



BC TECHNOLOGY GROUP LIMITED  
**BC 科技集團有限公司**  
Stock code: 863 HK

Incorporated in the Cayman Islands with limited liability

# 2023 INTERIM REPORT

Asia's Leading Digital Asset  
and Fintech Company

Parent of



THE TRUSTED  
DIGITAL ASSET  
PLATFORM

SaaS • Brokerage • Custody • Exchange



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# CORPORATE INFORMATION

**BC 科技集團有限公司**

**BC TECHNOLOGY GROUP LIMITED**

STOCK CODE: 863

## BOARD OF DIRECTORS

### Executive Directors

Mr. Madden Hugh Douglas (*Chief Executive Officer*)

Mr. Lo Ken Bon (*Deputy Chairman*)

Mr. Ko Chun Shun, Johnson

Mr. Chapman David James

Mr. Tiu Ka Chun, Gary

### Independent Non-Executive Directors

Mr. Chau Shing Yim, David

Mr. Chia Kee Loong, Lawrence

Mr. Tai Benedict

## BOARD COMMITTEES

### Audit Committee

Mr. Chau Shing Yim, David (*Chairman*)

Mr. Chia Kee Loong, Lawrence

Mr. Tai Benedict

### Remuneration Committee

Mr. Chau Shing Yim, David (*Chairman*)

Mr. Lo Ken Bon

Mr. Chia Kee Loong, Lawrence

### Nomination Committee

Mr. Lo Ken Bon (*Chairman*)

Mr. Chau Shing Yim, David

Mr. Chia Kee Loong, Lawrence

### Risk Management Committee

Mr. Lo Ken Bon (*Chairman*)

Mr. Chau Shing Yim, David

Mr. Tai Benedict

Mr. Sikora Marek (*Chief Risk Officer*)

## AUTHORISED REPRESENTATIVES

Mr. Lo Ken Bon

Ms. Chau Wing Kei

## COMPANY SECRETARY

Ms. Chau Wing Kei

## PRINCIPAL BANKERS

Bank of China (Hong Kong)

CMB Wing Lung Bank

Bank of Communications Co., Limited

Chiyu Banking Corporation Limited

DBS Bank Ltd

## INDEPENDENT AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and*

*Registered Public*

*Interest Entity Auditor*

## LEGAL ADVISER

Baker & McKenzie

## REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

39/F, Lee Garden One

33 Hysan Avenue

Causeway Bay, Hong Kong

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

Floor 7

No. 659 Fengyang Road

Jingan District

Shanghai, China

# CORPORATE INFORMATION

## SHARE REGISTRAR AND TRANSFER OFFICE

### Principal Registrars

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

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
17/F  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## INVESTOR RELATIONS

Investor Relations Department  
Telephone: (852) 3504 3200  
Website: [bc.group](http://bc.group)  
Email: [ir@bc.group](mailto:ir@bc.group)

## CHIEF EXECUTIVE OFFICER'S STATEMENT

“ Our achievement of the Hong Kong retail uplift license fortifies our leading stance in the region. As global sentiments around digital assets oscillate, Hong Kong remains a beacon of progressive regulation. ”



**Dear Shareholders,**

In an era where evolution is constant and innovation remains paramount, BC Technology Group/OSL continues its trajectory as a leader in the digital asset landscape. Reflecting on our recent interim results, I am compelled to shed light on our strategic advancements, and our commitment to leading with innovation.

### **Progress through Artificial Intelligence (“AI”) and Technology**

A hallmark of our continued success is our dedication to AI and technology, positioning us at the forefront of the industry's evolution. Our technological delivery capability has not only become faster than a few years ago but has also enabled us to reduce overall operating costs by an astounding approximation of 50%. In the transformative world of digital assets, such a feat is not merely about being cost-effective; it's a testament to our adaptability and foresight.

Our staff, in every facet of our operations, leverage AI toolsets daily, pushing us an estimated year ahead of more conservative organizations. Our progression into the second phase of company AI adoption, characterized by the wholesale automation of business processes through AI, has been seamless. To give you a glimpse: our AI bot now handles a substantial ratio of marketing customer queries, with 95% handled by AI and only a handful necessitating human intervention.

