss before income tax			
Continuing operations	(53,455,614)	1,114,208	(52,341,406)
Discontinued operations	(3,012,125)		(3,012,125)
Loss before income tax from continuing and discontinued operations	(56,467,739)		(55,353,531)
Adjustments for:			
Amortisation of intangible assets	5,583,688	(1,114,208)	4,469,480
Depreciation of property, plant and equipment	2,251,761		2,251,761
Interest income from bank deposits	(913,091)		(913,091)
Interest expense on bank and other borrowings	425,428		425,428
Loss on write-off of property, plant and equipment	21,679		21,679
Loss on disposal of property, plant and equipment	260,614		260,614
Loss on disposal of a subsidiary	155,686		155,686
Provision for impairment of trade and bills receivables	4,007,887		4,007,887
Reversal of impairment loss on trade and bills receivables	(127,050)		(127,050)
Share of loss of associates	1,890,329		1,890,329
Share of profit on a joint venture	(4,844,289)		(4,844,289)
Impairment loss on remeasurement of assets held for sale	12,849,322		12,849,322
Operating losses before working capital changes	(34,905,775)		(34,905,775)
Changes in trade and bills receivables	43,703,515		43,703,515
Changes in prepayments, deposits and other receivables	(57,627,763)		(57,627,763)
Changes in trade payables	15,154,234		15,154,234
Changes in accruals and other payables	19,518,689		19,518,689
Cash used in operations	(14,157,100)		(14,157,100)
Income tax paid	–		–
Net cash used in operating activities	(14,157,100)		(14,157,100)

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
Cash flows from investing activities			
Investment in an associate	(3,000,000)		(3,000,000)
Disposal of a subsidiary, net of cash acquired	(11,116,634)		(11,116,634)
Purchases of property, plant and equipment	(2,022,719)		(2,022,719)
Proceeds from disposal of property, plant and equipment	1,391,021		1,391,021
Proceeds from disposal of available-for-sale financial assets	2,250,000		2,250,000
Interest received	913,091		913,091
Changes in restricted bank deposits	(5,900,000)		(5,900,000)
Net cash used in investing activities	(17,485,241)		(17,485,241)
Cash flows from financing activities			
Interest paid	(425,428)		(425,428)
Proceeds from bank and other borrowings	9,565,000		9,565,000
Repayment of bank and other borrowings	(3,935,000)		(3,935,000)
Net cash generated from financing activities	5,204,572		5,204,572
Net decrease in cash and cash equivalents	(26,437,769)		(26,437,769)
Effect of exchange rate changes on cash and cash equivalents	46,127		46,127
Cash and cash equivalents at the beginning of the year	80,210,595		80,210,595
Cash and cash equivalents at the end of the year	53,818,953		53,818,953
Analysis of the balances of cash and cash equivalents			
Cash and bank balances included in cash and cash equivalents	53,772,080		53,772,080
Cash and bank balances included in assets held for sale	46,873		46,873
	53,818,953		53,818,953

(iii) Effect of restatements on the Group's consolidated statement of financial position as at 31 December 2017

	As previously reported *RMB*	**Note 4(a)** *RMB*	**As restated** *RMB*
ASSETS			
Non-current assets			
Property, plant and equipment	10,689,462		10,689,462
Intangible assets	44,648,413	362,118	45,010,531
Deposits	5,584,500		5,584,500
Deferred tax assets	1,312,793		1,312,793
Total non-current assets	62,235,168		62,597,286
Current assets			
Trade and bills receivables	89,229,785		89,229,785
Prepayments, deposits and other receivables	71,056,673		71,056,673
Tax recoverable	1,058,629		1,058,629
Restricted bank deposits	10,000,000		10,000,000
Cash and cash equivalents	53,772,080		53,772,080
	225,117,167		225,117,167
Assets classified as held for sale	8,760,115		8,760,115
Total current assets	233,877,282		233,877,282
Total assets	296,112,450		296,474,568

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
LIABILITIES			
Non-current liabilities			
Deposits received and other payables	10,897,805		10,897,805
Deferred tax liabilities	8,913,659		8,913,659
Total non-current liabilities	19,811,464		19,811,464
Current liabilities			
Trade payables	40,976,809		40,976,809
Accruals and other payables	41,928,085		41,928,085
Bank and other borrowings	9,565,000		9,565,000
Current income tax liabilities	412,006		412,006
	92,881,900		92,881,900
Liabilities directly associated with assets classified as held for sale	2,927,849		2,927,849
Total current liabilities	95,809,749		95,809,749
Total liabilities	115,621,213		115,621,213
EQUITY			
Equity attributable to owners of the Company			
Share capital	2,037,681		2,037,681
Other reserves	221,943,835		221,943,835
Accumulated losses	(49,039,632)	1,253,484	(47,786,148)
	174,941,884		176,195,368
Non-controlling interests	5,549,353	(891,366)	4,657,987
Total equity	180,491,237		180,853,355

