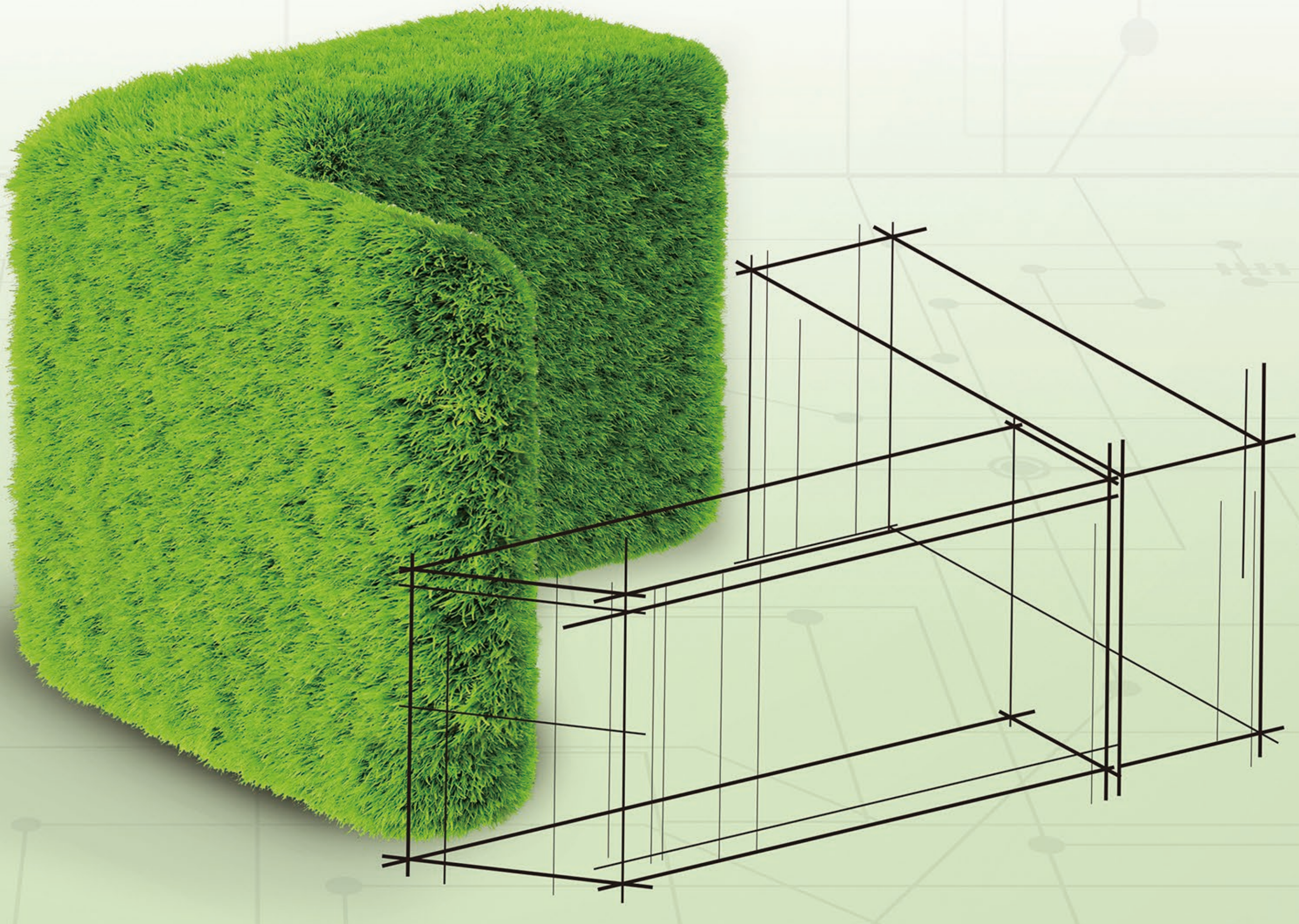
品牌中国
BRANDING CHINA

BRANDING CHINA GROUP LIMITED

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 863

INTERIM REPORT 2018



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CORPORATE INFORMATION

品牌中國集團有限公司
Branding China Group Limited
STOCK CODE: 863

REGISTERED OFFICE

Clifton House,
75 Fort Street, PO Box 1350
Grand Cayman
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House,
75 Fort Street PO Box 1350,
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5F, 5/F, CNT Tower
338 Hennessy Road
Wan Chai, Hong Kong

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

4th Floor, No. 696 Weihai Road
Jing'an District
200041
Shanghai, China

AUTHORISED REPRESENTATIVES

Lo Ken Bon
Chan Shi Pong, Bon

COMPANY SECRETARY

Chan Shi Pong, Bon

BOARD OF DIRECTORS

Executive Directors

Ko Chun Shun, Johnson
Lo Ken Bon *(Chief Executive Officer)*
Fang Bin

Independent Non-executive Directors

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

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

WEBSITE

www.brandingchinagroup.com

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- The revenue of Branding China Group Limited (the "Company") and its subsidiaries (together, the "Group") for the six months ended 30 June 2018 decreased to RMB65,820,380, representing a decrease of RMB15,043,717 as compared to the corresponding period of last year.

- Net assets of the Group as at 30 June 2018 decreased to RMB174,965,933, representing a decrease of approximately RMB5,525,304 as compared to that as at 31 December 2017.

