BC
GROUP

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 2020

The board (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 (collectively referred to as the "**Group**") for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019. These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee (the "**Audit Committee**").

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

		Unaudited For the six months ended 30 June	
		2020	2019
	Notes	***RMB***	*RMB*
Continuing operations			
Income from principal activities:			
— Revenue from advertising business	*4*	**11,783,668**	26,603,023
— Rental income from business park area management services		**17,138,963**	16,771,821
— Income from digital assets and blockchain platform business	*5*	**61,085,810**	41,623,739
		90,008,441	84,998,583
Cost of revenue relating to advertising and business park area management services		**(18,583,808)**	(35,064,500)
Net impairment losses on financial assets and contract assets		**(658,634)**	(414,467)
Other income		**349,041**	657,878
Other gains/(losses), net		**1,958,208**	(571,083)
Selling and distribution expenses		**(7,862,365)**	(7,238,414)
Administrative and other operating expenses		**(137,031,462)**	(155,004,524)
Operating loss		**(71,820,579)**	(112,636,527)
Finance income		**4,569,056**	4,182,521
Finance costs		**(22,764,446)**	(23,278,990)
Finance costs, net		**(18,195,390)**	(19,096,469)
Loss before income tax		**(90,015,969)**	(131,732,996)
Income tax expense	*6*	**(735,275)**	(19,217)
Loss from continuing operations		**(90,751,244)**	(131,752,213)
Loss from discontinued operations (attributable to owners of the Company)		**(3,717)**	(4,369)
Loss for the period		**(90,754,961)**	(131,756,582)

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB	*RMB*
Loss for the period	**(90,754,961)**	(131,756,582)
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	**(6,809,305)**	316,303
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	**6,386,270**	40,628
Other comprehensive (loss)/income for the period	**(423,035)**	356,931
Total comprehensive loss for the period	**(91,177,996)**	(131,399,651)
Loss for the period attributable to:		
Owners of the Company		
— Loss from continuing operations	**(92,950,311)**	(133,287,779)
— Loss from discontinued operations	**(3,717)**	(4,369)
	(92,954,028)	(133,292,148)
Non-controlling interests		
— Profit from continuing operations	**2,199,067**	1,535,566
	(90,754,961)	(131,756,582)

		Unaudited For the six months ended 30 June	
		2020	2019
	Notes	***RMB***	*RMB*
Loss per share for loss from continuing operations attributable to owners of the Company			
Basic *(RMB per share)*	*8*	**(0.31)**	(0.52)
Diluted *(RMB per share)*	*8*	**(0.31)**	(0.52)
Loss per share for loss from continuing and discontinued operations attributable to owners of the Company			
Basic *(RMB per share)*	*8*	**(0.31)**	(0.52)
Diluted *(RMB per share)*	*8*	**(0.31)**	(0.52)
Total comprehensive loss for the period attributable to:			
Owners of the Company			
— Loss from continuing operations		**(93,459,645)**	(132,935,901)
— Loss from discontinued operations		**(3,717)**	(4,369)
		(93,463,362)	(132,940,270)
Non-controlling interests			
— Profit from continuing operations		**2,285,366**	1,540,619
		(91,177,996)	(131,399,651)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2020** *RMB*	Audited As at 31 December 2019 *RMB*
ASSETS			
Non-current assets			
Property, plant and equipment		**187,755,518**	205,361,704
Intangible assets		**51,299,670**	50,878,423
Prepayments, deposits and other receivables		**127,452,570**	122,313,540
Inventories due from counterparties		**–**	17,401,244
Deferred income tax assets		**3,288,202**	3,288,202
Total non-current assets		**369,795,960**	399,243,113
Current assets			
Inventories	*9*	**876,235,290**	446,561,751
Contract assets	*4*	**24,718,382**	28,370,842
Trade and bills receivables	*10*	**54,872,093**	34,108,709
Prepayments, deposits and other receivables		**69,355,965**	34,944,349
Inventories due from counterparties		**–**	6,960,714
Cash and cash equivalents		**470,234,529**	191,852,375
		1,495,416,259	742,798,740
Assets directly associated with assets classified as held for sale		**–**	2,627,398
Total current assets		**1,495,416,259**	745,426,138
Total assets		**1,865,212,219**	1,144,669,251
LIABILITIES			
Non-current liabilities			
Deposits received and other payables		**13,536,585**	36,146,698
Lease liabilities		**151,660,038**	166,735,799
Borrowings		**200,198,930**	262,898,149
Financial liabilities at fair value through profit or loss		**–**	6,054,129
Deferred income tax liabilities		**9,006,956**	9,503,404
Total non-current liabilities		**374,402,509**	481,338,179

	Notes	**Unaudited As at 30 June 2020** *RMB*	Audited As at 31 December 2019 *RMB*
Current liabilities			
Trade payables	*11*	**37,869,658**	41,243,692
Accruals and other payables		**106,601,797**	60,496,531
Contract liabilities	*4*	**4,755,857**	2,556,873
Liabilities due to customers	*12*	**825,048,981**	496,189,194
Lease liabilities		**31,834,231**	29,808,175
Financial liabilities at fair value through profit or loss		**21,032,826**	13,524,247
Borrowings		**322,181,656**	75,325,596
Current income tax liabilities		**2,178,591**	3,564,262
		1,351,503,597	722,708,570
Liabilities directly associated with assets classified as held for sale		**–**	6,906,283
Total current liabilities		**1,351,503,597**	729,614,853
Total liabilities		**1,725,906,106**	1,210,953,032
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	**2,713,487**	2,325,726
Other reserves		**686,092,557**	390,221,762
Accumulated losses		**(554,756,475)**	(461,802,447)
		134,049,569	(69,254,959)
Non-controlling interests		**5,256,544**	2,971,178
Total equity/(deficit)		**139,306,113**	(66,283,781)

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. During the period, the Group was 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 and blockchain platform business in Hong Kong and Singapore.