(iv) Effect of restatements on the Group's consolidated statement of financial position as at 1 January 2017

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
ASSETS			
Non-current assets			
Property, plant and equipment	12,599,059		12,599,059
Intangible assets	50,232,101	(752,090)	49,480,011
Interest in a joint venture	24,083,611		24,083,611
Interests in associates	1,822,595		1,822,595
Available-for-sale financial assets	2,250,000		2,250,000
Deposits	5,584,500		5,584,500
Deferred tax assets	4,297,193		4,297,193
Total non-current assets	100,869,059		100,116,969
Current assets			
Trade and bills receivables	136,814,137		136,814,137
Prepayments, deposits and other receivables	21,759,873		21,759,873
Tax recoverable	1,058,629		1,058,629
Restricted bank deposits	4,100,000		4,100,000
Cash and cash equivalents	80,210,595		80,210,595
	243,943,234		243,943,234
Assets classified as held for sale	–		–
Total current assets	243,943,234		243,943,234
Total assets	344,812,293		344,060,203

	As previously reported *RMB*	Note 4(a) *RMB*	As restated *RMB*
LIABILITIES			
Non-current liabilities			
Deposits received and other payable	10,897,805		10,897,805
Deferred tax liabilities	10,027,867		10,027,867
Total non-current liabilities	20,925,672		20,925,672
Current liabilities			
Trade payables	45,121,455		45,121,455
Accruals and other payables	35,634,848		35,634,848
Bank and other borrowings	3,935,000		3,935,000
Current income tax liabilities	412,006		412,006
	85,103,309		85,103,309
Liabilities directly associated with assets classified as held for sale	–		–
Total current liabilities	85,103,309		85,103,309
Total liabilities	106,028,981		106,028,981
EQUITY			
Equity attributable to owners of the Company			
Share capital	2,037,681		2,037,681
Other reserves	221,897,979		221,897,979
Retained earnings	10,175,075	250,697	10,425,772
	234,110,735		234,361,432
Non-controlling interests	4,672,577	(1,002,787)	3,669,790
Total equity	238,783,312		238,031,222

5 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 year ended 31 December 2018, the Group started a new business of digital assets business and 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 evert marketing services.

— Business park area management — providing operation and management services in business park area.

— Digital assets business — trading of digital assets in the over-the-counter market.

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 year ended 31 December 2018 and 2017 were classified as discontinued operations in the Group's consolidated financial statements.

(a) For the year ended 31 December 2018

	Continuing operations					Discontinued operations	
	Traditional advertising *RMB*	Business park area management *RMB*	Digital assets business *RMB*	Unallocated *RMB*	Subtotal *RMB*	Wireless advertising *RMB*	Total *RMB*
Results							
Revenue under IFRS 15:							
Revenue from advertising *(Note (i))*	100,431,065	–	–	–	100,431,065	–	100,431,065
Revenue under other accounting standards:							
Revenue from business park area management services	–	35,968,395	–	–	35,968,395	–	35,968,395
Income from digital assets business	–	–	8,560,749	–	8,560,749	–	8,560,749
Segment results	27,969,162	16,473,294	8,560,749	(112,197)	52,891,008	–	52,891,008
Finance income	579,671	2,457	883	11,735,829	12,318,840	389	12,319,229
Finance costs	(1,117,511)	(13,732,090)	–	(24,981,784)	(39,831,385)	–	(39,831,385)
Impairment loss on trade receivables and contract asset	–	(1,573,404)	(4,776,834)	7,441	(6,342,797)	–	(6,342,797)
Reversal of impairment loss on trade receivables and contract asset	879,619	–	–	–	879,619	–	879,619
Unallocated expenses *(Note (ii))*	(24,812,848)	(607,349)	(14,812,013)	(135,458,885)	(175,691,095)	225,577	(175,465,518)
Loss before income tax	3,498,093	562,908	(11,027,215)	(148,809,596)	(155,775,810)	225,966	(155,549,844)
Income tax expense	(2,385,493)	(371,341)	–	(2,390,280)	(5,147,114)	–	(5,147,114)
Loss for the year	1,112,600	191,567	(11,027,215)	(151,199,876)	(160,922,924)	225,966	(160,696,958)
Loss for the year from continuing operations	1,112,600	191,567	(11,027,215)	(151,199,876)	(160,922,924)	–	(160,922,924)
Income for the year from discontinued operations *(Note 14)*	–	–	–	–	–	225,966	225,966
	1,112,600	191,567	(11,027,215)	(151,199,876)	(160,922,924)	225,966	(160,696,958)
Assets and liabilities							
Reportable segment assets *(Note (iii))*	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
Other Segment information							
Depreciation and amortisation	4,308,526	18,458,474	860,144	6,930,508	30,557,652	37,675	30,595,327