- Loss per share of the Company for the six months ended 30 June 2018 was approximately RMB2.01 cents (the corresponding period in 2017: RMB5.93 cents).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited For the six months ended 30 June 2018 RMB	2017 RMB
Continuing operations			
Revenue	7	**65,820,380**	80,864,097
Cost of sales		**(47,082,197)**	(64,783,226)
Gross profit		**18,738,183**	16,080,871
Other income and gains	8	**5,725,733**	9,147,294
Selling and distribution expenses		**(673,814)**	(1,105,643)
Administrative expenses		**(26,923,229)**	(42,480,516)
Operating loss	9	**(3,133,127)**	(18,357,994)
Finance costs		**(403,277)**	(67,537)
Share of losses of associates		**(77,283)**	(1,833,240)
Share of profit of a joint venture		**–**	6,641,840
Loss before income tax		**(3,613,687)**	(13,616,931)
Income tax expense	10	**(1,059,688)**	(828,501)
Loss for the period from continuing operations		**(4,673,375)**	(14,445,432)
Discontinued operations			
Profit for the period from discontinued operations	11	**80,189**	–
Loss for the period		**(4,593,186)**	(14,445,432)
Other comprehensive loss			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(932,118)**	42,198
Total comprehensive loss for the period		**(5,525,304)**	(14,403,234)
Loss for the period attributable to:			
Owners of the Company			
Loss for the period from continuing operations		**(5,143,238)**	(14,936,307)
Profit for the period from discontinued operations		**80,189**	–
		(5,063,049)	(14,936,307)
Non-controlling interests			
Profit for the period from continuing operations		**469,863**	490,875
		(4,593,186)	(14,445,432)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited For the six months ended 30 June 2018 RMB	2017 RMB
Total comprehensive loss for the period attributable to:			
Owners of the Company			
Loss for the period from continuing operations		**(6,075,356)**	(14,894,109)
Profit for the period from discontinued operations		**80,189**	–
		(5,995,167)	(14,894,109)
Non-controlling interests			
Profit for the period from continuing operations		**469,863**	490,875
		(5,525,304)	(14,403,234)
(Loss)/earnings per share from continuing and discontinued operations attributable to owners of the Company			
(Loss)/earnings per share – Basic and diluted			
– From continuing operations	*12*	**(RMB2.04 cents)**	(RMB5.93 cents)
– From discontinued operations	*12*	**RMB0.03 cents**	–
		(RMB2.01 cents)	(RMB5.93 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited As at 30 June 2018 RMB	Audited As at 31 December 2017 RMB
Assets			
Non-current assets			
Property, plant and equipment	*14*	**12,521,869**	10,689,462
Intangible assets	*15*	**43,640,471**	44,648,413
Deposits		**5,584,500**	5,584,500
Deferred tax assets		**19,400**	1,312,793
Total non-current assets		**61,766,240**	62,235,168
Current assets			
Trade and bills receivables	*16*	**46,560,293**	89,229,785
Prepayments, deposits and other receivables		**140,150,341**	71,056,673
Income tax recoverable		**3,492,611**	1,058,629
Restricted bank deposits		**–**	10,000,000
Cash and cash equivalents		**40,779,835**	53,772,080
		230,983,080	225,117,167
Assets classified as held for sale	*18*	**–**	8,760,115
Total current assets		**230,983,080**	233,877,282
Total assets		**292,749,320**	296,112,450
Liabilities			
Current liabilities			
Trade payables	*19*	**25,988,179**	40,976,809
Receipts in advance, other payables and accruals		**32,741,469**	41,928,085
Other borrowings	*17*	**39,799,379**	–
Bank borrowings	*17*	**–**	9,565,000
Income tax liabilities		**–**	412,006
		98,529,027	92,881,900
Liabilities associated with assets classified as held for sale	*18*	**–**	2,927,849
Total current liabilities		**98,529,027**	95,809,749
Net current assets		**132,454,053**	138,067,533
Total assets less current liabilities		**194,220,293**	200,302,701

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited As at 30 June 2018 RMB	Audited As at 31 December 2017 RMB
Non-current liabilities			
Deposits received		**10,897,805**	10,897,805
Deferred tax liabilities		**8,356,555**	8,913,659
Total non-current liabilities		**19,254,360**	19,811,464
Total liabilities		**117,783,387**	115,621,213
NET ASSETS		**174,965,933**	180,491,237
Equity			
Equity attributable to owners of the Company			
Share capital	*20*	**2,037,681**	2,037,681
Reserves		**166,909,036**	172,904,203
		168,946,717	174,941,884
Non-controlling interests		**6,019,216**	5,549,353
TOTAL EQUITY		**174,965,933**	180,491,237

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital RMB	Share premium RMB	Capital surplus RMB	Exchange reserve RMB	Statutory reserve RMB	Retained profits/ (accumulated losses) RMB	Non-controlling interests RMB	Total equity RMB
As at 1 January 2017	2,037,681	212,873,290	2,000,000	(898,102)	7,922,791	10,175,075	4,672,577	238,783,312
(Loss)/profit for the period	–	–	–	–	–	(14,936,307)	490,875	(14,445,432)
Exchange differences on translation of foreign operations	–	–	–	42,198	–	–	–	42,198
Total comprehensive income/(loss) for the period	–	–	–	42,198	–	(14,936,307)	490,875	(14,403,234)
As at 30 June 2017	2,037,681	212,873,290	2,000,000	(855,904)	7,922,791	(4,761,232)	5,163,452	224,380,078
As at 1 January 2018	2,037,681	212,873,290	2,000,000	(851,975)	7,922,520	(49,039,632)	5,549,353	180,491,237
(Loss)/profit for the period	–	–	–	–	–	(5,063,049)	469,863	(4,593,186)
Exchange differences on translation of foreign operations	–	–	–	(932,118)	–	–	–	(932,118)
Total comprehensive income/(loss) for the period	–	–	–	(932,118)	–	(5,063,049)	469,863	(5,525,304)
As at 30 June 2018	2,037,681	212,873,290	2,000,000	(1,784,093)	7,922,520	(54,102,681)	6,019,216	174,965,933

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the six months ended 30 June **2018** **RMB**	 2017 RMB
(Loss)/profit before income tax expense		
From continuing operations	**(4,673,375)**	(13,616,931)
From discontinued operations	**80,189**	–
	(4,593,186)	(13,616,931)
Adjustments for:		
Interest income	**(775,613)**	(759,569)
Interest expense	**403,277**	67,537
Amortisation of intangible assets	**2,827,257**	1,399,084
Depreciation of property, plant and equipment	**1,089,892**	1,165,415
Fair value gain on financial assets at fair value through profit or loss	**–**	(35,587)
Share of losses of associates	**77,283**	1,833,240
Share of profit of a joint venture	**–**	(6,641,840)
Asset impairment loss	**–**	24,021,182
Gain on disposal of an associate	**(67,734)**	–
Gain on disposal of subsidiaries	**(4,881,744)**	–
Operating (loss)/gain before working capital changes	**(5,920,568)**	7,432,531
Decrease in trade and bills receivables	**37,432,918**	10,456,276
(Increase)/decrease in prepayments, deposits and other receivables	**(69,093,668)**	7,284,207
Decrease in trade payables	**(14,988,630)**	(3,877,489)
Increase/(decrease) in receipts in advance, other payables and accruals	**813,984**	(26,967,685)
Cash used in operating activities	**(51,755,964)**	(5,672,160)
Income taxes (paid)/received	**(2,109,699)**	298,336
Net cash used in operating activities	**(53,865,663)**	(5,373,824)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the six months ended 30 June	
	2018	2017
	RMB	RMB
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,819,827)**	(175,994)
Acquisition of intangible assets	**(1,754,349)**	–
Acquisition of available-for-sale financial assets	**–**	(7,500,000)
Withdrawal of available-for-sale financial assets	**–**	7,500,000
Investment in subsidiaries	**–**	(3,000,000)
Cash proceeds from disposal of subsidiaries	**2,900,000**	–
Cash proceeds from disposal of an associate	**3,000,000**	–
Decrease in restricted bank deposits	**10,000,000**	–
Derecognition of subsidiaries	**(6,439)**	–
Interest received	**775,613**	35,587
Net cash generated from/(used in) investing activities	**12,094,998**	(3,140,407)
Cash flows from financing activities		
Repayment of bank borrowings	**(9,565,000)**	(1,916,000)
New bank borrowings	**–**	9,565,000
New other borrowings	**39,799,379**	–
Interest paid	**(403,277)**	(67,537)
Net cash (used in)/generated from financing activities	**29,831,102**	7,581,463
Net decrease in cash and cash equivalents	**(11,939,563)**	(932,768)
Effect of exchange rate changes on cash and cash equivalents	**(1,052,682)**	42,198
Cash and cash equivalents at the beginning of the period	**53,772,080**	84,310,595
Cash and cash equivalents at the end of the period	**40,779,835**	83,420,025