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

In the opinion of the Directors of the Company, the ultimate holding company of the Company is Bell Haven Limited, which was incorporated in the British Virgin Islands.

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 2020 have been prepared in accordance with the International Accounting Standard ("**IAS**") IAS 34 Interim Financial Reporting and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange ("**Listing Rules**").

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, 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.

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 2019.

(a) Amendments to standards effective in current accounting period and are relevant to the Group's operations

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing on 1 January 2020:

Amendments to IAS 1 and IAS 8	Definition of materiality
Amendments to IFRS 3	Definition of a business
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting
Amendments to IAS39, IFRS 7 and IFRS 9	Hedge accounting
Amendments to IFRS 16	COVID-19-related Rent Concessions

The adoption of amendments to standards 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 standard and amendments to standards that are not yet effective and have not been early adopted by the Group

Certain new accounting standard and amendments to standards have been published that are not mandatory for financial year beginning on 1 January 2020 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts — costs of fulfilling a contract	1 January 2022
Amendments to IFRS 3	Update reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
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 standard and amendment 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.

The Group has four reportable segments (including the discontinued operations). 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 in the PRC (Note).

— Traditional advertising — provision of traditional advertising services, public relation services and event marketing services in the PRC.

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

— Digital assets and blockchain platform business — facilitation of trading of digital assets in the over-the-counter ("**OTC**") market and provision of automated digital assets trading services through its proprietary platforms, licensing of its proprietary platforms and technology solutions as a "Software as a Service" ("**SaaS**") and others related businesses.

Note: The Board had decided to discontinue the operation of wireless advertising business on 29 December 2016. In accordance with IFRS 5, the segment of wireless advertising service for the periods ended 30 June 2020 and 2019 were classified as discontinued operations in the Group's unaudited condensed consolidated interim financial statements.

	Continuing operations					Discontinued operations	
	Traditional advertising *RMB*	Business park area management *RMB*	Digital assets and blockchain platform business *RMB*	Unallocated *RMB*	Subtotal *RMB*	Wireless advertising *RMB*	Total *RMB*
Unaudited for the six months ended 30 June 2020							
Results							
Revenue from contracts with customers:							
Revenue from advertising	11,783,668	–	–	–	11,783,668	–	11,783,668
Service fee from SaaS	–	–	2,412,569	–	2,412,569	–	2,412,569
Interest income from inventories financing and other revenue	–	–	2,125,881	–	2,125,881	–	2,125,881
Income from other sources:							
Rental income from business park area management services	–	17,138,963	–	–	17,138,963	–	17,138,963
Other income from digital asset and blockchain platform business	–	–	56,547,360	–	56,547,360	–	56,547,360
(Loss)/profit for the period	(479,172)	1,235,777	(137,566)	(91,370,283)	(90,751,244)	(3,717)	(90,754,961)
(Loss)/profit for the period from continuing operations	(479,172)	1,235,777	(137,566)	(91,370,283)	(90,751,244)	–	(90,751,244)
Loss for the period from discontinued operations	–	–	–	–	–	(3,717)	(3,717)
	(479,172)	1,235,777	(137,566)	(91,370,283)	(90,751,244)	(3,717)	(90,754,961)

	Continuing operations					Discontinued operations	
	Traditional advertising *RMB*	**Business park area management** *RMB*	**Digital assets and blockchain platform business** *RMB*	**Unallocated** *RMB*	**Subtotal** *RMB*	**Wireless advertising** *RMB*	**Total** *RMB*
Unaudited as at 30 June 2020							
Assets and liabilities							
Reportable segment assets *(Note (ii))*	**106,316,280**	**112,044,322**	**1,389,129,660**	**255,079,847**	**1,862,570,109**	**2,642,110**	**1,865,212,219**
Reportable segment liabilities *(Note (ii))*	**33,958,196**	**114,748,932**	**1,243,260,048**	**333,938,930**	**1,725,906,106**	**–**	**1,725,906,106**

	Continuing operations					Discontinued operations	
	Traditional advertising *RMB*	Business park area management *RMB*	Digital assets and blockchain platform business *RMB*	Unallocated *RMB*	Subtotal *RMB*	Wireless advertising *RMB*	Total *RMB*
Unaudited for the six months ended 30 June 2019							
Results							
Revenue from contracts with customers:							
Revenue from advertising	26,603,023	–	–	–	26,603,023	–	26,603,023
Service fee from SaaS	–	–	2,053,233	–	2,053,233	–	2,053,233
Income from other sources:							
Rental income from business park area management services	–	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)
Audited as at 31 December 2019							
Assets and liabilities							
Reportable segment assets *(Note (ii))*	120,269,784	113,929,984	628,021,635	274,769,045	1,136,990,448	7,678,803	1,144,669,251
Reportable segment liabilities *(Note (ii))*	46,457,547	118,148,922	592,689,722	446,750,558	1,204,046,749	6,906,283	1,210,953,032

Notes:

(i) All revenue and income were generated from external customers. There were no sales or other transactions between the business segments for the periods ended 30 June 2020 and 2019.

(ii) Unallocated assets mainly include cash and cash equivalents in head office and pledged deposits. Unallocated liabilities mainly include borrowings.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

(a) Disaggregation of revenue from contracts with customers

During the period ended 30 June 2020, all sources of revenue from contracts with customers were recognised over time (30 June 2019: same).