(b) For the year ended 31 December 2017

	Continuing operations				Discontinued operations	
	Traditional advertising *RMB*	Business park area management *RMB*	Unallocated *RMB*	Subtotal *RMB*	Wireless advertising *RMB*	Total *RMB*
Results						
Revenue from advertising and business park area management services *(Note (i))*	124,322,438	37,692,718	–	162,015,156	–	162,015,156
Segment results	(22,139,146)	30,165,871	–	(33,929,586)	992,266	(32,937,320)
Interest income	896,101	983	–	897,084	16,007	913,091
Finance costs	(425,428)	–	–	(425,428)	(425,428)	(425,428)
Impairment loss on trade receivables	–	–	–	–	(4,007,887)	(4,007,887)
Reversal of impairment loss on trade receivables	127,050	–	–	127,050	–	127,050
Share of loss of associates	–	(1,890,329)	–	(1,890,329)	–	(1,890,329)
Share of profit of a joint venture	–	4,844,289	–	4,844,289	–	4,844,289
Impairment loss on remeasurement of assets held for sale	–	(12,849,322)	–	(12,849,322)	–	(12,849,322)
Unallocated expenses *(Note (i))*	–	–	(9,115,164)	(9,115,164)	(12,511)	(9,127,675)
Loss before income tax	(21,541,423)	(21,684,819)	(9,115,164)	(52,341,406)	(3,012,125)	(55,353,531)
Income tax expense	–	(1,870,192)	–	(1,870,192)	–	(1,870,192)
Loss for the year	(21,541,423)	(23,555,011)	(9,115,164)	(54,211,598)	(3,012,125)	(57,223,723)
Loss for the year from continuing operations	(21,541,423)	(23,555,011)	(9,115,164)	(54,211,598)	–	(54,211,598)
Loss for the year from discontinued operations	–	–	–	–	(3,012,125)	(3,012,125)
	(21,541,423)	(23,555,011)	(9,115,164)	(54,211,598)	(3,012,125)	(57,223,723)
Assets and liabilities						
Reportable segment assets *(Note (i))*	173,504,992	89,304,382	17,298,087	279,745,343	7,606,992	287,714,453
Assets classified as held for sale	–	5,827,849	2,932,266	8,760,115	–	8,760,115
Reportable segment liabilities *(Note (i))*	52,617,352	37,731,437	15,433,249	105,782,038	6,911,326	112,693,364
Liabilities associated with assets classified as held for sale	–	2,927,849	–	2,927,849	–	2,927,849
Other segment information						
Depreciation and amortisation	1,253,493	6,505,170	43,954	7,802,617	32,832	7,835,449

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 expenses mainly include salaries, rental expenses, consultancy and professional fees for head office.

(iii) Unallocated assets mainly include cash and cash equivalents in head office and unallocated liabilities mainly include bank and other borrowings.

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

(a) Disaggregation of revenue from contracts with customers

During the year ended 31 December 2018, all sources of revenue were recognised over time (2017: Same).

(b) Assets and liabilities related to contracts with customers

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

	31 December 2018 *RMB*
Contract assets	59,601,005
Less: loss allowance	(9,686,597)
Total contract assets	49,914,408
Contract liabilities	931,198

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

	31 December 2018 *RMB*
At the beginning of the year	–
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 year	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.

(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 year.

	2018 *RMB*
Revenue recognised that was included in the contract liability balance at the beginning of the year	242,347

7 INCOME FROM DIGITAL ASSETS BUSINESS

Income from digital assets business represents trading margin arising from trading various digital assets and net gain or loss from remeasurement of digital assets inventories to the extent it is not offset by remeasurement of digital assets liabilities due to customers arising from Digital Assets Service 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.

	2018	2017
	RMB	*RMB*
Income from digital assets business		
— Trading of digital assets	**8,348,305**	–
Net fair value gain on digital assets inventories	**212,444**	–
Income from digital assets business	**8,560,749**	–

8 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 years ended 31 December 2018 and 2017.

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 years ended 31 December 2018 and 2017 was 25% on their taxable profits.