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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 at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, Cayman Islands.

Pursuant to the reorganisation of the Group (the "Reorganisation"), the Company became the holding company of the Group on 26 August 2011. Details of the Reorganisation are set out in the prospectus of the Group dated 17 April 2012 (the "Prospectus"). The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 April 2012. In 2015, a formal application was made by the Company to the Stock Exchange for the transfer of listing from the Growth Enterprise Market to the Main Board. The application was approved and the dealing of the shares of the Company on the Main Board (stock code: 863) commenced on 8 September 2015.

During the six months ended 30 June 2018, the Group was principally engaged in providing its clients with corporate entrepreneurship and development services, including advertising services, public relations services, event marketing services and business park area operation and management services.

The condensed consolidated interim financial information are presented in Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange ("Listing Rules"), the International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2017, which have been prepared in accordance with IFRSs. The condensed consolidated interim financial information are unaudited but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the 2017 annual financial statements, except for the adoption of the amendments to IFRSs effective for the year ended 31 December 2018.

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

During the period ended 30 June 2018, the Group has adopted the following new standards and amendments to standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2018:

IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 15 (Amendments)	Revenue from Contracts with Customers (Clarification to IFRS 15)
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration
IFRS 28 (Amendments)	Investments in Associates and Joint Ventures
IAS 40 (Amendments)	Transfers of Investment Property
Annual Improvements	Annual Improvements to IFRSs 2014-2016 Cycle

The adoption of these amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group except for IFRS 9, IFRS 15 and IFRS 15 (Amendments) disclosed in note 21.

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

The following new standards and amendments to standards have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods but have not been early adopted by the Group:

IFRS 9 (Amendments)	Prepayment Features with Negative Compensation and Modification of Financial Liabilities[1]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[2]
IAS 19 (Amendments)	Plan Amendments, Curtailment or Settlement[1]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Annual Improvements	Annual Improvements to IFRSs 2015-2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective date to be determined

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 16, "Leases"

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$104,097,036. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future lease payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4. ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The types of financial risk to which the Group is exposed are foreign currency risk, credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017. There have been no changes in any risk management policies since the year end.

6. SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from provision of advertising services (including wireless advertising services), public relations services and event marketing services on an aggregate basis and consider them as one single operating segment for the six months ended 30 June 2018.

During the six months ended 30 June 2018, the executive directors considered advertising segment as traditional advertising services for review and decision making. Furthermore, the Group was also engaged in provision of business park area operation and management services. The Group determines its operating segments based on the review reports of management that are used to make strategic decisions.

Given that the Board of the Company (the "Board") has decided to discontinue the operation of wireless advertising business on 29 December 2016, the segment of wireless advertising services was classified as discontinued operations in the Group's condensed consolidated interim financial information for the six month ended 30 June 2018.

The Group has three reportable segments for the six months ended 30 June 2018 and the corresponding period in 2017. 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:

– Traditional advertising – provision of traditional advertising services, public relations services and event marketing services;

– Wireless advertising – provision of wireless advertising services; and

– Business park area management – provision of operation and management services in business park area.

6. SEGMENT REPORTING (CONTINUED)

(a) Business segment

Six months ended 30 June 2018

	Continuing operations				Discontinued operations	
	Traditional advertising	Business park area management	Unallocated	Subtotal	Wireless advertising	Total
Revenue from external customers	46,651,627	19,168,753	–	65,820,380	–	65,820,380
Segment result	(1,757,121)	6,733,709	–	4,976,588	98,827	5,075,415
Interest Income	758,391	16,708	316	775,415	198	775,613
Finance costs	–	–	(403,277)	(403,277)	–	(403,277)
Share of losses of associates	–	–	(77,283)	(77,283)	–	(77,283)
Gain on disposal of an associate	–	67,734	–	67,734	–	67,734
Gain on disposal of subsidiaries	–	–	4,881,744	4,881,744	–	4,881,744
Amortisation	(6,324)	(2,785,519)	(35,414)	(2,827,257)	–	(2,827,257)
Depreciation	(499,831)	(467,789)	(103,436)	(1,071,056)	(18,836)	(1,089,892)
Unallocated expenses	–	–	(9,936,295)	(9,936,295)	–	(9,936,295)
(Loss)/profit before income tax expense	(1,504,885)	3,564,843	(5,673,645)	(3,613,687)	80,189	(3,533,498)
Income tax expense	(25,719)	(1,033,969)	–	(1,059,688)	–	(1,059,688)
(Loss)/ profit for the period	(1,530,604)	2,530,874	(5,673,645)	(4,673,375)	80,189	(4,593,186)

As at 30 June 2018

	Traditional advertising	Business park area management	Unallocated	Subtotal	Wireless advertising	Total
Reportable segment assets	182,707,552	72,140,903	35,209,818	290,058,273	2,691,047	292,749,320
Reportable segment liabilities	35,384,541	30,885,633	44,606,929	110,877,103	6,906,284	117,783,387

6. SEGMENT REPORTING (CONTINUED)

(a) Business segment (Continued)