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB	*RMB*
Revenue from advertising business	**11,783,668**	26,603,023
Service fee from SaaS *(Note 5)*	**2,412,569**	2,053,233
Interest income from inventories financing *(Note 5)*	**1,450,608**	–
Others *(Note 5)*	**675,273**	–

(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 2020	Audited 31 December 2019
	RMB	*RMB*
Contract assets from advertising and business park area management services	**22,255,442**	26,953,196
Contract assets from digital assets and blockchain platform business	**1,330,203**	1,387,179
Less: Loss allowance	**(1,909,182)**	(1,909,182)
	21,676,463	26,431,193
Assets recognised from costs to fulfill revenue contracts	**3,041,919**	1,939,649
Total contract assets	**24,718,382**	28,370,842
Contract liabilities	**4,755,857**	2,556,873

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

	Unaudited 30 June 2020	Audited 31 December 2019
	RMB	*RMB*
At the beginning of the period/year	**1,909,182**	9,686,597
Provision for impairment of contract assets	**–**	365,438
Reclassification of impairment provision to assets held for sale	**–**	(8,142,853)
At the end of the period/year	**1,909,182**	1,909,182

(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	
	2020	2019
	RMB	*RMB*
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**1,572,018**	931,198

5 INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB	*RMB*
Income from digital assets and blockchain platform business:		
Trading of digital assets *(Note (a))*	**56,706,816**	40,262,961
Net fair value loss on digital assets inventories *(Note (a))*	**(159,456)**	(692,455)
Service fee from SaaS *(Note 4(a))*	**2,412,569**	2,053,233
Interest income from inventories financing *(Note 4(a))*	**1,450,608**	–
Others *(Note 4(a))*	**675,273**	–
	61,085,810	41,623,739

Note:

(a) The Group's digital assets and blockchain platform business includes primarily OTC trading business to trade digital assets with corporate and individual customers, and the provision of automated digital assets trading services through its proprietary platforms. Income from digital assets trading 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 Asset Trading Agreement ("**DATA**"). The Group is exposed to net trading gain or loss 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.

6 INCOME TAX EXPENSE

No provision for Hong Kong profits tax and Singapore corporate income tax have been made as the Group did not generate any assessable profits arising in Hong Kong and Singapore during the six months ended 30 June 2020 and 2019.

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 2020 and 2019 was 25% on their taxable profits.

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

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB	*RMB*
Continuing operations		
Current tax		
PRC corporate income tax	**1,292,379**	19,217
Deferred income tax	**(557,104)**	–
Income tax expense	**735,275**	19,217

7 DIVIDENDS

The Board did not recommend the payment of any dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

8 LOSS PER SHARE

For continuing and discontinued operations

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

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB	*RMB*
Loss from continuing operations:		
Loss for the period attributable to owners of the Company	**92,954,028**	133,292,148
Add: Loss for the period from discontinued operations (attributable to owners of the Company)	**(3,717)**	(4,369)
Loss for the period from continuing operations attributable to owners of the Company for the purpose of basic and diluted loss per share	**92,950,311**	133,287,779

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

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB	*RMB*
Loss from continuing and discontinued operations:		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**92,954,028**	133,292,148

	Unaudited For the six months ended 30 June	
	2020	2019
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**303,666,406**	255,077,080
Loss per share for loss from continuing operations attributable to owners of the Company		
Basic *(RMB per share)*	**(0.31)**	(0.52)
Diluted *(RMB per share)*	**(0.31)**	(0.52)
Loss per share for loss from continuing and discontinued operations attributable to owners of the Company		
Basic *(RMB per share)*	**(0.31)**	(0.52)
Diluted *(RMB per share)*	**(0.31)**	(0.52)

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 2020, the share options, share award, 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 (30 June 2019: except the convertible note granted by the Company's non-wholly owned subsidiary had dilutive effect to the Group, the share options, share award and warrants had anti-dilutive effect to the Group).

9 INVENTORIES

	Unaudited As at 30 June 2020	Audited As at 31 December 2019
	RMB	*RMB*
Digital asset inventories:		
— Held in the Group own wallet	**856,075,118**	446,561,751
— Digital assets held on exchange institution *(Note)*	**20,160,172**	–
	876,235,290	446,561,751

Note:

The digital assets held on third party exchange institution are measured at fair value. They represent balance of digital assets attributable to the Group held in shared wallet of the third party exchanges.

Given the good reputation of the exchanges and no history of default on demanding immediate withdrawal of digital assets, management believes counterparty credit risk is minimal at 30 June 2020.

As at 30 June 2020, the balance of digital assets inventories included digital assets held by the Group in designated customer accounts under various contractual arrangements totaling RMB549,029,714 (31 December 2019: RMB357,113,480) (Note 12). It also included the Group's proprietary inventories of RMB327,205,576 (31 December 2019: RMB89,448,271). The balance is measured at fair value through profit or loss.

Net fair value loss of RMB159,456 (30 June 2019: RMB692,455) from remeasurement of digital assets inventories at 30 June 2020 to the extent it is not offset by remeasurement of digital asset liabilities due to customers at the same date is presented as part of the "income from digital assets and blockchain platform business" in the unaudited condensed consolidated statement of profit or loss (Note 5).