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

	2018	2017
	RMB	*RMB*
Continuing operations		
Current tax		
Hong Kong profits tax	**–**	–
PRC corporate income tax	**3,836,826**	–
Deferred income tax	**1,310,288**	1,870,192
Income tax expense	**5,147,114**	1,870,192

9 DIVIDENDS

The directors did not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

10 LOSS PER SHARE

For continuing and discontinued operations

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

	2018	2017
	RMB	*RMB*
		Restated
		(Note 4)
Loss from continuing operations:		
Loss for the year attributable to owners of the Company	**161,232,680**	58,211,920
Less: Profit/(loss) for the year from discontinued operations (attributable to the owners of the Company)	**225,966**	(3,012,125)
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	**161,458,646**	55,199,795

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

	2018	2017
	RMB	*RMB*
		Restated
		(Note 4)
Loss from continuing and discontinued operations:		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	**161,232,680**	58,211,920

	2018	2017
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**251,771,079**	251,771,079
Loss per share for loss from continuing operations attributable to the owners of the Company		
Basic (RMB per share)	**(0.64)**	(0.22)
Diluted (RMB per share)	**(0.64)**	(0.22)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company		
Basic (RMB per share)	**(0.64)**	(0.23)
Diluted (RMB per share)	**(0.64)**	(0.23)

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 year.

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 year ended 31 December 2018, these share options, convertible note and warrants had anti-dilutive effect to the Group as the assumed conversion of share options and share award granted by the Company and convertible note and warrants granted by loss-making subsidiaries would result in a decrease in loss per share.

11 INVENTORIES

	2018	2017
	RMB	*RMB*
Digital assets inventories	**188,739,099**	–

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 31 December 2018, the balance of digital assets inventories included digital assets held on customers' accounts under DASA of RMB180,513,792 (2017: Nil). The balance is measured at fair value less costs to sell.

Fair value gain of RMB212,444 (2017: Nil) from remeasurement of digital assets inventories at 31 December 2018 to the extent it is not offset by remeasurement of digital assets liabilities due to customers arising from DASA at the same date is presented as part of the "income from digital assets business" in the consolidated statement of profit or loss.

12 TRADE AND BILLS RECEIVABLES

	2018	2017
	RMB	*RMB*
Trade receivables and bill receivables from advertising and business park area management	**11,243,910**	97,352,407
Less: Loss allowance	**(1,761,894)**	(8,122,622)
	9,482,016	89,229,785
Trade receivables from digital assets trading business services	**7,152,717**	–
Less: Loss allowance	**(4,812,857)**	–
Sub-total	**2,339,860**	–
	11,821,876	89,229,785

The Group's trading terms with its customers of the advertising and business park area management services are mainly on credit whereas the customers of the digital assets trading business are required to pre-fund their accounts prior to the trade. The credit period is generally 180–270 days. 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 action is taken to recover overdue debts.

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

	2018	2017
	RMB	*RMB*
0–30 days	**6,706,660**	4,785,193
31–90 days	**1,805,618**	1,147,753
91–180 days	**839,422**	270,000
181–365 days	**213,400**	–
	9,565,100	6,202,946
Bills receivables	**2,256,776**	80,000
Unbilled receivables	**–**	82,946,839
	11,821,876	89,229,785

13 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, is as follows:

	2018	2017
	RMB	*RMB*
0–30 days	**11,776,110**	21,429,688
31–90 days	**15,269,476**	9,749,790
91–180 days	**1,478,050**	414,720
181–365 days	**2,000**	1,936,330
Over 365 days	**5,987,233**	7,446,281
	34,512,869	40,976,809

14 LIABILITIES DUE TO CUSTOMERS

	2018	2017
	RMB	*RMB*
Liabilities due to customers		
— Fiat liabilities	**200,187,731**	–
— Digital assets liabilities	**180,513,792**	–
	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 on a 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".

15 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.

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 US$2,000,000 (equivalent to RMB13,763,235). 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) US$1,000 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 fail 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.

16 SHARE CAPITAL

	2018		2017	
	Number of shares	***RMB***	*Number of shares*	*RMB*
Authorised:				
Ordinary shares of HK$0.01 each at 1 January 2017, and 31 December 2017 and 2018	**2,000,000,000**	**16,632,421**	2,000,000,000	16,632,421
Issued and fully paid:				
At the beginning of the year	**251,771,079**	**2,037,681**	251,771,079	2,037,681
Issuance of new shares *(Note)*	**9,836,474**	**86,300**	–	–
At the end of the year	**261,607,553**	**2,123,981**	251,771,079	2,037,681

Note:

On 2 October 2018, the Company issued 9,836,474 new shares at HK$0.01 for each share to a trustee, pursuant to the new share award plan adopted on 31 August 2018, to recognise and reward the contribution of directors, employees and consultants providing services to the Company and its subsidiaries.

