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BC TECHNOLOGY GROUP LIMITED
BC科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 863)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "**Directors**") of BC Technology Group Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018. These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

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

		Unaudited For the six months ended 30 June	
		2019	2018
	Notes	***RMB***	*RMB* restated*
Continuing operations			
Revenue from advertising and business park area management services	*4*	**43,374,844**	65,820,380
Cost of revenue relating to advertising and business park area management services		**(35,064,500)**	(42,472,571)
Income from digital assets business	*5*	**41,623,739**	–
Net impairment losses on trade receivables and contract assets		**(414,467)**	–
Other gains/(losses), net		**86,795**	(2,721,467)
Selling and distribution expenses		**(7,238,414)**	(673,814)
Administrative and other operating expenses		**(155,004,524)**	(26,041,569)
Operating loss		**112,636,527**	(6,089,041)
Finance income		**4,182,521**	775,415
Finance costs		**(23,278,990)**	(7,694,656)
Finance costs, net		**(19,096,469)**	(6,919,241)
Share of losses of associates		**–**	(77,283)
Loss before income tax		**(131,732,996)**	(13,085,565)
Income tax expense	*6*	**(19,217)**	(1,059,688)
Loss from continuing operations		**(131,752,213)**	(14,145,253)
(Loss)/profit from discontinued operations (attributable to the owners of the Company)		**(4,369)**	80,189
Loss for the period		**(131,756,582)**	(14,065,064)

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

	Notes	Unaudited For the six months ended 30 June **2019** ***RMB***	 2018 *RMB* restated*
Loss per share for loss from continuing operations attributable to the owners of the Company			
Basic *(RMB per share)*	*8*	**(0.52)**	(0.06)
Diluted *(RMB per share)*	*8*	**(0.52)**	(0.06)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company			
Basic *(RMB per share)*	*8*	**(0.52)**	(0.06)
Diluted *(RMB per share)*	*8*	**(0.52)**	(0.06)
Total comprehensive loss for the year attributable to:			
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)

* The Group has restated certain comparative amounts due to initial adoption of IFRS16 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 statement as at 31 December 2018.

The above 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

	Notes	Unaudited As at 30 June 2019 RMB	Audited As at 31 December 2018 RMB
ASSETS			
Non-current assets			
Property, plant and equipment		**227,390,906**	237,691,245
Intangible assets		**46,746,084**	48,536,289
Prepayments, deposits and other receivables		**23,650,530**	24,788,852
Deferred income tax assets		**1,908,401**	1,908,401
Total non-current assets		**299,695,921**	312,924,787
Current assets			
Inventories	*9*	**490,445,986**	188,739,099
Contract assets		**26,241,735**	49,914,408
Trade and bills receivables	*10*	**36,794,812**	11,821,876
Prepayments, deposits and other receivables		**152,787,072**	144,171,867
Income tax recoverable		**–**	169,087
Cash and cash equivalents		**327,731,835**	294,838,046
Total current assets		**1,034,001,440**	689,654,383
Total assets		**1,333,697,361**	1,002,579,170
LIABILITIES			
Non-current liabilities			
Deposits received and other payables		**12,804,792**	12,627,230
Lease liabilities		**182,206,694**	197,306,077
Other borrowings	*13*	**111,450,063**	15,500,000
Financial liabilities at fair value through profit or loss		**21,499,771**	20,620,230
Deferred income tax liabilities		**9,638,662**	10,195,766
Total non-current liabilities		**337,599,982**	256,249,303

	Notes	Unaudited As at 30 June 2019 *RMB*	Audited As at 31 December 2018 *RMB*
Current liabilities			
Trade payables	*11*	**51,152,200**	34,512,869
Accruals and other payables		**34,755,198**	37,899,208
Contract liabilities		**4,157,362**	931,198
Liabilities due to customers	*12*	**686,718,322**	380,701,523
Lease liabilities		**31,861,925**	31,851,433
Other borrowings	*13*	**157,835,914**	221,462,651
Current income tax liabilities		**1,211,955**	4,343,694
Total current liabilities		**967,692,876**	711,702,576
Total liabilities		**1,305,292,858**	967,951,879
EQUITY			
Equity attributable to owners of the Company			
Share capital	*14*	**2,318,571**	2,123,981
Other reserves		**371,572,671**	246,238,520
Accumulated losses		**(351,514,148)**	(218,222,000)
		22,377,094	30,140,501
Non-controlling interests		**6,027,409**	4,486,790
Total equity		**28,404,503**	34,627,291

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED 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 statement for the year ended 31 December 2018, which have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"). The condensed consolidated interim financial information are unaudited but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated 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.

		Effective for accounting periods beginning on or after
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.

3 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 asset 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 period ended 30 June 2019 and 2018 were classified as discontinued operations in the Group's unaudited condensed consolidated financial statements.