Six months ended 30 June 2017

	Continuing operations				Discontinued operations	
	Traditional advertising	Business park area management	Unallocated	Subtotal	Wireless advertising	Total
Revenue from external customers	61,522,133	19,341,964	–	80,864,097	–	80,864,097
Segment result	9,296,455	9,325,002	–	18,621,457	–	18,621,457
Interest income	673,601	846	85,122	759,569	–	759,569
Finance costs	–	–	(67,537)	(67,537)	–	(67,537)
Share of losses of associates	–	(1,833,240)	–	(1,833,240)	–	(1,833,240)
Share of profit of a joint venture	–	6,641,840	–	6,641,840	–	6,641,840
Amortisation	(6,324)	(1,392,760)	–	(1,399,084)	–	(1,399,084)
Depreciation	(687,810)	(453,693)	(23,912)	(1,165,415)	–	(1,165,415)
Unallocated expenses	–	–	(35,174,520)	(35,174,520)	–	(35,174,520)
Profit/(loss) before income tax expense	9,275,922	12,287,995	(35,180,847)	(13,616,930)	–	(13,616,930)
Income tax expense	298,336	(1,126,838)	–	(828,502)	–	(828,502)
Profit/(loss) for the period	9,574,258	11,161,157	(35,180,847)	(14,445,432)	–	(14,445,432)

As at 31 December 2017

	Traditional advertising	Business park area management	Unallocated	Subtotal	Wireless advertising	Total
Reportable segment assets	173,504,992	88,942,264	17,298,087	279,745,343	7,606,992	287,352,335
Assets classified as held for sale	–	5,827,849	2,932,266	8,760,115	–	8,760,115
Reportable segment liabilities	52,617,352	37,731,437	15,433,249	105,782,038	6,911,326	112,693,364
Liabilities associated with assets classified as held for sale	–	2,927,849	–	2,927,849	–	2,927,849

6. SEGMENT REPORTING (CONTINUED)

(b) Geographical segment and information about major customers

Geographical segment

	For the six months ended 30 June 2018	2017
Revenue		
People's Republic of China ("PRC")	**65,820,380**	80,864,097
Hong Kong	**–**	–
	65,820,380	80,864,097

	As at 30 June 2018	As at 31 December 2017
Non-current assets		
PRC	**57,168,516**	62,235,168
Hong Kong	**4,597,724**	–
	61,766,240	62,235,168

Information about major customers

For the six months ended 30 June 2018, revenue from each transaction with 2 customers (for the six months ended 30 June 2017: 3 customers) from traditional advertising segment and 1 customer from business park area management segment (for the six months ended 30 June 2017: 1 customer) which contributed over 10% of total revenue of the Group is described in details as follows:

	For the six months ended 30 June							
	2018				2017			
Client	Traditional advertising income RMB	Business park area management RMB	Wireless advertising income RMB	Total RMB	Traditional advertising income RMB	Business park area management RMB	Wireless advertising income RMB	Total RMB
Client A	**–**	**15,148,605**	**–**	**15,148,605**	–	15,148,605	–	15,148,605
Client B	**14,127,875**	**–**	**–**	**14,127,875**	13,924,529	–	–	13,924,529
Client C	**13,521,750**	**–**	**–**	**13,521,750**	13,404,880	–	–	13,404,880
Client D	**N/A**	**N/A**	**N/A**	**N/A**	8,800,943	–	–	8,800,943

7. REVENUE

Revenue, which is also the Group's turnover, represents income from advertising services, public relations services and event marketing services, net of cultural business development charge. The following table sets forth the breakdown of revenue:

	For the six months ended 30 June	
	2018	2017
	RMB	RMB
Continuing operations:		
Revenue:		
Advertising income	**41,937,993**	25,816,743
Public relations services income	**6,348,274**	17,261,157
Event marketing services income	**409,465**	19,278,030
Less: Cultural business development charge	**(2,124,393)**	(833,797)
Subtotal	**46,571,339**	61,522,133
Rental income	**19,249,041**	19,341,964
Total	**65,820,380**	80,864,097

8. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2018	2017
	RMB	RMB
Continuing operations:		
Other income and gains:		
Interest income	**775,415**	759,569
Government subsidies	**–**	1,998,018
Gain on disposal of subsidiaries	**4,881,744**	–
Gain on disposal of an associate	**67,734**	–
Other	**840**	6,389,707
Total	**5,725,733**	9,147,294

9. OPERATING LOSS

Operating loss is stated after charging the following:

	For the six months ended 30 June	
	2018	2017
	RMB	RMB
Amortisation of intangible assets	**2,827,257**	1,399,084
Depreciation of property, plant and equipment	**1,089,892**	711,722
Employee benefit expenses (including directors' emoluments)		
– Wages and salaries	**5,855,930**	6,205,823
– Pension scheme contributions	**717,988**	1,131,652
– Severance payment	**1,130,330**	–
Minimum lease payments under operating lease for buildings	**4,745,219**	4,159,837

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the period. PRC corporate income tax has been provided at the rate of 25% (2017: 25%) on the estimated assessable profits for the period.

	For the six months ended 30 June	
	2018	2017
	RMB	RMB
Continuing operations:		
Current tax		
– Hong Kong profits tax	**–**	–
– PRC corporate income tax	**32,045**	(298,336)
	32,045	(298,336)
Deferred tax	**1,027,643**	1,126,837
Income tax expense	**1,059,688**	828,501

11. DISCONTINUED OPERATIONS

On 29 December 2016, the Board announced its intention to discontinue the operation of the wireless advertising business. The operating results of the subsidiaries are presented in this condensed consolidated interim financial information as a discontinued operation.

An analysis of the results and cash flows of the discontinued operations for the six months ended 30 June 2018 and 2017 are set out below. The statement of profit or loss and statement of cash flows distinguish discontinued operations.

	For the six months ended 30 June	
	2018	2017
	RMB	RMB
Discontinued operations		
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Other income and gains	**117,076**	–
Selling and distribution expenses	**–**	–
Administrative and other expenses	**(36,887)**	–
Profit before income tax expense from discontinued operation (attributable to owners of the Company)	**80,189**	–
Income tax expense	**–**	–
Profit for the period from discontinued operations	**80,189**	–
Net cash generated from operating activities	**107,999**	–
Net cash used in investing activities	**–**	–
Net cash generated from financing activities	**–**	–
	107,999	–

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB5,063,049 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately RMB14,936,307), and the weighted average number of ordinary shares is 251,771,079 (for the six months ended 30 June 2017: 251,771,079).

The calculation of basic loss per share from continuing operations is based on the loss attributable to owners of the Company from continuing operations of RMB5,143,238 (for the six months ended 30 June 2017: RMB14,936,307), and the weighted average number of ordinary shares is 251,771,079 (for the six months ended 30 June 2017: 251,771,079) for the six months ended 30 June 2018.

The calculation of basic earnings per share from discontinued operations is based on the profit attributable to owners of the Company from discontinued operations of RMB80,189 (for the six months ended 30 June 2017: Nil), and the weighted average number of ordinary shares is 251,771,079 (for the six months ended 30 June 2017: 251,771,079) for the six months ended 30 June 2018.