### **Reinventing our Capital Strategy**

A significant part of our recent success can be attributed to our relentless drive to streamline technology and business processes. This strategy, paired with our meticulous capital strategy, has propelled us towards a flat cost base to support a multi year strategy. We are however interested in strategic partners to accelerate our revenue growth.

We have always believed that licensed digital asset financial intermediaries would be subjected to rigorous regulations. The global landscape is reflecting our predictions, with all major markets now adopting licensing frameworks for digital assets. Admittedly, enforcement against unregulated entities took longer than anticipated, prompting us to refine our capital strategy. The emphasis, now more than ever, is on minimal operational costs and bolstering strategic distribution partnerships.



### **A Milestone in Licensing and Strategic Partnerships**

Our achievement of the Hong Kong retail uplift license fortifies our leading stance in the region. As global sentiments around digital assets oscillate, Hong Kong remains a beacon of progressive regulation. Drawing parallels from other major financial hubs like New York, Tokyo, and Singapore, it's evident that the rigors of Hong Kong's licensing framework, which prioritizes investors protection, will challenge many. Yet, we stand strong, with the capital, technology, and foresight to rise above these challenges.

Our unique omnibus and SaaS offerings cater seamlessly to banking and institutional participants. The continuous collaboration with Zodia Markets Holdings Limited ("**Zodia Markets**") and Standard Chartered Bank underscores our prowess, opening doors to markets beyond our traditional scope. Stay tuned, for we are on the brink of unveiling similar blue-chip partnerships.

### **Looking Ahead**

In an ever-evolving landscape, our focus remains clear: to be agile, innovative, and responsive to the changing tides. We've crafted an identity as Asia's leading licensed digital asset brand. And while competitors grapple with the challenges of obtaining credible licenses, we are already charting our next course.

Our AI journey, which commenced with the "organizational knowledge" phase, has now cascaded into automating our diverse functions, priming us for expansive growth. The horizon is rich with opportunities, and with our technological prowess, regulatory positioning, and dedicated team, I am confident in our continued ascent.

### **Acknowledgments**

A heartfelt thank you to our investors. Your unwavering support fuels our ambition. To our diligent staff and esteemed board of directors — your tenacity and vision have been pivotal. Here's to forging ahead, breaking barriers, and setting new benchmarks.

Warm regards,



### **Madden Hugh Douglas**

Chief Executive Officer,  
BC Technology Group Limited

# MANAGEMENT DISCUSSION AND ANALYSIS

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 2023 (the **"Period"** or **"1H2023"**), together with the comparative figures for the corresponding period in 2022 (**"1H2022"**).

## BUSINESS REVIEWS AND MATERIAL EVENTS

The first half of 2023 presented various challenges and opportunities for the digital assets industry, characterized by heightened market volatility which cultivated to a 52-week Bitcoin (**"BTC"**) price high at the end of June 2023, regulatory uncertainties, and rapidly evolving technological landscapes, in particular AI. Despite these challenges, OSL, the Group's digital asset and blockchain platform business, has displayed exceptional resilience and strength, positioning itself as a leading digital assets platform in Asia.

Over the course of 1H2023, Hong Kong has displayed a strong willingness to establish itself as a leading global digital asset hub. The Hong Kong Special Administrative Region has recognized the potential of digital assets and blockchain technology, and the government has taken several significant steps to foster innovation and attract digital asset related businesses to the region.

On May 23, the Hong Kong Securities and Futures Commission (the **"SFC"**) published the "Consultation Conclusions on the Proposed Regulatory Requirements for Virtual Asset Trading Platform Operators". In the original February consultation paper, the SFC discussed several key aspects related to retail access to licensed virtual asset trading platforms, token admission criteria, compensation arrangements for risks associated with custody of client assets, trading in virtual asset (**"VA"**) derivatives, implementation details, and transitional arrangements.

Upon receiving positive feedback from the majority of respondents, including OSL, the SFC has concluded that licensed virtual asset trading platforms can provide their services to retail investors in Hong Kong, subject to robust investor protection measures. This decision was made after considering public comments and the potential risks associated with retail investors trading on unregulated platforms overseas. Key aspects of the regulatory requirements include onboarding, governance, disclosure, and token due diligence and admission. Retail investors must also have knowledge of VA before trading, and the SFC will continue to work with the Investor and Financial Education Council to educate investors about VA. The revised proposed regulatory requirements became effective on 1 June 2023 and further cements the city's status as a leading digital asset hub.