	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*
Unaudited for the six months ended 30 June 2019							
Results							
Revenue under IFRS 15:							
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
Revenue under other accounting standards:							
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	(8,559,164)	(1,587,906)	15,405,090	(137,010,233)	(131,752,213)	(4,369)	(131,756,582)
(Loss)/profit for the period from continuing operations	(8,559,164)	(1,587,906)	15,405,090	(137,010,233)	(131,752,213)	–	(131,752,213)
Loss for the period from discontinued operations	–	–	–	–	–	(4,369)	(4,369)
	(8,559,164)	(1,587,906)	15,405,090	(137,010,233)	(131,752,213)	(4,369)	(131,756,582)
Unaudited as at 30 June 2019							
Assets and liabilities							
Reportable segment assets *(Note (ii))*	104,346,545	118,588,270	789,970,731	316,465,882	1,329,371,428	4,325,933	1,333,697,361
Reportable segment liabilities *(Note (ii))*	67,659,044	121,602,485	796,276,641	312,840,104	1,298,378,274	6,914,584	1,305,292,858

	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*
Unaudited for the six months ended 30 June 2018 (restated)							
Results							
Revenue under IAS 18							
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	–	–	–	–	–	80,189	80,189
	(1,530,604)	274,455	–	(12,889,104)	(14,145,253)	80,189	(14,065,064)
Audited as at 31 December 2018							
Assets and liabilities							
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 (ii))*	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 bank and other borrowings.

4 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:

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

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

	Unaudited 30 June 2019 *RMB*	Audited 31 December 2018 *RMB*
At the beginning of the period/year	**9,686,597**	–
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	**9,686,597**	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 period.

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

5 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	2018
	RMB	*RMB*
Income from digital assets business		
— Trading of digital assets	**40,262,961**	–
— Provision of digital assets SaaS	**2,053,233**	–
Net fair value loss on digital asset inventories	**(692,455)**	–
Income from digital assets business	**41,623,739**	–

6 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 consolidated statement of profit or loss represents:

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

7 DIVIDENDS

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

8 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:

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

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:

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

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

9 INVENTORIES

	Unaudited As at 30 June 2019 *RMB*	Audited As at 31 December 2018 *RMB*
Digital asset inventories:		
— Held in the Group own wallet	**468,773,961**	188,739,009
— Digital assets in transit *(Note a)*	**1,966,478**	–
— Digital assets held on exchange institution *(Note b)*	**19,705,547**	–
	490,445,986	188,739,009

Note:

(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 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 12 for the details.

Fair value loss of RMB692,455 (31 December 2018: Fair value gain of RMB212,414, 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 consolidated statement of profit or loss.

10 TRADE AND BILLS RECEIVABLES

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

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:

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

11 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:

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

12 LIABILITIES DUE TO CUSTOMERS

	Unaudited As at 30 June 2019	Audited As at 31 December 2018
	RMB	*RMB*
Liabilities due to customers		
— Fiat currency liabilities	**223,538,083**	200,187,731
— Digital asset liabilities	**463,180,239**	180,513,792
	686,718,322	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 change 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.

13 OTHER BORROWINGS

	Unaudited As at 30 June 2019 *RMB*	Audited As at 31 December 2018 *RMB*
Non-Current		
Secured		
Other borrowing	**16,500,000**	15,500,000
Unsecured		
Other borrowing	**94,950,063**	–
	111,450,063	15,500,000
Current		
Secured		
Other borrowings	**119,156,594**	113,562,573
Unsecured		
Other borrowings	**38,679,320**	107,900,078
	157,835,914	221,462,651
Other borrowings	**269,285,977**	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 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. RMB119,156,594 (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:

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

14 SHARE CAPITAL

	Unaudited As at 30 June 2019 Number of shares	Unaudited As at 30 June 2019 *RMB*	Audited As at 31 December 2018 Number of shares	Audited As at 31 December 2018 *RMB*
Authorised:				
Ordinary shares of HKD0.01 each at 30 June 2019 and 2018	**2,000,000,000**	**16,632,421**	2,000,000,000	16,632,421
Issued and fully paid:				
Balance brought forward	**261,607,553**	**2,123,981**	251,771,079	2,037,681
Issuance of new shares *(Note)*	**22,091,860**	**194,590**	9,836,474	86,300
Balance carried forward	**283,699,413**	**2,318,571**	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 conditionally agreed to allot and issue 22,876,360 ordinary shares ("Shares") to the subscribers at the subscription price of HK$5 per Share. 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. 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 the outstanding loan of an amount of HK$100,000,000 (equivalent to RMB87,915,725) owed to one of the subscribers and for the payment of regular and recurring monthly expenditure of the Group.

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.

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.

Advertising and Business Park Area Management Services Businesses

Revenue from advertising business for the Period was RMB26.6 million, a decline of RMB20.0 million or 43.0% 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 platform 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 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.

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

During the Period, 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 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. On 18 January 2019, 2,851,111 share options were granted under the share option scheme (30 June 2018: Nil). Up to the date of this announcement, a total of 20,000,000 share options (30 June 2018: Nil) has been granted, representing about 7.05% (30 June 2018: Nil) of the shares in issue while no share options had been vested, exercised or cancelled, and 833,333 share options had lapsed during the Period.

The Company has also adopted a share award plan 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. Up to the date of this announcement, the Company has issued 9,836,474 shares under its share award plan, representing about 3.46% of the shares in issue while 328,355 shares were lapsed. (For the six months ended 30 June 2018: Nil). Acheson Limited ("Acheson") has been appointed as the trustee for the administration of the 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.

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.

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.

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.

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 announcement, 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 announcement, 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.