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued for both the six months ended 30 June 2018 and 2017.

13. DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB	Office furniture and equipment RMB	Computer equipment RMB	Motor vechicles RMB	Total RMB
Cost:					
As at 1 January 2018	8,632,960	1,457,888	–	4,039,789	14,130,637
Addition	–	27,760	2,792,067	–	2,819,827
Exchange movement	–	859	105,523	–	106,382
As at 30 June 2018	8,632,960	1,486,507	2,897,590	4,039,789	17,056,846
Accumulated amortisation:					
As at 1 January 2018	1,148,329	856,986	–	1,435,860	3,441,175
Charge for the period	467,790	124,769	101,595	395,738	1,089,892
Exchange movement	–	70	3,840	–	3,910
As at 30 June 2018	1,616,119	981,825	105,435	1,831,598	4,534,977
Net book value					
As at 30 June 2018	7,016,841	504,682	2,792,155	2,208,191	12,521,869
As at 31 December 2017	7,484,631	600,902	–	2,603,929	10,689,462

15. INTANGIBLE ASSETS

	Operating Lease RMB	Computer software RMB	License RMB	Total RMB
Cost:				
As at 1 January 2018	51,532,097	126,496	–	51,658,593
Addition	–	158,772	1,595,577	1,754,349
Exchange movement	–	6,001	60,303	66,304
As at 30 June 2018	51,532,097	291,269	1,655,880	53,479,246
Accumulated amortisation:				
As at 1 January 2018	6,963,797	46,383	–	7,010,180
Charge for the period	2,785,519	15,145	26,593	2,827,257
Exchange movement	–	333	1,005	1,338
As at 30 June 2018	9,749,316	61,861	27,598	9,838,775
Net book value				
As at 30 June 2018	41,782,781	229,408	1,628,282	43,640,471
As at 31 December 2017	44,568,300	80,113	–	44,648,413

16. TRADE AND BILLS RECEIVABLES

In respect of the trade receivables of the Group, different credit periods are extended to its customers, ranging from 30 days to 360 days, depending on the types of products sold or services provided to customers in the transactions.

The breakdown of trade and bills receivables at the end of the reporting period are as follows:

	As at 30 June 2018 RMB	As at 31 December 2017 RMB
Trade receivables	**54,682,915**	97,272,407
Less: Impairment	**(8,122,622)**	(8,122,622)
	46,560,293	89,149,785
Bills receivables	**–**	80,000
Total	**46,560,293**	89,229,785

An ageing analysis of trade receivables based on invoice date at the end of the reporting period are as follows:

	As at 30 June 2018 RMB	As at 31 December 2017 RMB
Not more than 1 month	**20,065,382**	25,268,978
More than 1 month but not more than 3 months	**10,890,733**	24,138,919
More than 3 months but not more than 6 months	**8,826,572**	15,377,335
More than 6 months but not more than 1 year	**3,177,606**	24,364,553
Over 1 year	**3,600,000**	–
	46,560,293	89,149,785
Bills receivables	**–**	80,000
Total	**46,560,293**	89,229,785

17. BORROWINGS

	As at 30 June 2018 RMB	As at 31 December 2017 RMB
Other borrowings, secured	**39,799,379**	–
Bank borrowings, secured	**–**	9,565,000

As at 30 June 2018, the other borrowings were repayable within 2 years and were secured by deposits of RMB36,000,000.

17. BORROWINGS (CONTINUED)

As at 31 December 2017, the secured bank borrowings of the Group were guaranteed by the subsidiary of the Group, SumZone Enterprise, repayable within one year and a deposit of RMB10,000,000 is pledged for the bank borrowings. The loan is fully repaid in 2018.

18. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

During the year ended 31 December 2017, the Group decided to market a group of investments, including (i) 100% equity interest in the Company's direct and indirect wholly-owned subsidiaries, Elegant Expert Investment Limited and 上海和斐投資管理有限公司 (the "Disposal Group"); and (ii) 30% equity interest in an associate.

The assets with a carrying amount of approximately RMB15,749,322 and RMB2,932,000 respectively have been classified as held for sale in the condensed consolidated statement of financial position. In accordance with IFRS 5, the assets classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs to sell.

(i) For the disposal of the Disposal Group, impairment loss of RMB12,800,000 was recorded as the fair value less costs to sell is lower than the assets' carrying value immediately prior to being classified as held for sale.

(ii) For the disposal of the associate, no impairment loss was recorded as the fair value less costs to sell is higher than the assets' carrying value immediately prior to being classified as held for sale.

The following major classes of assets and liabilities relating to the associate and the Disposal Group have been classified as held for sale in the condensed consolidated statement of financial position:

	As at 30 June 2018 RMB	As at 31 December 2017 RMB
Interest in an associate	–	2,932,266
Interest in a joint venture	–	5,780,976
Cash and cash equivalents	–	46,873
Assets classified as held for sale	–	8,760,115
Other payables	–	2,927,849
Liabilities associated with assets classified as held for sale	–	2,927,849

18. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

The Disposal Group and the associate had been disposed on 27 April 2018 and 18 April 2018 for cash consideration of RMB2,900,000 and RMB3,000,000 respectively.

19. TRADE PAYABLES

The breakdown of trade payables at the end of the reporting period are as follows:

	As at 30 June 2018 RMB	As at 31 December 2017 RMB
Trade payables	**25,988,179**	40,976,809

The ageing analysis of the trade payables based on invoice date at the end of the reporting periods are as follows:

	As at 30 June 2018 RMB	As at 31 December 2017 RMB
Not more than 1 month	**8,055,503**	21,429,688
More than 1 month but not more than 3 months	**3,631,639**	9,749,790
More than 3 months but not more than 6 months	**2,432,351**	414,720
More than 6 months but not more than 1 year	**2,606,974**	1,936,330
Over a year	**9,261,712**	7,446,281
Total	**25,988,179**	40,976,809

20. SHARE CAPITAL

	Number of Shares	**Amount** RMB
Ordinary shares, issued and fully paid At 30 June 2018 and 31 December 2017	251,771,079	2,037,681

21. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 15 (Amendments) Clarification to IFRS 15 on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) IFRS 9 – Accounting polices applied from 1 January 2018

(i) Classification and Measurement

Classification

IFRS 9 retains but simplifies mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI" criterion).

Financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at FVTPL:

– It is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows; and
– The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

Financial asset is measured at FVOCI if both of the following conditions are met and it has not been designated as at FVTPL:

– It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset; and
– The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

Financial asset that does not meet the criteria for amortised cost or FVOCI is measured at FVTPL.