The Board shall apply HK$98,365 (equivalent to RMB86,300) in the share premium account of the Company to issue New Shares credited as fully paid to the Trustee. The Board further resolved to grant Awards for a total of 9,836,474 Shares to 159 Selected Participants pursuant to the Plan. None of these Selected Participants is a connected person of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENT

On 24 January 2018, the Company was informed by Lapta International Limited, Peace C&D Limited, Always Bright Enterprises Limited, Whales Capital Holdings Limited and Jolly Win Management Limited (collectively the "Vendors") that East Harvest Global Limited ("East Harvest"), the Vendors, and their beneficial owners (the "Guarantor(s)") entered into a Sale and Purchase Agreement for 187,510,194 shares (representing approximately 74.48% of the entire issued share capital of the Company as at the date of the joint announcement dated 30 January 2018) for a total consideration of HK$595,811,702.42 (equivalent to approximately HK$3.18 per share). Completion took place on 25 January 2018.

On 12 April 2018, the Company and East Harvest issued an offer document related to the above-mentioned transaction and East Harvest made a mandatory unconditional cash offer for all the issued shares held by other shareholders of the Company. The offer was closed on 3 May 2018 and the details are disclosed in the announcement of the Company dated 3 May 2018. There was a change in the board composition since then as all the then directors (except Mr. Fang Bin) had resigned and certain new directors have been appointed.

REVIEW OF RESULTS

Overall Performance

The Group recorded a total revenue and income of RMB144,960,209 for the Year, representing a decrease of approximately 10.53% or RMB17,054,947, from RMB162,015,156 for the year ended 31 December 2017 ("FY2017").

The operating loss of the Group was RMB128,263,265 for the Year, representing an increase of approximately 130% or RMB72,496,243, from net operating loss of RMB55,767,022 for FY2017.

The net loss of the Group increased from RMB57,223,723 recorded for FY2017 to RMB160,696,958 recorded for the Year.

Loss per share of the Group for the Year was RMB64 cents (FY2017: RMB22 cents).

Revenue and Income

The revenue and income of the Group was RMB144,960,209 for the Year (FY2017: RMB162,015,156), representing a decrease of approximately RMB17,054,947 or 10.53% as compared with FY2017.

Revenue of advertising business was RMB100,431,065, a decrease by RMB23,891,373 as compared with last year. During the year, the group was affected by a slowdown in the automotive industry that caused some clients reduced their budget on advertising, which resulted in the decline in advertising revenue.

Revenue from Business park area management services was RMB35,968,395 as compared with RMB37,692,718 in FY2017. Generally, the business park area management services business remain steady during the year.

Revenue from digital assets and blockchain related technology business of RMB8,560,749 were mainly attributable from the income generated from the facilitation of trading of digital assets since August 2018.

Cost of Sales from Advertising and Business Park Area Management Service

As at 31 December 2018, the Group's cost of sales from advertising and business park area management services mainly comprised expenses and costs for procuring advertising space, staff remuneration, event organising lease expense and production costs. The Group's cost of sales for the Year was RMB92,069,201, representing a decrease of approximately 35.26% or RMB50,153,615 as compared with RMB142,222,816 for FY2017. The cost of sales decreased correspondingly with the declined revenue in advertisement business.

The gross profit of advertising and business park area management services was RMB44,330,259, representing an increase of RMB24,537,919 as compared to RMB19,792,340 for FY2017. For the Year, the Group's gross profit margin of advertising and business park area management services was 32.50% (gross profit margin for FY2017: 12.22%). The increase in overall gross profit and gross profit margin was mainly attributable to the decrease in the proportion of revenue of event marketing service income and public relation service income with relatively lower gross profit margin.

Selling and Distribution Expenses

Selling and distribution expenses decreased by RMB4,636,629 from RMB10,573,430 for FY2017 to RMB5,936,801 for the Year, which was mainly attributable to the decrease in the event production cost in respect of marketing events.

Administrative and Other Expenses

Administrative and other expenses for the Year increased by RMB107,754,445 to approximately RMB168,711,319 as compared to that for FY2017. Such increase was mainly due to (i) the expenditures relating to implementation of operational infrastructure, including IT, legal, rental costs and set up of its Hong Kong office facilities; (ii) the expenditures relating to the expansion of business initiatives, including business development and marketing programs for the digital assets and blockchain related technology business and (iii) the increase in staff cost resulting from recruiting of high caliber personnel during the year, which a substantial portion of that headcount are comprised of engineers, programmers and developers with expertise in technology and software development of blockchain and financial technologies as well as dedicated legal, regulatory, risk and compliance staff to establish, maintain and monitor the Company's risk, compliance and regulatory programs and initiatives.

Human Resources Cost

In connection with the strategic expansion of the Group's business activities relating to blockchain and financial technologies, the Group has actively acquired talents in the Hong Kong office during the year. As at 31 December 2018, the Group had a total of 260 employees in both Hong Kong and China offices (FY2017: 73 employees). The total staff cost during the year was RMB85,849,069 (for FY2017: RMB26,280,963).

The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus systems.