10 TRADE AND BILLS RECEIVABLES

	Unaudited As at 30 June 2020 *RMB*	Audited As at 31 December 2019 *RMB*
Trade receivables from advertising and business park area management services	**24,716,598**	24,302,600
Less: Loss allowance	**(9,695,606)**	(9,695,606)
	15,020,992	14,606,994
Bills receivables from advertising business	**899,731**	2,247,811
Trade receivables from digital assets and blockchain platform business	**44,561,926**	22,121,930
Less: Loss allowance	**(5,610,556)**	(4,868,026)
	38,951,370	17,253,904
Trade and bills receivables	**54,872,093**	34,108,709

For the advertising services, the Group may take up to 360 days to issue billing to the customers after service delivery and further grants a credit term of 30 to 90 days after the invoice date, while prepayments from customers for provision of business park area management services are generally required.

Customers of the digital assets and blockchain platform business are generally required to prefund their accounts prior to a trade. Trades with liquidity providers and certain counterparties that are considered creditworthy can be on credit.

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

At 30 June 2020 and 31 December 2019, the ageing analysis of the Group's trade and bills receivables, based on invoice date, were as follows:

	Unaudited As at 30 June 2020 *RMB*	Audited As at 31 December 2019 *RMB*
0–30 days	**34,746,563**	18,699,932
31–90 days	**1,517,627**	1,160,083
91–180 days	**4,397,542**	4,923,915
181–365 days	**10,187,222**	3,619,024
Over 365 days	**3,123,408**	3,457,944
	53,972,362	31,860,898
Bills receivables	**899,731**	2,247,811
	54,872,093	34,108,709

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, was as follows:

	Unaudited As at 30 June 2020 ***RMB***	Audited As at 31 December 2019 *RMB*
0–30 days	**11,878,700**	11,006,538
31–90 days	**5,733,997**	15,304,563
91–180 days	**5,296,714**	3,977,227
181–365 days	**14,459,914**	9,013,970
Over 365 days	**500,333**	1,941,394
	37,869,658	41,243,692

12 LIABILITIES DUE TO CUSTOMERS

	Unaudited As at 30 June 2020 ***RMB***	Audited As at 31 December 2019 *RMB*
Liabilities due to customers		
— Fiat currency liabilities	**276,019,267**	139,075,714
— Digital asset liabilities	**549,029,714**	357,113,480
	825,048,981	496,189,194

Liabilities due to customers arise in the ordinary course of the Group's digital assets and blockchain platform business, where the Group's contractual relationship with its customers is primarily governed by the DATA and other relevant agreements.

Based on the respective rights and obligations of the Group and its customers under various arrangements, 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 unaudited condensed consolidated statement of profit or loss in the period of the changes as part of the "income from digital assets and blockchain platform business".

13 SHARE CAPITAL

	Unaudited As at 30 June 2020 *Number of shares*	*RMB*	Audited As at 31 December 2019 *Number of shares*	*RMB*
Authorised:				
Ordinary shares of HKD0.01 each at 30 June 2020 and 31 December 2019	**2,000,000,000**	**16,632,421**	2,000,000,000	16,632,421
Issued and fully paid:				
At the beginning of the period/year	**284,483,913**	**2,325,726**	261,607,553	2,123,981
Issuance of new shares *(Note)*	**43,100,000**	**387,761**	22,876,360	201,745
At the end of the period/year	**327,583,913**	**2,713,487**	284,483,913	2,325,726

Note:

On 27 May 2019, the Company entered into 8 subscription agreements with 8 subscribers, pursuant to which the Company agreed to allot and issue, and the subscribers agreed to subscribe for 22,876,360 subscription shares at the subscription price of HK$5 per share. Upon the issuance of the shares, HKD228,764 (equivalent to approximately RMB201,745) was credited to share capital and HKD114,153,036 (equivalent to approximately RMB100,670,711) was credited to share premium.

On 24 January 2020, the Company entered into the subscription agreements with various subscribers, pursuant to which the Company agreed to allot and issue, and the subscribers agreed to subscribe for 43,100,000 subscription shares at the subscription price of HK$6.5 per share. Upon the issuance of the shares, HKD431,000 (equivalent to approximately RMB387,761) was credited to share capital and HKD279,719,000 (equivalent to approximately RMB251,657,201) was credited to share premium.

14 EVENT OCCURING AFTER THE REPORTING PERIOD

On 10 November 2019, the Group entered into the subscription agreement with J Digital 5 LLC ("**J Digital**") to allot and issue 1,051,213 shares and the convertible note in an aggregate principal amount of HK$15,600,000 to J Digital (the "**JD Subscription**") and the warrant subscription agreement with J Digital to issue warrants to J Digital conferring the rights to subscribe for a maximum number of 11,526,270 warrant shares (the "**Warrant Issuance**"), respectively. All the completion conditions precedent to the JD Subscription and the Warrant Issuance as set out in the subscription agreement and the warrant subscription agreement have been fulfilled, and the JD Subscription and the Warrant Issuance were completed on 6 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENTS

Subscription of New Shares and Convertible Note under Specific Mandate, and Issue of Unlisted Warrant under Specific Mandate

On 10 November 2019, the Company and J Digital entered into the subscription agreement, under which the Company conditionally agreed to allot and issue to J Digital, and J Digital conditionally agreed to subscribe for, the 1,051,213 subscription shares ("**JD Subscription Shares**") for a total consideration of HK$7.8 million; and the convertible note ("**Convertible Note**") in an aggregate principal amount of HK$15.6 million (the "**JD Subscription**").

The subscription price was HK$7.42 per JD Subscription Share. The closing price of Shares on the date of entering the agreement (i.e. 10 November 2019, being the last trading day for the Shares before entering the agreement) was HK$8.13 per Share. The aggregate nominal value of the 1,051,213 JD Subscription Shares was HK$10,512.13. The Convertible Note was in a principal amount of HK$15.6 million with the conversion price of HK$9.52 per conversion share. Based on the conversion price of HK$9.52 per conversion share, a maximum number of 1,638,655 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note in full. The aggregate nominal value of the 1,638,655 conversion shares was HK$16,386.55. The Convertible Note bears interest at the rate of 5% per annum and will mature on 31 December 2020.