The highlight of OSL came in August with the approval of our application for an uplift to our existing license with the SFC of Hong Kong to facilitate retail trading, in line with the new regulatory requirements effective from 1 June 2023. OSL have become the first batch of recipients to be awarded the uplift. It is not only a significant milestone for the Group in its pursuit to make digital assets more accessible to a broader range of individuals, but also a historical milestone in the industry that will position OSL at the forefront of the transition to mainstream digital asset investment in Hong Kong.

Furthermore in the first half of 2023, the Group continued to demonstrate its commitment to driving innovation and advancing the digital asset space by forging strategic partnerships and entering into agreements, aiming not only to propel the Group's growth but also to foster progress and development across the entire industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

On February 15, OSL Digital Securities Limited ("**OSL DS**"), a wholly owned subsidiary of the Company and a SFC licensed corporation, and Arta TechFin, a hybrid fintech platform in both traditional assets and VA, entered into a strategic partnership ("**partnership**") to create an end-to-end VA financial service ecosystem. Subject to obtaining required regulatory approvals, the partnership intends to offer a full spectrum of regulated VA solutions, including origination of asset-backed security tokens, secondary trading of physically-settled and cash-settled VA spot and VA derivatives, and custody of OTC and exchange-traded VA. Riding on the tailwind of the Hong Kong Government's progressive VA policies, our joint effort will continue to support Hong Kong's development as the global VA financial center.

On March 8, OSL DS entered into a strategic partnership with Victory Securities Holdings Co. Ltd., an SFC-regulated broker serving Hong Kong investors. This partnership aims to expand the availability of regulated digital asset services for Victory Securities' clients.

On April 14, OSL announced the launch of its AI Trader Bot, designed to offer an improved user experience to its clients. OSL, in terms of the company mission, is committed to empowering individuals and organizations to harness the full potential of technology, including AI, to streamline workflows, boost productivity, and drive innovation. The new AI initiative features machine learning algorithms and large language model technology to automate OSL's trading services, from support, to quotations to execution. It also uses historical activity coupled with market events for propensity modeling, to predict and suggest likely actions for customers.

On May 9, OSL launched asset management business targeting investments in Blockchain Solutions, AI and Web 3.0. As the first virtual asset trading service platform licensed by SFC in Hong Kong, OSL has access to unique deal flow and brings extensive experience in operating a digital asset business. OSL Asset Management Limited, a wholly owned subsidiary of the Company being granted the license by SFC to conduct Types 1, 4 and 9 regulated activities in Hong Kong, will leverage OSL's unique capabilities in digital asset and global connectivity to evaluate potential investments and generate long-term sustainable value by investing in private equity of emerging companies where AI and blockchain capabilities enhance investment returns.

On June 14, Hundsun Ayers Technologies Limited ("**Hundsun Ayers**") and OSL DS announced the signing of a Memorandum of Understanding to explore strategic cooperation in the field of digital assets and financial services. The strategic cooperation will revolve around two key areas 1) Trading Connectivity: The parties will collaborate to integrate OSL DS's digital assets brokerage and exchange solutions into Hundsun Ayers' connectivity infrastructure and global trading system. This integration aims to empower Hundsun Ayers' clients to seamlessly connect and trade with OSL DS, expanding their trading opportunities and improving their overall trading experience, and 2) Market Data Distribution: OSL DS will provide market data to Hundsun Ayers and enable Ayers to redistribute the data and information to its users.

On June 27, RD Technologies Group ("**RD Technologies**") and OSL DS, jointly announced that they have entered a collaboration agreement. The two companies will explore the use of RD Technologies' digital Corporate ID solution, RD ezLink, to enhance customer due diligence efficiency and customer experience for OSL DS's corporate customers. RD ezLink, the first digital Corporate ID issuance platform in Asia, provides corporate identity verification services for businesses registered in Hong Kong and overseas. The collaboration between RD ezLink and OSL DS would enable the latter to meet the regulatory requirements regarding corporate customer due diligence in a fast and efficient manner. An RD ezLink verified digital Corporate ID, in compliance with high regulatory standards, is an essential key to open the gate for businesses wishing to participate and operate effectively in the Web3.0 ecosystem.



# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF RESULTS

### Overall Performance

The Group's IFRS income was HK\$126.4 million during the Period, representing an increase of HK\$98.1 million from HK\$28.3 million in 1H2022. The Group's IFRS loss from continuing operations was significantly narrowed to HK\$94.7 million during the Period, from HK\$312.1 million in 1H2022. The increase in IFRS income was primarily attributable to net gain of digital assets used in facilitation of the OSL prime brokerage business of HK\$28.5 million (1H2022: net loss of HK\$92.2 million) and net fair value gain on digital assets of HK\$9.6 million (1H2022: net fair value loss of HK\$7.1 million), which are treated as part of trading gain/loss from the Group's principal activities. The overall Group's adjusted non-IFRS income as identified in "Non-IFRS Measures" below was HK\$88.3 million for the Period, showing a decline of HK\$39.2 million from HK\$127.6 million in 1H2022.

Loss per share of the Group from continuing operations for the Period was HK\$22 cents (1H2022: HK\$72 cents).

### Non-IFRS Measures

To supplement the Group's unaudited condensed consolidated interim financial statements which are presented in accordance with IFRS, the Group has provided adjusted non-IFRS income as additional financial measures, which are not required by, or presented in accordance with IFRS.

Income from digital assets and blockchain platform business principally represents (i) margin from trading digital assets; (ii) net gain/loss of digital assets used in facilitation of prime brokerage business; (iii) net fair value gain/loss on digital assets; (iv) service fee from SaaS; (v) income from custodian services; and (vi) trading fee from automated trading service.

The volatility and uncertainty generally characterizes the digital assets market, the Group recognised net gain of digital assets used in facilitation of prime brokerage business of HK\$28.5 million for the Period (1H2022: net loss of HK\$92.2 million) and net fair value gain on digital assets of HK\$9.6 million for the Period (1H2022: net fair value loss of HK\$7.1 million). As the price volatility of digital assets may cause significant impact to the Group's operating performance, the Group considers it appropriate to supplement the unaudited condensed consolidated financial statements by presenting income from digital assets and blockchain platform business into (i) margin from trading digital assets and others; (ii) net gain/loss of digital assets used in facilitation of prime brokerage business; and (iii) net fair value gain/loss on digital assets. The Group considers that margin from trading digital assets and other, i.e., adjusted non-IFRS income, can better reflect volumes of the Group's digital assets trading business.

The Group defines margin from trading digital assets and others, i.e. adjusted non-IFRS income from digital assets and blockchain platform business (unaudited), as the realised net gain/loss with reference to the transaction price of the daily trade transactions executed to facilitate the prime brokerage business before considering the fair value movements of the digital assets held. Net gain/loss of digital assets used in facilitation of prime brokerage business is a realized gain/loss from the fair value movement of the digital assets held. Net fair value gain/loss on digital assets is an unrealized gain/loss in nature and it is determined as the fair value movement of the Group's proprietary digital assets on hand which was remeasured at period-end market price as at 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group believes that the addition of the non-IFRS measures facilitates comparisons of operating performance from period to period by providing more relevant financial information that management considers to be more illustrative of the Group's operating performance to the public, and that the non-IFRS measures provides useful information to its shareholders, investors and others in understanding and evaluating the consolidated results of operations in the same manner as it helps management. However, presentation of the non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measures has limitations as analytical tools, and shareholders, investors and others should not consider it in isolation from, or as a substitute for analysis of, results of operations or financial condition as reported under IFRS.

The table below sets forth a reconciliation of the Group's IFRS income to the Group's adjusted non-IFRS income for the Period and 1H2022:

|   | Unaudited<br>For the six months ended 30 June |          |
|---|---|----------|
|   | 2023  | 2022     |
|   | HK\$'000                                      | HK\$'000 |
| Income from digital assets and blockchain platform business | 105,217                                       | 5,637    |
| Rental income from business park area management services   | 21,174  | 22,661   |
| Group's IFRS income   | 126,391                                       | 28,298   |