The Company operates a share option scheme for the purpose of providing incentives to, retaining, recognising and motivating eligible Directors and employees who make contribution to the Group. At 31 December 2018, 17,148,889 share options were granted under the share option scheme, while the remaining 2,851,111 share options were subsequently granted on 18 January 2019 (FY2017: Nil). Up to the date of this report, a total of 20,000,000 share options had been granted, representing about 7.64% of the shares in issue while no share options had been exercised, cancelled or lapsed or were outstanding.

The Company has also adopted a new share award scheme during the year to recognise and reward the contributions of certain employees and persons to the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation of the Group and to attract suitable personnel for further development of the Group. The Company has issued 9,836,474 shares under its share award scheme during the year ended 31 December 2018 (FY2017: Nil).

BUSINESS REVIEW AND PROSPECT

Business Review

Advertising businesses and Business park area management services business

Our advertising businesses mainly focus on professional, precise and customised one-stop integrated marketing services for fairly established customers including advertising communication, PR communication and event marketing. In FY2018, the revenue from this business segment recorded a 19.22% decrease as compared to that in FY2017. Our clients were more costs conscious in FY2018 and had tightened their spendings on public relations and event marketing services.

The revenue generated from the Group's business park area management services in FY2018 was approximately RMB36 million which was comparable to that in FY2017. The Group's business park area management services offer a variety of office space service solutions to start-up, growth-phase and mature businesses. The Group's business park delivers an environment of cultural creativity and design, flexible business zones, and public areas for exchanges, which not only supports commercial and residential facilities but also integrates work with life and industries with communities. During the year, the existing parks of the Group maintained an occupancy rate of 80%, with lease terms of not less than five years.

Digital Asset and Blockchain related technology business

Following the change in the controlling shareholders during the year, taking advantage of the collective knowledge, industry relationships and experience of the new management team and shareholders in blockchain and financial technologies, the Group has strategically expanded into such new business opportunities relating to provision of blockchain technology and software solutions and facilitation of trading in digital assets. The income generated by these new businesses in the closing months of FY2018 was approximately RMB8.6 million.

The Group began to invest in the necessary resources and operational infrastructures to support the roll out of blockchain and financial technology related business including, research and development resources, personnel recruiting and customer acquisition.

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.

(a) Business development and the associated risks in 2018

During the year, the Group has strategically expanded into new business areas including digital assets and blockchain related technology, particularly as a service provider of technology and software solutions and as a facilitator in trading of digital assets.

Management considers that the risks and uncertainties associated with the digital assets trading business are largely related to information technology, safekeeping of digital assets, fluctuation of asset prices, compliance and the unregulated and immature nature of the markets. As the industry is in the early stages of development, the Group has been implementing necessary operational infrastructure to support the development and the initiatives include identifying facilities, expanding IT infrastructure, and hiring additional management and personnel with an emphasis on experience in legal, regulatory, compliance, financial reporting, operations and technology development. All of these were considered necessary before any revenue was generated for our blockchain and financial technology related businesses.

(b) Risk management of digital asset and blockchain related business

(i) Regulatory risk in relevant jurisdictions

The Group's digital asset and blockchain related technology business currently operates in Hong Kong where regulators are considering imposing more stringent regulatory frameworks, this is likely to impact the Group's operations. As the regulatory landscape around blockchain and distributed ledger technology in Hong Kong becomes clearer, it is anticipated that more of the Group's business is likely to fall within regulations, and may require licenses or approvals to operate, and may be subject to financial and capital covenants.

To manage the risks associated, the Group has expended substantial resources building up a strong team of experienced Risk & Compliance professionals, who are responsible for oversight of all business activities with respect to prevailing and potential regulatory frameworks applicable to the Group.

(ii) Price risk of digital assets inventories

The Group holds digital assets inventories in order to facilitate and support the settlement process of the digital asset trading business. The volatility and unpredictability of the price of digital assets relative to fiat currencies could cause significant impact to the Group's performance.

To manage the risk, the level of digital asset holdings is controlled by limits based on volatility, position size and liquidity, as approved by the Risk Committee and as overseen by the Group's Risk Department. During times of heightened price volatility, the Group may choose to reduce its digital asset inventory exposure either by selling down or entering into hedge transactions such as exchange traded Futures contracts.

The Group also holds digital assets in designated customers' accounts under its contracts with the customers. These digital assets are held in the Group's wallets which support rapid settlement of traded transactions, thereby eliminating settlement risk for the Group. As this inventory held in customers' accounts corresponds to a liability due to the customers with both the inventory and liability to customers recorded at fair value, the Group has no price volatility exposure from these holdings.

(iii) Risks related to safekeeping of assets

The Group maintains digital assets in both "hot" (connected to the Internet) and "cold" (not connected to the Internet) wallets. "Hot" wallets are more susceptible to cyber-attacks or potential theft due to the fact they are connected to the public internet.