On the same day, the Company and J Digital entered into the warrant subscription agreement, under which the Company conditionally agreed to issue to J Digital warrants ("**Warrant**") conferring the rights to subscribe for a maximum number of 11,526,270 warrant shares (the "**Warrant Issuance**").The warrant price of HK$0.0067 per warrant share was based on 11,526,270 warrant shares and the total warrant price of HK$78,000, and the aggregate nominal value of the 11,526,270 warrant shares was HK$115,262.7.

J Digital is a member of the Jump Trading group of companies (the "**Subscriber**") and they are significant contributors to the orderly trade of a variety of asset classes worldwide and provide liquidity on over 100 global venues.

At the same time, the Company, J Digital, BC MarketPlace Limited ("**BC MarketPlace**") and OS Holdings Limited ("**OS Holdings**"), which are subsidiaries of the Company, entered into the letter agreement ("**Letter Agreement**"), pursuant to which: (a) immediately prior to completion of the JD Subscription ("**JD Completion**"), OS Holdings shall repurchase from J Digital, and J Digital shall sell to OS Holdings, the convertible note in an aggregate principal amount of US$2 million dated 14 December 2018 and issue to J Digital by OS Holdings ("**OS CN**") in consideration for an amount of US$2 million for the repurchase of the OS CN to J Digital ("**OS CN Repurchase Proceeds**"); and (b) immediately prior to JD Completion, BC MarketPlace shall repurchase from J Digital, and J Digital shall sell to BC MarketPlace, the unlisted pre-paid warrant dated 14 December 2018 and issued by BC MarketPlace ("**BC

Warrant") in consideration for an amount of US$1 million payable by BC MarketPlace to J Digital for the repurchase of the BC Warrant ("**BC Warrant Repurchase Proceeds**"); and (c) in lieu of J Digital directly receiving the OS CN Repurchase Proceeds, J Digital may elect to direct OS Holdings to pay all or any portion of the OS CN Repurchase Proceeds directly to the Company on behalf of J Digital in satisfaction of any portion of the total subscription consideration; and (d) in lieu of J Digital directly receiving the BC Warrant Repurchase Proceeds, J Digital may elect to direct BC MarketPlace to pay all or any portion of the BC Warrant Repurchase Proceeds directly to the Company on behalf of J Digital in satisfaction of any portion of the total subscription consideration; and (e) any Total Repurchase Proceeds so elected by J Digital to be so paid directly to the Company by OS Holdings or BC MarketPlace (as the case may be) on behalf of J Digital shall be deemed to have been paid directly by OS Holdings or BC MarketPlace (as the case may be) to J Digital, and then paid directly by J Digital to the Company in satisfaction of the applicable portion of the total subscription consideration.

The JD Subscription Shares, the conversion shares and the warrant shares will be issued under the Specific Mandate. As a result of the Letter Agreement, the total subscription consideration is wholly set-off against the total repurchase proceeds, and, accordingly, there are no cash proceeds resulting from the JD Subscription. The gross proceeds and the estimated net proceeds from the Warrant Issuance are approximately HK$78,000. The Company intends to apply the net proceeds from the Warrant Issuance towards the general working capital of the Group.

In view of the development of the Group's digital asset business, the Company and J Digital agreed that repurchase of the BC Warrant and the OS CN, and the subscription for the JD Subscription Shares, the Convertible Note and the Warrant, together, had the effect of aligning the interests of J Digital with those of the Company and its businesses.

Subsequently on 6 July 2020, all conditions precedent to the JD Subscription and the Warrant Issuance as set out in the subscription agreement and the warrant subscription agreement have been fulfilled, and the JD Subscription and the Warrant Issuance were completed. 1,051,213 Shares have been allotted and issued by the Company to J Digital, the Convertible Note and the warrant has been issued by the Company to J Digital, in each case under the Specific Mandate granted by the Shareholders at the Extraordinary General Meeting held on 17 June 2020.

For further details, please refer to the announcements of the Company dated 10 November 2019, 25 March 2020 and 6 July 2020, and the circular of the Company dated 1 June 2020 for more information.

Subscription of New Shares under General mandate

Reference is made to the Company's announcement dated 24 January 2020 in relation to the subscription for new shares under general mandate.

On 24 January 2020, the Company entered into the subscription agreements with various subscribers, pursuant to which the Company conditionally agreed to allot and issue, and the subscribers conditionally agreed to subscribe for 43,100,000 subscription shares ("**January Subscription Shares**") at the subscription price of HK$6.50 per January Subscription Share. The closing price of January Subscription Shares on the date of entering the agreement (i.e. 24 January 2020), was HK$7.82 per Share. The aggregate nominal value of the 43,100,000 January Subscription Shares was HK$431,000. The gross proceeds and the estimated net proceeds from the subscriptions were approximately HK$280.15 million and approximately HK$280 million, respectively. The Company intended to use the net proceeds as to strengthen its balance sheet to meet the financial reserve requirements of its digital asset licensing plans. This will include (i) approximately HK$70 million for the repayment of loans; and (ii) approximately HK$210 million for general working capital and financial reserves of the Group. The net price per January Subscription Share was approximately HK$6.50. Currently, the regular and recurring monthly expenditure of the Group amounted to approximately HK$17 million. As at 30 June 2020, the subscription was completed and an aggregate of 43,100,000 ordinary shares were allotted and issued to the subscribers and net proceeds of approximately HK$280 million had been received by the Company.