|  | Unaudited<br>For the six months ended 30 June |          |
|--|---|----------|
|  | 2023  | 2022     |
|  | HK\$'000                                      | HK\$'000 |
| Income from digital assets and blockchain platform business<br>in accordance with IFRS (per above) | 105,217                                       | 5,637    |
| Add back:  |   |          |
| Net fair value (gain)/loss on digital assets   | (9,571)                                       | 7,056    |
| Net (gain)/loss of digital assets used in facilitation of<br>prime brokerage business              | (28,504)                                      | 92,209   |
| Adjusted non-IFRS income from digital assets and<br>blockchain platform business                   | 67,142  | 104,902  |
| Rental income from business park area management services (per above)                              | 21,174  | 22,661   |
| Group's adjusted non-IFRS income   | 88,316  | 127,563  |

# MANAGEMENT DISCUSSION AND ANALYSIS

## The OSL Digital Assets Platform

During the Period, the OSL digital assets and blockchain platform business continued to be the main income contributor for the Group. The OSL digital assets platform comprises two main business segments: a digital assets markets business (prime brokerage, exchange and custody), and a digital assets technology infrastructure business (SaaS), which provides technology to banks, asset managers and financial institutions that enables them to provide digital assets trading services to clients.

The OSL digital assets services business generates income through trade commissions, fees or trading spreads from clients who trade digital assets through the platform. Current clients include high-net-worth individuals and professional investors. OSL's institutional-focused trading business generated the majority of income for the platform.

The OSL digital assets platform's IFRS income was HK\$105.2 million for the Period, representing an increase of HK\$99.6 million from HK\$5.6 million in 1H2022.

OSL prime brokerage adjusted non-IFRS income, which is the combined income from OTC and intelligent Request for Quote ("iRFQ") trading and digital assets lending, amounted to HK\$43.1 million, as compared to HK\$82.2 million in 1H 2022. OSL exchange income increased by 28.3% YoY to HK\$6.5 million, income from custodian services was flat at HK\$2.5 million and service fee income from SaaS remained steady at HK\$15.0 million.

The OSL digital assets platform's total trading volume was HK\$112.6 billion for the Period, representing a decrease of 47.5% from HK\$214.4 billion in 1H2022. Brokerage trading volume, which is the combined trading volumes from OTC and iRFQ, was down 42.2% YoY to HK\$98.0 billion from HK\$169.4 billion. Exchange trading volume was down 74.0% YoY to HK\$8.9 billion from HK\$34.2 billion. SaaS trading volume decreased 46.8% YoY to HK\$5.7 billion from HK\$10.8 billion.

## Mainland China-based Businesses

The Group's business park area management services business operates and manages a commercial property in the Jingwei Park business park in Shanghai.

Rental income from business park area management services for the Period was HK\$21.2 million, representing a slight decrease of 6.6% as compared to HK\$22.7 million in 1H2022. This was mainly attributable to the depreciation of exchange rates of Renminbi ("RMB") against Hong Kong dollars ("HKD") during the Period.

During the Period, the cost of generating revenues from business park area management services mainly comprised staff remuneration and lease expenses on the business park area. The cost of revenue from business park area management services for the Period was HK\$9.9 million, representing a decrease of 13.4% as compared with HK\$11.5 million in 1H2022.

The gross profit for business park area management services for the Period and 1H2022 remained steady at HK\$11.2 million. The Group's gross profit margin for business park area management services was 53.1% for the Period (1H2022: 49.4%). The increase was mainly attributable to the decrease in lease expense as a result of lease modification during year 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Selling Expenses

Group's selling expenses was HK\$24.5 million for the Period, representing an increase of HK\$2.7 million from HK\$21.8 million in 1H2022. The increment was mainly due to the increase in referral expenses of HK\$14.0 million during the Period. The intention of referral expenses is to introduce clients to the Group's trading platforms to create quantitative benefits to the Group in the form of trading commissions or revenues resulting from client transaction volumes. Such increment in selling expenses is partially offset by the decrease in staff cost because of lower headcounts during the Period.

## Administrative and Other Operating Expenses

Administrative and other operating expenses for the Period was HK\$169.9 million, showing a significant decline of HK\$163.6 million as compared to HK\$333.5 million in 1H2022. The decline was mainly due to the decrease in expenditures by HK\$90.6 million related to establishing the corporate and technical infrastructure for the regulated institutional digital asset business, including technology, legal and compliance and marketing, as the Group gradually reduced the technology related spendings after the successful completion of a number of technology upgrades.