For investment in equity instrument that is not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction cost that is directly attributable to the acquisition of the financial asset. Transaction cost of financial asset carried at FVTPL is expensed in profit or loss.

21. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) IFRS 9 – Accounting polices applied from 1 January 2018 (Continued)

(i) Classification and Measurement (Continued)

Financial asset at amortised cost

Financial asset at amortised cost is subsequently measured using the effective interest rate method. Interest income from this financial asset, if arises, is included in finance income. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and gains, together with foreign exchange gain and loss. Impairment loss is presented as a separate line item in the statement of profit or loss.

Financial asset at FVOCI

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gain or loss, interest revenue and foreign exchange gain and loss which is recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and gains. Interest income from this financial asset, if arises, is included in finance income using the effective interest rate method. Foreign exchange gain and loss is presented in other income and gains and impairment expense is presented as a separate line item in the statement of profit or loss.

Financial asset at FVTPL

Financial asset subsequently measured at FVTPL is recognised in profit or loss and presented net within other income and gains in the period in which it arises.

Equity instrument

All equity investment is subsequently measured at fair value. When the equity investment is elected to present fair value gain and loss in OCI, there is no subsequent reclassification of fair value gain and loss to profit or loss following the derecognition of the investment. Any income received from the equity investment continues to be recognised in profit or loss as other income. Impairment loss (and reversal of impairment loss) on equity investment measured at FVOCI is not reported separately from other changes in fair value.

(ii) Impairment

The adoption of IFRS 9 has changed the impairment model by replacing the IAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model".

The losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Under IFRS 9, the Group is required to recognised ECL for trade and bills receivables, financial asset at amortised cost and FVOCI.

21. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 9 – Impact of the adoption

(i) Classification and measurement

In accordance with the transitional provision in IFRS 9, comparative figures have not been restated. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Statement of financial position (extract):

	31 December 2017 As originally presented	IFRS 9	31 December 2017 Restated	IFRS 9	1 January 2018
	RMB	RMB	RMB	RMB	RMB
Non-current assets					
Deposits	5,584,500	–	5,584,500	–	5,584,500
Current assets					
Trade and bills receivables	89,229,785	–	89,229,785	–	89,229,785
Deposits and other receivables	31,356,037	–	31,356,037	–	31,356,037
Restricted bank deposits	10,000,000	–	10,000,000	–	10,000,000
Cash and cash equivalents	53,772,080	–	53,772,080	–	53,772,080
Total assets	189,942,402	–	189,942,402	–	189,942,402
Non-current liabilities					
Deposits received	10,897,805	–	10,897,805	–	10,897,805
Current liabilities					
Trade payables	40,976,809	–	40,976,809	–	40,976,809
Other payables and accruals	24,191,218	–	24,191,218	–	24,191,218
Bank borrowings	9,565,000	–	9,565,000	–	9,565,000
Total liabilities	85,630,832	–	85,630,832	–	85,630,832

21. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 9 – Impact of the adoption (Continued)

(ii) Impairment

The Group applies a simplified approach to recognise lifetime expected losses for all trade and bills receivables. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(c) IFRS 15 – Accounting policies applied from 1 January 2018

IFRS 15 "Revenue from Contracts with Customers" establishes a five-step model in accounting for revenue arising from contracts with customers which is recognised when a performance obligation is satisfied. It replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations.

(i) Advertising services

The Group provides advertising services in PRC region. The advertising income is recognised when the newspapers/magazines/media where the related advertisement is placed is published. The revenue is measured at the transaction price agreed under the contract.

(ii) Public relations services

The Group provides public relations services in PRC region. Revenue is measured at contract price and is recognised when the services are rendered.

(iii) Event marketing services

The Group provides event marketing services. The revenue is recognised when the services are provided and at price specifically stated in the contract.

(iv) Sales of goods – newspapers and magazines

The Group sells newspapers and magazines to the public. Revenue from the sales of newspaper and magazines is recognised upon the delivery of products. The payment is immediately due when the customers purchase the newspapers or magazines.

(d) IFRS 15 – Impact on adoption

The Group has adopted IFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated. The application of IFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group. Therefore, the Group considered no adjustment is necessary.

22. SUBSEQUENT EVENTS

(i) 2018 Share Award Plan

The Board has approved and adopted a new share award plan ("2018 Share Award Plan"), terminated the old share award scheme adopted in 2014 ("2014 Share Award Scheme") and appointed Acheson Limited as the Trustee of 2018 Share Award Plan on 21 August 2018.

The new plan became immediately effective on 21 August 2018, and unless otherwise terminated or amended by Board's decision, shall remain in force for 10 years from that date. Under the 2018 Share Award Plan, the Company may award to selected eligible participants, including any employee, director, officer, consultant or advisor of any member of the Group.

The new plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over unissued shares or other unissued securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No shareholders' approval is required for the adoption of the New Plan.

Details of the 2018 Share Award Plan are set out in the announcement of the Company dated 21 August 2018.

FINANCIAL ANALYSIS

Revenue

For the six months ended 30 June 2018, the revenue of the Group was approximately RMB65,820,380, representing a decrease of approximately RMB15,043,717 or 19% as compared with approximately RMB80,864,097 for the corresponding period of 2017. The decrease was mainly attributable to a reduction in the scale of its advertisement business as the Group continued to push forward the transformation strategy.

Cost of sales and gross profit

The cost of sales to the Group mainly comprised expenses for procuring advertisement space and authors' remuneration, event organising and production costs, labour costs and leasing costs. During the six months ended 30 June 2018, the Group's cost of sales amounted to RMB47,082,197, a decrease as compared with RMB64,783,226 for the corresponding period of 2017. Such decrease was primarily due to the decrease in the costs of sales attributable to the advertisement business as a result of reduction in the proportion of the advertisement business by the Group.

The gross profit of the Group for the six months ended 30 June 2018 increased to approximately RMB18,738,183 from approximately RMB16,080,871 recorded for the corresponding period of last year. The increase was mainly attributable to the increase in the proportion of the business park area management segment which generated higher gross profits.

Selling and distribution expenses

The selling and distribution expenses for the six months ended 30 June 2018 decreased from approximately RMB1,105,643 for the six months ended 30 June 2017 to RMB673,814. Such decrease was primarily attributable to the decrease in the event production cost in respect of marketing events.

Administrative expenses

During the six months ended 30 June 2018, the administrative expenses decreased to RMB26,923,229 from approximately RMB42,480,516 for the corresponding period of last year, representing a decrease of RMB15,557,287. Such decrease was mainly attributable to (i) the impairment provision on the investment interest in a joint venture of RMB17.5 million made in the corresponding period of last year; and (ii) the increase in the rental costs due to the relocation of the principal place of business of the Group to Hong Kong.