FINANCIAL ANALYSIS

Overall Performance

For the six months ended 30 June 2020 (the "**Period**"), the Group recorded total revenue and income of RMB90.0 million, representing an increase of approximately 5.9%, or RMB5.0 million, from RMB85.0 million for the corresponding period of 2019, driven by the increase in trading income from the digital asset and blockchain platform business.

The operating loss of the Group was RMB71.8 million for the Period, representing a decrease of RMB40.8 million or 36.2%, from net operating loss of RMB112.6 million for the corresponding period of 2019.

The net loss of the Group decreased from RMB131.8 million for the six months ended 30 June 2019 to RMB90.8 million for the Period, a decrease of RMB41.0 million or 31.1%.

Loss per share of the Group for the Period was RMB31 cents (for the six months ended 30 June 2019: RMB52 cents).

Digital Assets and Blockchain Platform Business

The digital assets and blockchain platform business started in August 2018 and grew substantially in the Period, becoming the largest business revenue and income contributor to the Group. During the Period, the digital assets and blockchain platform business generated income of RMB61.1 million, which was up 46.8% as compared to income of RMB41.6 million in the corresponding period in 2019. The increase was driven by the increase in trading volume from the Group's digital asset trading services and the provision of digital assets software-as-a-service (SaaS) and related services.

Income from facilitation of trading of digital assets, service fee from SaaS, interest income from inventories financing and other digital assets and blockchain platform related business were RMB56.5 million, RMB2.4 million, RMB1.5 million and RMB0.7 million, respectively. Of the RMB61.1 million in income from the digital assets and blockchain platform business, RMB9.1 million was generated from our automatic trading service offered to registered users of the Group's trading platform or licensed SaaS customers.

Advertising and Business Park Area Management Services Businesses

Revenue from advertising business for the Period was RMB11.8 million, a decline of RMB14.8 million or 55.7% as compared with the corresponding period of 2019. During the Period, the Group was further affected by the slowdown in the automotive industry, the COVID-19 pandemic, declining macroeconomic growth in Mainland China and the unresolved Sino-US trade conflict, which caused significant reduction and control on Group client budgets and expenditures for advertising and marketing activities.

Rental income from business park area management services for the Period was RMB17.1 million, remaining steady as compared with RMB16.8 million in the corresponding period of 2019.

As at 30 June 2020, 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 RMB18.6 million, representing a decrease of 47.0% or RMB16.5 million as compared with RMB35.1 million for the corresponding period of 2019. The cost of revenue decreased correspondingly with the decline in revenue in the advertising business.

The gross profit of advertising and business park area management services for the Period was RMB10.3 million, representing an increase of RMB2.0 million as compared to RMB8.3 million for the corresponding period of 2019. The Group's gross profit margin of advertising and business park area management services was 35.7% (for the six months ended 30 June 2019: 19.2%). Such increase was mainly attributable to the increase in the proportion of rental income from the business park area management services segment which generated higher gross profit margins.

Selling and Distribution Expenses

Selling and distribution expenses increased by RMB0.7 million from RMB7.2 million in the corresponding period of 2019 to RMB7.9 million for the Period. The slight increase was mainly attributable to the increase in staff costs for 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 decreased by RMB18.0 million to RMB137.0 million as compared to the corresponding period of 2019. The decrease was mainly due to the tightened controls on expenditures related to business trips, marketing and professional services.

During the Period, research and development costs (mainly included in employee benefit expenses) was RMB16.3 million. Out of the total research and development costs, RMB4.9 million was capitalised as intangible assets. The addition of research and development cost was driven by the Group's effort to expand its technical capabilities and resources in digital assets and blockchain industry.

Net Loss

Despite the decrease in revenue from the advertising business, the net loss of the Group for the Period was RMB90.8 million, a decrease of RMB41.0 million when compared to RMB131.8 million for the corresponding period in 2019. The decrease was mainly driven by the significant increase in income from the digital assets and blockchain platform business for the Period.

Interim Dividends

The Board has resolved not to recommend an interim dividend in respect of the six months ended 30 June 2020 to the holders of ordinary shares of the Company.

Liquidity and Financial Resources

As at 30 June 2020, the Group recorded total assets of RMB1,865.2 million (31 December 2019: RMB1,144.7 million), total liabilities of RMB1,725.9 million (31 December 2019: RMB1,211.0 million) and total shareholders' equity of RMB139.3 million (31 December 2019: deficit in shareholder's equity of RMB66.3 million). As at 30 June 2020, the gross gearing ratio (defined as total liabilities over total assets) was approximately 92.53% (31 December 2019: 105.79%).

The Group mainly used internal cash flows from operating activities, borrowings and issuing equity to satisfy its working capital requirements.

As at 30 June 2020, total borrowings amounted to RMB522.4 million (31 December 2019: RMB338.2 million). The Group's borrowings comprised other loans denominated in Hong Kong dollars ("**HKD**"), Renminbi ("**RMB**") and United States dollars ("**USD**"). RMB376.8 million (31 December 2019: RMB204.2 million) borrowings were interest bearing with interest rates ranging from 3% to 12% per annum (31 December 2019: 4% to 12% per annum). The remaining borrowings were non-interest bearing. RMB200.9 million (31 December 2019: RMB164.8 million) borrowings were secured by equity interest of a subsidiary, RMB deposits or digital assets. As at 30 June 2020, the Group was in a net current assets position (31 December 2019: net current assets position).