To mitigate such risks, the Group has implemented guidelines and risk control protocols to dynamically adjust the level of digital assets maintained in "hot" wallets required to facilitate trading of digital assets. Given the lack of established third-party services for the safekeeping of digital assets, the Group has developed a proprietary digital asset wallet solution for their cold wallets with comprehensive security controls and risk mitigation processes in place. These include control procedures starting from wallet generation to day-to-day wallet management and security to monitor and safeguard the Group's "hot" and "cold" wallets and public and private keys. In 2019, the Group has also obtained insurance from third-party insurance providers to insure both its "hot" and "cold" wallets.

(iv) Risks related to source of funds and anti-money laundering

Digital assets are exchangeable directly between parties through decentralized networks that allow anonymous transactions, which create complex technical challenges with respect to issues such as identification of parties involved and ownership.

To mitigate such risks, the Group has implemented Anti-Money Laundering, Know Your Customer (KYC), and Know Your Business (KYB) policies and procedures during the client onboarding process and continuous reporting.

(v) Technology leakage risk

The Group's key competitive advantage lies in its blockchain-related technology IP and trade secrets. Should its IP and trade secrets be compromised, the Group could face risks in its ability to remain competitive and execute its strategy.

Technology leakage risks are mitigated by controls of information and being able to defend against intrusion into the Group's technology infrastructure and IP protection and prevention of leakage of sensitive data.

(vi) Information security risks

The Group's and client information are maintained on proprietary data infrastructure in conjunction with services by cloud service providers. Such infrastructure is connected to the public internet and therefore subject to potential cyber-attacks. To mitigate such risks, the Group has a dedicated security team that have implemented security controls including but not limited to multi-factor authentication, data and network segregation, system redundancy and encrypted backups, segregation of duties, least privilege principal, event monitoring and incident response.

(vii) New product risk

Prior to the deployment and release of new products and businesses to the Group's clients, every such new activity is reviewed by the Risk Department. The Risk Department reviews each proposal against business capability, impact on balance sheet as well as the suite of risks that are typically inherent in such activities such as operational risk, legal risk, regulatory risk, market, credit and liquidity risk. Approval to proceed with the proposed business or product will only be forthcoming once the committee is satisfied that all necessary controls and support functions are fully implemented.

(viii) Business continuity

The Group operates its technology stack with remote data centre sites and is implementing a business continuity and disaster recovery plan, and is shortly building capability to ensure resilliance against external and internal threats, allowing business activities to continue during catastrophes and crises, such as disruption of utilities or denial of physical access to business offices.

Currently, the Group is analysing Business Continuity Plan ("BCP") requirements for each business and support function and will shortly move to implementing a comprehensive physical disaster recover capability.

(ix) Operational risk

Operational risk covers a spectrum of potential incidents and actions that may cause safety or health impairment of staff, financial loss, reputational damage, regulatory sanctions or loss of business capability. Such losses may arise from process weaknesses, lack of staff training, technology failures, honest errors or malicious actions by internal or external agents.

The Group's Operational Risk Committee has been formed as the central oversight and management function for all operational risk actions and related control activities. The Group's Risk Department specifically employs Operational Risk Managers who are empowered to test and challenge businesses and support functions so as to improve and enhance controls and process flows. In addition, regular reviews of all departments are performed by way of Risk Control Self Assessment tools and reviews; such analyses form a component of business risk management as well as to support independent oversight of operational risks within the Group.

PROSPECTS

Looking into the future, while the Group continues to maintain a steady business development of our advertising and business park area management services businesses, the Group intends to increase resources in the blockchain businesses as we believe such business will become the major revenue contributor for the Group in long run. The Group believes as blockchain and digital assets become mainstream, there will be significant demand from institutions who seek to become facilitators of digital asset trading. Over the past year, the Group has assembled a high-caliber team with specialisation in building technology, security, risk, and compliance systems and procedures required by institutions who seek to operate digital asset trading platforms.

The Group has invested significant resources into building turnkey software and service solutions that offer best-in-class risk management, market surveillance, and compliance systems required by institutional operators of digital asset platforms, and has seen strong market interest globally. We believe our software and services solutions will significantly lower the barrier of entry and inefficiencies to the adoption of digital assets, by reducing development costs and issues related to scale, and help accelerating the institutional adoption.

As part of this development, we have introduced operation of our own digital asset trading platform (for non-regulated instruments only) in early 2019 to showcase our technology, risk management, compliance and related systems. We seek to leverage our partnerships globally to make our services available world-wide, and help market participants to better understand the potential of blockchain technology.