Income tax expenses

For the six months ended 30 June 2018, the income tax expenses were RMB1,059,688 as compared with approximately RMB828,501 for the corresponding period of last year.

Net loss

During the six months ended 30 June 2018, the net loss of the Group was approximately RMB4,593,186 (for the six months ended 30 June 2017: loss of approximately RMB14,445,432). The decrease was primarily due to: (i) the impairment provision on the investment interest in a joint venture of RMB17.5 million made in the corresponding period of last year; and (ii) the recruitment of employees and leasing of office premises in Hong Kong as the Group plans to relocate its operation headquarters from Shanghai to Hong Kong.

Liquidity and financial resources

As at 30 June 2018, the Group's cash and cash equivalents, comprising bank deposits and cash in hand of approximately RMB40,749,352 and approximately HK$30,483 respectively, amounted to approximately RMB40,779,835, representing a reduction of RMB12,992,245 as compared with the balance at 31 December 2017. As at 30 June 2018, the Group's current ratio was approximately 2.34 (31 December 2017: approximately 2.44). The Group mainly used internal cash flows from operating activities to satisfy its working capital requirements.

As at 30 June 2018, the bank borrowings of the Group were Nil. During the six months ended 30 June 2018, additional other borrowings of RMB39,799,379 were borrowed and bank borrowings which fell due amounting to RMB9,565,000 was fully repaid.

The gearing ratio of the Group (total borrowings divided by total equity) was approximately 22.75% (31 December 2017: 5.30%).

Charge on assets

As at 30 June 2018, deposits of RMB36,000,000 were pledged for other borrowings (31 December 2017: Deposit of RMB10,000,000 was pledged for bank borrowings).

Structure of assets

As at 30 June 2018, the Group had net assets of RMB174,965,933 (31 December 2017: RMB180,491,237), comprising non-current assets of RMB61,766,240 (31 December 2017: RMB62,235,168) and current assets of RMB230,983,080 (31 December 2017: RMB233,877,282).

The Group recorded net current assets of RMB132,454,053 (31 December 2017: RMB138,067,533), mainly comprising cash and cash equivalents of RMB40,779,835 (31 December 2017: RMB53,772,080), trade and bills receivables of RMB46,560,293 (31 December 2017: RMB89,229,785) and prepayments, deposits and other receivables of RMB140,150,341 (31 December 2017: RMB71,056,673).

Current liabilities mainly comprised trade payables, receipts in advance, other payables and accruals, other borrowings and bank borrowings, amounting to RMB25,988,179 (31 December 2017: RMB40,976,809), RMB32,741,469 (31 December 2017: RMB41,928,085), RMB39,799,379 (31 December 2017: Nil) and Nil (31 December 2017: RMB9,565,000) respectively.

Material acquisition and disposal

On 27 April 2018, the Group disposed 100% equity interest in the Company's direct and indirect wholly-owned subsidiaries, Elegant Expert Investment Limited and 上海和斐投資管理有限公司 (the "Disposal Group") at a cash consideration of RMB2,900,000. In addition, the Group disposed 30% equity interest in an associated company at a cash consideration of RMB3,000,000 on 18 April 2018.

The reason for the aforesaid disposals lay on the fact that the Disposal Group and the associated company were primarily engaged in equity investment and fund business and the management had the view that the results of fund management business were below their expectation.

Contingent liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

Foreign exchange risk

The Group's main operations were in PRC with most transactions settled in RMB. Some of the Group's bank deposits were denominated in Hong Kong dollars. The directors of the Company (the "Directors") were of the opinion that the Group's exposure to foreign exchange risk was insignificant. During the six months ended 30 June 2018, the Group did not hedge against any foreign exchange risk as most of the assets, receipts and payments of the Group are denominated in RMB.

Financial policies

It was the Group's treasury policy to not engage in any high risk investment or speculative derivative instrument. During the six months ended 30 June 2018, the Group continued to adopt a conservative approach in financial risk management.

Human resources

As at 30 June 2018, the Group had 71 employees in total. During the six months ended 30 June 2018, the total labour cost (including the salaries of sales staff and the salaries of management personnel) amounted to approximately RMB7,704,248 (for the six months ended 30 June 2017: approximately RMB7,337,476). The increase in labour costs was mainly due to the Group's plan to relocate its operations headquarters from Shanghai to Hong Kong, which led to a decrease in headcounts in Shanghai and an increase in headcounts in Hong Kong. The increase in headcounts in Hong Kong resulted in an increase in the overall labour costs.

BUSINESS REVIEW AND PROSPECT

Business review

During the six months ended 30 June 2018, the principal businesses of the Group included advertising services, public relations services, event marketing services and business park area operation and management services. For the six months ended 30 June 2018, the total revenue of the Group was approximately RMB65,820,380, representing a decrease of RMB15,043,717 from approximately RMB80,864,097 as compared with the corresponding period of last year. The gross profit increased from approximately RMB16,080,871 to RMB18,738,183 as compared with the corresponding period of last year. The Group recorded approximately RMB5,063,049 for the total net loss attributable to the owners of the Company for the six months ended 30 June 2018, while the net loss attributable to the owners of the Company for the corresponding period of last year was approximately RMB14,936,307.

SIGNIFICANT EVENT

The Company has undergone a change in controlling shareholders after East Harvest Global Limited executed the equity sale and purchase agreement on 24 January 2018 acquiring 187,510,194 ordinary shares of the Company, representing approximately 74.48% of the entire issued share capital of the Company. The transaction contemplated under the aforesaid equity sale and purchase agreement was completed on 25 January 2018.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, East Harvest Global Limited was required to make a mandatory unconditional cash offer for all the issued shares of the Company (other than those already owned by East Harvest Global Limited and the parties acting in concert with it). Such offer was closed after trading hours on 3 May 2018. Immediately upon the close of the offer, East Harvest Global Limited and the parties acting in concert with it were interested in a total of 187,536,194 shares, representing approximately 74.49% of the entire issued share capital of the Company.

For further details, please refer to the announcements of the Company dated 30 January 2018, 12 April 2018 and 3 May 2018, respectively.

FUTURE PROSPECTS

Following the change in the controlling shareholders earlier this year, the Group initiated a review of the business with a view to identifying areas of potential improvements, exploring and evaluating potential growth opportunities.

Given the collective knowledge, industry relationships and experience in blockchain and financial technology of the controlling shareholders, the Group looks to strategically expand into new business areas which can enhance shareholder value as well as complement and leverage existing business lines. The management has concluded that the potentially significant prospects for the Group lay in the areas of digital assets and blockchain-related technology – particularly in distributed ledger systems, related services offerings (including but not limited to custodianship and blockchain analytical tools), marketplace platforms and tokenisation strategic advisory services. The management has also identified digital asset trading services and products as another potential business line that could generate funding to support the expansion into these new businesses and strategic initiatives.