Treasury Policy

It is the Group's treasury management policy not to engage in any principal financial investments or use of 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 USD.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group currently operates mainly in Hong Kong, Singapore 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 is minimal. For operations in Singapore, as digital asset trading transactions and other business transactions are denominated in USD mainly, with only some local operating expenses being settled in Singapore dollars ("**SGD**"), any SGD-related exposure to foreign exchange risk is 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

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries.

Charge on the Group's Assets

As at 30 June 2020 and 31 December 2019, the Group pledged a certain amount of equity interest of a subsidiary, RMB deposits and digital assets.

Contingent Liabilities

As at 30 June 2020 and 31 December 2019, the Group did not have any significant contingent liabilities.

Human Resources Cost

As at 30 June 2020, the Group had a total of 130 employees across its Hong Kong, Singapore and Mainland China offices (30 June 2019: 177 employees). The total staff cost during the Period was RMB99.6 million (30 June 2019: RMB101.3 million).

Share Award and Share Option

The Company operates a share option scheme for the purpose of providing incentives to, retaining, recognising and motivating eligible Directors, employees and other eligible participants who make a contribution to the Group. On 15 January 2020 and 12 June 2020, a total of 23,000,000 share options were granted under the share option scheme (30 June 2019: 2,851,111). Up to the date of this announcement, a total of 43,000,000 share options (30 June 2019: 20,000,000) has been granted, representing about 13.13% (30 June 2019: 7.05%) of the shares in issue while no share options had been vested, exercised or cancelled, and 200,000 share options had lapsed during the Period (30 June 2019: 833,333), hence 40,903,334 share options were remained outstanding (30 June 2019: 19,166,667).

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. On 15 January 2020, 3,288,974 new shares were allotted and issued for the purpose of the share award plan. Tricor Trust (HK) Limited (formerly known as Acheson Limited) ("**Tricor Trust**") has been appointed as the trustee for the administration of the share award plan. Tricor Trust 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. Tricor Trust shall not be entitled to exercise any voting rights in respect of any Shares held under the trust.

Business Overview

During the Period, the global business and macroeconomic environment experienced unprecedented changes as a result of the COVID-19 pandemic, forcing companies in virtually every sector and market to respond to an environment that challenged existing business and operating models.

While this situation had an adverse impact on many industries, including those related to the Group's Mainland China businesses, digital assets were an exception and benefitted disproportionately during the market turmoil. As a result, the Group outperformed the market, with overall revenues of RMB90.0 million for the Period, representing an increase of 5.9% from RMB85.0 million in the first half of 2019.

In the first half of 2020, the Group's OSL digital asset and blockchain platform business continued its pace of exceptional performance, with income of RMB61.1 million, representing a significant increase of 46.8% when compared to the first six months of 2019. Contributions from the Group's digital asset and blockchain platform business also continue to grow, and it now comprises 68% of all Group income and revenues.

There were several factors that contributed to this outperformance, including a global shift to online platforms necessitated by the social distancing rules and work from home policies implemented in response to the pandemic. Continued volatility in the digital asset market and a growing acceptance of the viability of the asset class among regulators, governments, retail and professional investors alike also contributed to the growth of the segment.

The first half of 2020 also saw a steady increase in widely reported participation and interest in digital assets from leading financial players such as from Jefferies, Paul Tudor-Jones, Standard Chartered, JP Morgan, Fidelity International, Deutsche Borse, Nomura, ING Bank and many others. In May, Bitcoin experienced its third halving event (a once-every-four-year event that reduces the number of new Bitcoin entering circulation every 10 minutes by half) and maintained its status as one of the best performing assets of the decade.

As a result of these developments, as well as operational and technical investments made by the Group over the past two years, the OSL digital asset platform is now firmly established as global leader and is driving institutional adoption of the digital asset class, while setting industry standards for security, performance and compliance. The OSL digital asset platform provides institutional-grade digital asset brokerage, automated trading, and custody services, as well as technology solutions based on a SaaS model to professional investors and traders.

The Group's two Mainland China businesses had mixed results in the first half of 2020 as a result of the impact of the COVID-19 pandemic and corresponding economic slowdown in the country. Despite the headwinds, the business park area management services saw a slight increase in rental income compared to the same period in the previous year. The advertising and marketing communications business saw a 55.7% decline in revenues compared to the first six months of 2019 and also was impacted by an ongoing decline in consumer confidence in the China domestic automotive industry.

In view of the positive outlook for digital assets regulatory clarity and growth in Hong Kong, as well as the likely continued adverse impact of the COVID-19 pandemic and other factors that will affect the Group's PRC-focused business, the Group remains committed to capturing growth in the expanding digital asset sector.

OSL: The Group's digital asset and blockchain platform business

In the first half of 2020, the OSL digital asset and blockchain platform business significantly outperformed, despite an extremely challenging macroeconomic business environment, proving itself to be resilient and well-timed to regulatory shifts in the global financial services industry.

Major business and operational development milestones accomplished by the Group over the previous 18-months contributed to this performance and assisted the OSL digital asset platform business to develop rapidly and in time with the maturation of the broader digital asset market. These included the launch of an automated trade matching service to facilitate trading in non-securities digital assets, continuous investment in OSL's technical and operational capabilities, the consolidation of several businesses under the OSL brand, and the launch of Asia's first insured digital asset custody product.

OSL's highly developed operational and technical capabilities have allowed professional investors and institutions to utilise the platform to enter the digital asset market at pace. These investors trade with confidence and with the knowledge that their digital assets are kept safe, with operational and control processes that adhere to stringent security protocols and compliance checks.