## Net Loss

Net loss of the Group from continuing operations for the Period was HK\$94.7 million, a decrease by HK\$217.4 million as compared with HK\$312.1 million for 1H2022. This was primarily due to the moderation in staff cost and technology spending and gain of digital assets held by the Group used in facilitation of prime brokerage business.

## Human Resources Cost and Remuneration Policies

As at 30 June 2023, the Group had a total of 119 employees across its Hong Kong, Singapore, the United Kingdom ("UK"), and Mainland China (30 June 2022: 260 employees). The total staff cost during the Period was HK\$95.4 million (30 June 2022: HK\$180.7 million).

The Group is dedicated to the training and development of its employees. The Group leverages its research, development and technical capabilities and other resources to ensure that each employee maintains a current skill-set through continuous training. The Group provides introductory training and orientation for all new employees, as well as on-the job training to continually improve its employees' technical, professional and management skills.

During the Period, out of employee benefit expenses (including research and development costs), HK\$3.6 million (30 June 2022: HK\$4.6 million) was capitalised as contract assets associated with the assignment of an intellectual property to Zodia Markets. The research and development cost was driven by the Group's expansion of its technical capabilities and resources in the digital asset and blockchain industry.

The emoluments of the Directors and senior management are decided by the remuneration committee and the Board, as authorised by the shareholders at the annual general meeting, having regarded the Group's operating results, individual performance and comparable market statistics. The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 contributions to the Group. The Company adopted the share option scheme ("**2012 Share Option Scheme**") on 10 April 2012. On 28 May 2021, the Company terminated the 2012 Share Option Scheme and adopted the new share option scheme ("**2021 Share Option Scheme**"). Upon termination of the 2012 Share Option Scheme, no further share options may be granted thereunder. In respect of all share options which remained exercisable on such date, the provisions of the 2012 Share Option Scheme remained in full force and effect.

In regards to the 2012 Share Option Scheme, no share options were granted during the Period, while 2,924,333 share options had lapsed and no share options had been exercised, hence 29,787,704 share options remained outstanding. In regards to the 2021 Share Option Scheme, no share options were granted during the Period, while 8,520,000 share options had lapsed and no share options had been exercised, hence 7,910,000 share options remained outstanding.

The Company also adopted the share award plan on 21 August 2018 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. No new shares were granted during the Period and 4,858,526 awarded shares remained unvested as at 30 June 2023.

The details of 2012 Share Option Scheme, 2021 Share Option Scheme and the share award plan are set out under "Other Information" section in this interim report.

### PROSPECTS

Looking ahead to the second half of 2023, the Group is well-positioned to capitalize on emerging opportunities in the dynamic digital asset landscape. Despite the challenges faced by the industry in the first half of the year, our healthy balance sheet and strategic initiatives continue to position us as a key player in the market. We remain committed to driving innovation, expanding our service offerings, and maintaining our competitive edge.

#### (1) OSL receives SFC License uplift, enabling retail investors to trade BTC and Ethereum ("ETH")

We are delighted to announce that OSL DS has received the uplift of license to offer retailer trading services for two of the most prominent cryptocurrencies, BTC and ETH. This significant achievement positions OSL as one of the pioneering entities in Hong Kong's regulated digital asset market, providing a competitive advantage in the region. As OSL expands its product portfolio and continues to build on its reputation as an institutional-grade platform, we anticipate accelerated growth in retail participation and increased trading volumes, driving revenue in the second half of 2023 and beyond.

#### (2) Potential of Security Token Offerings (STOs)

OSL made significant strides in the digital asset market with the successful launch of the first STO last year. As we look forward to the second half of 2023, we recognize the immense potential of STOs to open up a new service line and income stream for OSL.

STOs represent a paradigm shift in the way traditional securities are issued and traded on blockchain technology. The tokenization of assets, such as real estate, equity, and debt, offers increased liquidity, transparency, and accessibility to a global investor base. OSL's expertise in compliance, security, and regulatory matters uniquely positions us to cater to this nascent and promising market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (3) Continued emphasis on AI initiatives

The Group recognizes the transformative potential of AI in the digital asset industry. With our commitment to innovation, we will continue to prioritize AI initiatives to not only enhance our company operation, but also our platform's efficiency, security, and user experience. By leveraging our own AI Trader bot, we aim to optimize operations and provide a seamless experience to our clients. As AI technology evolves, we anticipate increased operational efficiency and cost-effectiveness, further enhancing our competitive position in the market.