To cope with fast expansion, the Company is actively seeking fund raising alternatives such as borrowing and equity placement in order to strengthen our working capital base.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 December 2018, the Group recorded total assets of RMB1,002,579,170 (FY2017: RMB296,474,568) which were financed by liabilities of RMB967,951,879 (FY2017: RMB115,621,213), non-controlling interests of RMB4,486,790 (FY2017: RMB4,657,987) and shareholders' equity of RMB34,627,291 (FY2017: RMB180,853,355).

The Group mainly used internal cash flows from operating activities with short term financing to satisfy its working capital requirements.

As at 31 December 2018, total borrowings amounted to RMB236,962,651 (FY2017: RMB9,565,000). Additional other borrowings of RMB236,962,651 were borrowed and bank borrowings which fell due amounting to RMB9,565,000 was fully repaid. The Group's borrowings, which comprise of other loans are denominated in Hong Kong dollars ("HK$") and Renminbi("RMB"), will mature in 1 to 2 years (FY2017: 1 year) as at 31 December 2018. The borrowings of HK$100,000,000 (or equivalent to approximately RMB87,867,000) and HK$22,800,000 (or equivalent to approximately RMB20,034,000), which were interest bearing at 8% and 6% per annum, respectively. The borrowing of RMB15,500,000 which was interest bearing at 12% per annum. Other borrowings were non-interest. The Group's gearing ratio was 0.672 (FY2017: 0.209) as at 31 December 2018. Gearing ratio is the ratio of total liabilities less cash and bank balances to total assets.

At 31 December 2018, 17,148,889 share options were granted under the share option scheme, while the remaining 2,851,111 share options were subsequently granted on 18 January 2019. If all of the remaining outstanding share options were exercised, gross proceeds of approximately HK$172,936,334 in aggregate would be raised before deducting any issuance expenses. Subsequent to the financial position date, no share options were exercised and lapsed.

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 Year, 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, HK$ and United States dollars ("US$").

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 HK$ and US$. The exchange rate of US$ against HK$ 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

As at 31 December 2018, the Group did not have any material acquisitions and disposals of subsidiaries and associates.

Charge on the Group's Assets

As at 31 December 2018, the Group had deposits amounting to RMB94,110,237 pledged for other borrowings granted to the Group. (FY2017: Bank deposit of RMB10,000,000 was pledged for bank borrowings).

Future Plans for Material Investments or Capital Assets and Capital Expenditure Commitments

As at 31 December 2018, the Group had capital expenditure commitments for property, plant and equipment amounting to RMB8,137,660 (FY2017: Nil). Apart from the aforesaid, the Group did not have any concrete future plans for material investments or capital assets and material capital expenditure commitments as at 31 December 2018.

Contingent Liabilities

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

Subsequent Events

There are no material subsequent events relating to the Company or by the Group after 31 December 2018 and up to the date of the annual result announcement.

DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 December 2018 (FY2017: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the year ended 31 December 2018. Neither the Company nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the year ended 31 December 2018.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2018, 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 deviation:

Under Code Provision A.2.1 of the CG Code, the role of both the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. On 3 May 2018, after the Company announced the resignation of Mr. Fang Bin as Chairman of the Company, no individual was appointed as Chairman of the Company. The various responsibilities of the post of Chairman have from time to time during the year been performed by the other directors of the Company. On 3 May 2018, 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.

The Board will continue to use its best endeavour to determine and appoint a suitable candidate to assume as the post of Chairman as soon as possible.

Save as disclosed above, throughout the year ended 31 December 2018 up to the date of this announcement, in the opinion of the Directors, the Group has complied with the code provision of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code 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 year ended 31 December 2018.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. Chia Kee Loong, Lawrence, Mr. Chau Shing Yim, David and Mr. Tai Benedict. Mr. Chau Shing Yim, David is the Chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Group's consolidated financial statements for the year ended 31 December 2018 have been reviewed by the Audit Committee.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT OPINION

The auditor of the Group issued an opinion with an emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the Independent auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" below. For the details of "Notes 3.1 and 3.2 to the consolidated financial statements" referred to in the section of "Emphasis of Matter" below, please refer to the "Risk Disclosures" in the section of "BUSINESS REVIEW AND PROSPECT" in this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter

We draw attention to Notes 3.1 and 3,2 to the consolidated financial statements, which describe the risks and uncertainties with respect to blockchain technology and the evolving nature of the digital asset markets. The currently unregulated and immature nature of digital asset markets including custody and trading mechanisms, the dependency on information technology integrity and security, as well as valuation and volume volatility all subject the digital asset trading business of the Group to unique risks. These conditions in our view are of such importance that they are fundamental to users' understanding of the Group's digital asset trading business and the consolidated financial statements. Our opinion is not modified in respect of this matter.

By order of the Board
Branding China Group Limited
Lo Ken Bon
Executive Director

Hong Kong, 28 March 2019

As at the date of this announcement, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Fang Bin, 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.