The OSL digital asset platform and services mainly provides (1) trading in digital assets through manual over-the-counter ("**OTC**") brokerage services and automated trading platforms; and (2) digital asset trading and trading-related technology solutions based on a SaaS model to customers.

The OSL digital asset trading business generates income through fees or trading spreads from clients who buy and/or sell digital assets through the platform. Current clients include high-net-worth-individuals and professional investors.

Overall digital asset trading income for OSL was RMB56.5 million for the Period, a 42.9% year-on-year ("**YoY**") increase from RMB39.6 million during the same period in 2019. Active customers for the OSL digital asset platform increased in the first half of 2020 by 813.4% compared to the first half of 2019.

Revenues and income from automatic trading-related technology solutions including SaaS solutions for the first half of 2020 were RMB9.1 million representing an increase of 161% over RMB3.5 million from the first half of 2019.

An existing counterpart agreed in May 2020 to a new two-year contract for managed services to implement a SaaS platform to scale OSL's capabilities to its clients, including customised white label branding, streamlined operations and settlement enhancements.

OSL was also selected in May to provide digital asset safekeeping services to SFC-licensed blockchain and crypto-related asset manager MaiCapital's crypto-themed quantitative hedge fund, the Bitcoin+ Investment Fund.

The Group's OSL Custody Service was also selected in June as the official digital asset custodian for Equities First Holdings LLC (EFH), a global investment firm in the United States and early participant in the digital asset financial sector.

With this increase in client numbers and revenues, The Group is optimistic that the liquidity of its trending venue will continue to increase.

The success of the first half of 2020 builds off a banner year in 2019, when the Group also saw a significant seven-fold increase in digital asset income, with digital assets becoming the main revenue driver of the Group, and a significant increase in its number of institutional and professional investors as customers and counterparties.

With the recent rapid increase in regulation of digital asset markets, the Group is optimistic that it can capture immediate and longer-term opportunities for its digital asset business as the wider digital asset ecosystem continues to grow and mature.

PRC advertising business and business park area management services businesses

The Group has two core Mainland China businesses, business park area management services and advertising and marketing communications services.

The Group's business park area management services business provides operation and management services for commercial property in the Jingwei Park business park in Shanghai. During the Period, the business park was fully leased and occupied by a leading real estate and shared workspace company under a long-term agreement. This resulted in rental income of RMB17.1 million for the Period, stable compared to rental income of RMB16.8 million in the first half of 2019. Stable rental income is expected from this segment for the foreseeable future.

The Group's PRC advertising business includes the provision of professional and customised one-stop integrated marketing communication services to customers through diversified communication platforms such as above-the-line advertising, outdoor, print and digital advertising and roadshows. Major customers include automotive companies, government authorities and advertising agencies.

In the first half of 2020, the automotive industry has faced downward pressure, as a result of macroeconomic uncertainty, intense industry competition and an overall decline in customer confidence. The sudden outbreak of the COVID-19 pandemic intensified this trend and had an impact on the financial performance of many automobile companies, including major customers of the Group, leading to reduced marketing budgets. The Group's advertising business therefore reported RMB11.8 million in revenue during the Period, representing a decline of 55.7% compared to the first half of 2019.

In the first six months of 2020, the COVID-19 pandemic brought uncertainty to the Group's operating environment in Mainland China. To combat the spread of the virus, the Chinese government introduced a number of measures, including but not limited to: government mandated stay-at-home orders, closure of public and private facilities and businesses, suspension of large gatherings of people and public events, social distancing rules and travel restrictions. These measures had an adverse impact on our business, particularly diminishing the Group's ability to conduct roadshows, and place print and outdoor advertising.

Prospects

Throughout the first half of 2020, the Group's digital assets platform business and SaaS revenues continued to outpace its advertising and business park area management services lines. In addition, the Group's geographic expansion in the digital assets sector increased its customer base and provided operational redundancies with capability to support potential business disruption during the current global pandemic.

Through its pursuit of relevant digital asset financial services licences in Hong Kong and Singapore, the Group in the first half of 2020 also continued to actively support the development of regulation of digital assets and the acceptance of the asset class by institutions and professional investors. Regulatory clarity dramatically increased in the first six months of 2020, resulting in more high-quality professional participants entering the space. These participants are actively seeking partners such as BC Group that possess world-class technology, risk management, security, and compliance protocols which adhere to new regulatory standards.

As one of a few market participants with the ability to comply with new and emerging regulations, the Group has seen substantial interest from institutional investors seeking to enter the market. The nature of these engagements is far ranging and includes discussions around strategic partnerships as well as existing and new potential SaaS offerings. Accordingly, the Group continues to build its standalone capabilities in technology, security, risk and compliance systems to meet regulatory standards as well as the operational and technical requirements of existing and potential partners and counterparties.

The Group believes that revenue growth in its digital asset trading platform and SaaS offerings will continue to outpace existing advertising and business park area management services businesses. However, both new and existing business lines will continue to be key revenue streams in the near future.

Looking forward, the Group will strengthen its efforts to diversify revenue and expand its customer base in Hong Kong and other key jurisdictions predominantly in Asia, where it is focused on the provision of digital asset trading platforms and related SaaS. The Group will take a cautious approach to pursuing growth opportunities in its advertising and business park management services business in Mainland China.

To support organic and inorganic growth, the Group is actively continuing to strengthen its financial resources 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 Period. Neither the Company nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the Period.

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 months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2020, 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 from time to time, as set out in Appendix 14 to the Listing Rules.

All other information on the Corporate Governance Code of the Company have been disclosed in the Corporate Governance Report contained in the 2019 Annual Report of the Company issued in April 2020.

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 2020 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, 12 August 2020

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.