As a result of its review and in anticipation of the diversification, the Group has begun to plan and implement the necessary operational infrastructure to support future business activities and accompanying growth. These initiatives include identifying facilities, expanding IT infrastructure, and hiring additional management and personnel with an emphasis on experience in legal, regulatory, compliance, financial reporting, operations and technology development. In addition to expanding operations and increasing employee headcount in Hong Kong, the Group is also evaluating the establishment of operations in new geographies in order to further establish platforms for future growth, in particular in jurisdictions that have progressive regulatory guidelines which support the blockchain technology sector.

While the Group plans to focus the remainder of this year on establishing the legal and operational framework to support future growth and launching business initiatives, the Group is also looking to establish strategic relationships with technology providers and financial services operators who can accelerate the Group's growth strategy.

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

CHANGES OF THE BOARD

Changes of Directors

As at 16 April 2018, Mr. Ko Chun Shun, Johnson and Mr. Lo Ken Bon were appointed as executive Directors, and Mr. Chau Shing Yim, David and Mr. Chia Kee Loong, Lawrence were appointed as independent non-executive Directors. Details of the changes of Directors are set out in the announcement of the Company dated 16 April 2018.

As at 3 May 2018, Mr. Fan Youyuan, Mr. Patrick Zheng, Mr. Huang Wei and Mr. Song Yijun resigned as executive Directors, and Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen resigned as independent non-executive Directors. On the same day, Mr. Fang Bin resigned as the chairman of the Company (the "Chairman") but remained as an executive Director. Details of the changes of Directors are set out in the announcement of the Company dated 3 May 2018.

As at 29 June 2018, Mr. Tai Benedict was appointed as an independent non-executive Director, and Mr. Zhou Ruijin resigned as an independent non-executive Director. Details of the changes of Directors are set out in the announcement of the Company dated 29 June 2018.

Up to the date of this report, the composition of the Board of the Company and its committees are as follows:

Executive Directors	Independent Non-executive Directors
Mr. Ko Chun Shun, Johnson	Mr. Chau Shing Yim, David
Mr. Lo Ken Bon (Chief Executive Officer)	Mr. Chia Kee Loong, Lawrence
Mr. Fang Bin	Mr. Tai Benedict

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Risk Management Committee

Mr. Lo Ken Bon (Chairman)	Mr. Chau Shing Yim, David	Mr. Tai Benedict

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Continuing Connected Transactions" in the section headed "Report of the Directors" in the annual report of the Company for the year 2017, during the six months ended 30 June 2018, none of the Directors had material interests, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2018, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed shares of the Company.

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

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register of the Company pursuant to Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Appendix 10 of the Listing Rules, are as follows:

Long positions in the shares

	Number of ordinary shares				
Name of Director	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**Percentage of the issued share capital**
Ko Chun Shun, Johnson ("Mr. Ko") *(Note 1)*	–	–	187,536,194	187,536,194	74.49%

Note:

1. In accordance with the SFO, 187,536,194 shares of the Company are held by East Harvest Global Limited, and Mr. Ko Chun Shun, Johnson is an indirect shareholder of East Harvest Global Limited.

Save as disclosed above, as at 30 June 2018, none of other Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register of the Company pursuant to Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, so far as the Directors are aware, without taking into account any shares which will be issued pursuant to the options which may be granted under the Share Option Scheme, the interests or short positions owned by the following persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO, are as follows:

Long positions in the shares of the Company

Name	Capacity	Number of ordinary shares	Percentage of the issued share capital
East Harvest Global Limited	Beneficial owner	187,536,194	74.49%
Wise Aloe Limited *(note 1)*	Interest in controlled corporation	187,536,194	74.49%
Bell Haven Limited *(note 1)*	Interest in controlled corporation	187,536,194	74.49%
Colour Day Limited *(note 2)*	Interest in controlled corporation	187,536,194	74.49%

Notes:

1. In accordance with the SFO, 187,536,194 shares of the Company are held by East Harvest Global Limited, which is owned as to 60.42% by Wise Aloe Limited, whilst Wise Aloe Limited is owned as to 89% by Bell Haven Limited, which is owned as to 30.82% by the executive Director, Mr. Lo Ken Bon.

2. In accordance with the SFO, 187,536,194 shares of the Company are held by East Harvest Global Limited, which is owned as to 32.87% by Colour Day Limited. East Harvest Global Limited is owned as to 60.42% by Wise Aloe Limited, which is owned as to 11% by Colour Day Limited.

Save as disclosed above, as at 30 June 2018, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2018, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code") from time to time, as set out in Appendix 14 to the Listing Rules, except for the following deviations:

Code Provision A.2.1

There was no separation of the role of Chairman and chief executive officer (the "CEO"). There is no Chairman of the Board appointed at present. Mr. Lo Ken Bon, the executive Director, has become the CEO of the Company since 3 May 2018. The Board considered that this structure could enhance efficiency in the formulation and implementation of the Company's strategies in this fast development stage. The Board will review the need of appointing suitable candidate to assume the role of the Chairman when necessary.

Code Provision A.6.7

Under code provision A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged business commitments, not all the non-executive Directors and independent non-executive Directors have attended the annual general meeting of the Company.

All other information on the Corporate Governance Code of the Company have been disclosed in the Corporate Governance Report contained in the 2017 annual report of the Company issued in April 2018.

SHARE AWARD SCHEME

On 29 September 2014, the Company has adopted an employees' share award scheme (the "2014 Share Award Scheme").

No Shares were awarded under the 2014 Share Award Scheme during the six months ended 30 June 2018.

Subsequent to the reporting period, the Company has adopted a new share award plan (the "2018 Share Award Plan") on 21 August 2018, details of which are set out in the Company's announcement dated 21 August 2018.

SHARE OPTION SCHEME

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

During the six months ended 30 June 2018, no options under the Shares Option Scheme has been granted by the Company.

AUDIT COMMITTEE

The interim results of the Group have not been reviewed by external auditors. The Audit Committee has reviewed the condensed consolidated interim financial information and results of the Group for the six months ended 30 June 2018, and considered that such results have been prepared in accordance with the applicable accounting standards and requirements. Meanwhile, the Audit Committee has reviewed the internal control and corporate governance of the Group for the six months ended 30 June 2018.

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

Hong Kong, the People's Republic of China, 21 August 2018

As at the date of this report, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson and Mr. Fang Bin, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.