### (4) Prime Brokerage business to gain traction as a licensed entity through omnibus model

The second half of 2023 marks a pivotal phase for our prime brokerage business. As a licensed entity, OSL Prime Brokerage is well-positioned to attract a broader client base, including professional investors and institutions seeking reliable and secure access to digital asset markets. With our comprehensive suite of services, we are poised to strengthen our foothold in the institutional space.

Moreover, we are pleased to announce that our omnibus agreement with Interactive Brokers successfully commenced operations in February. Building on this achievement, we are actively cultivating a robust pipeline of additional omnibus partnerships, capitalizing on the continued support of Hong Kong's initiatives in the digital asset sector. By focusing on customized services, risk management, and compliance, we anticipate growth in the prime brokerage segment during the second half of 2023.

### (5) SaaS continues to grow with existing and new customers

Our SaaS offerings have gained significant traction with our existing customer base, and we expect this momentum to continue in the second half of 2023. Through continuous collaboration and feedback from our clients, we are committed to enhancing our SaaS solutions to meet evolving market demands. Additionally, we are excited to announce the launch of "Finlink", a plug-and-play solution that streamlines digital asset integration for financial institutions. This new product is expected to drive new customer acquisitions and generate additional revenue streams.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 June 2023, the Group recorded total assets of HK\$2,173.0 million (31 December 2022: HK\$2,514.3 million), total liabilities of HK\$1,615.5 million (31 December 2022: HK\$1,855.0 million) and total shareholders' equity of HK\$557.5 million (31 December 2022: HK\$659.3 million). As at 30 June 2023, the gross gearing ratio (defined as total liabilities over total assets) was approximately 74.3% (31 December 2022: 73.8%).

The Group's cash position, after deduction of cash liabilities due to clients, as at 30 June 2023 was HK\$263.2 million (31 December 2022: HK\$426.9 million). Balance of the Group's proprietary digital assets increased from HK\$158.3 million as of 31 December 2022 to HK\$175.5 million as of 30 June 2023 given an increase in the value of crypto currencies in 1H 2023.

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

As at 30 June 2023, total borrowing amounted to HK\$21.2 million (31 December 2022: HK\$32.9 million). The Group's borrowings denominated in HKD, were interest bearing with interest rate at 12% per annum (31 December 2022: HKD and asset-backed stablecoins, were interest bearing with interest rates ranging from 4% to 12% per annum).

No borrowing was secured by digital assets as at 30 June 2023 (31 December 2022: Nil). As at 30 June 2023, the Group was in a net current assets position (31 December 2022: net current assets position).

### Net Proceeds from June Placing

On 11 June 2021, the Company appointed Macquarie Capital Limited to place a total of 31,952,500 new ordinary shares at a placing price of HK\$17.0 per placing share to GIC, a global investment management company to manage Singapore's foreign reserves. ("**June Placing**").

The net proceeds from the June Placing after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) were approximately HK\$534.7 million. Details of the June Placing were disclosed in the Company's announcement dated 11 June 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

The proceeds from June Placing have been utilised as intended. The table below sets out the actual use of proceeds from the June Placing up to 30 June 2023:

| Event        | Purpose of the net proceeds   | Amount of net proceeds intended to be allocated<br>HK\$ million (approximately) | Actual utilised amount as of 30 June 2023<br>HK\$ million (approximately) | Unutilised amount as of 30 June 2023<br>HK\$ million (approximately) | Expected timeline for utilisation of the unutilised proceeds |
|--------------|---|---|---|--|--|
| June Placing | For IT-related costs including digital transformation, developing and enhancing platform technology of digital asset platform business                            | 198   | 138.9   | 59.1   | On or before 30 June 2024                                    |
|              | For operating working capital other than IT-related costs including rental expenses, staff costs, marketing expenses, other general expenses and professional fee | 236   | 236   | –  | N/A  |
|              | As reserves for future expansion in markets including UK, Singapore and America   | 100   | 100   | –  | N/A  |
|              |   | <u>534</u>  | <u>474.9</u>  | <u>59.1</u>  |  |



# MANAGEMENT DISCUSSION AND ANALYSIS

## Treasury Policy

It is the Group's treasury management policy not to engage in any financial investments or use of speculative derivative instruments 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 were denominated in RMB, HKD and United States dollars ("USD").

## Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group currently operates mainly in Hong Kong, Singapore, UK, 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 minimal. For operations in Mainland China, most of the transactions are settled in RMB, and the impact of foreign exchange exposure to the Group is negligible. The digital assets trading transactions are mainly denominated in USD with only some local operating expenses being settled in the currencies with respective countries, any related exposures as such to foreign exchange risk are 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 it.

## Material Acquisitions and Disposals of Subsidiaries

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries (31 December 2022: Nil).

## Charge on the Group's Assets

As at 30 June 2023, the Group did not have any significant pledge (31 December 2022: Nil).

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

In June 2021, BC HoldCo I Limited, a wholly-owned subsidiary of the Company, entered into agreements with an independent third party in relation to the acquisition of 24.99% equity interest in Zodia Markets, which was a new entity incorporated in the UK. As at 30 June 2023, the Group's total commitments contracted but not provided for was an assignment of an intellectual property. The Group subsequently completed the transfer of an intellectual property in July 2023.

## Contingent Liabilities

As at 30 June 2023 and 31 December 2022, the Group did not have any significant contingent liabilities.

## EVENTS AFTER THE FINANCIAL POSITION DATE

On 3 August 2023, OSL DS has received an uplift to its existing license from the SFC of Hong Kong. Effective from then, OSL DS officially offers retail investors the ability to register on its platform and access digital asset products, starting with the popular cryptocurrencies Bitcoin and Ethereum.

## INTERIM DIVIDEND

The Board resolved not to recommend an interim dividend in respect of the Period to the holders of ordinary shares of the Company (1H2022: Nil).

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

|   | Notes | Unaudited<br>For the six months ended<br>30 June |  |
|---|-------|--|--|
|   |       | 2023<br>HK\$'000                                 | 2022<br>HK\$'000<br>(Restated)<br>(Note 1.1) |
| <b>Continuing operations</b>  |       |  |  |
| Income from principal activities:   |       |  |  |
| – Income from digital assets and blockchain platform business   | 8     | 105,217  | 5,637  |
| – Rental income from business park area management services   |       | 21,174   | 22,661                                       |
|   |       | <b>126,391</b>                                   | 28,298                                       |
| Cost of revenue   |       | (10,530)   | (12,161)                                     |
| Other income  | 9     | 163  | 355  |
| Other gains, net  | 9     | 1,582  | 49,425                                       |
| Selling expenses  |       | (24,544)   | (21,812)                                     |
| Administrative and other operating expenses   |       | (169,868)  | (333,464)                                    |
| Provision for impairment losses on financial assets, net  |       | (1,215)  | (763)  |
|   |       | <b>(78,021)</b>                                  | (290,122)                                    |
| <b>Operating loss</b>   |       |  |  |
| Finance income  |       | 2,472  | 681  |
| Finance costs   |       | (7,308)  | (11,302)                                     |
| Finance costs, net  |       | (4,836)  | (10,621)                                     |
| Share of net post-tax loss of an associate accounted for using the equity method  |       | (9,544)  | (9,655)                                      |
|   |       | <b>(92,401)</b>                                  | (310,398)                                    |
| <b>Loss before income tax</b>   |       |  |  |
| Income tax expense  | 11    | (2,341)  | (1,661)                                      |
|   |       | <b>(94,742)</b>                                  | (312,059)                                    |
| <b>Loss from continuing operations</b>  |       |  |  |
| <b>Discontinued operations</b>  |       |  |  |
| Loss from discontinued operations   |       | –  | (3,430)                                      |
|   |       | <b>(94,742)</b>                                  | (315,489)                                    |
| <b>Loss for the period</b>  |       |  |  |
| <b>Other comprehensive (loss)/income</b>  |       |  |  |
| <i>Items that may be reclassified to profit or loss:</i>  |       |  |  |
| Currency translation differences on translation of operations with a functional currency different from the Company's presentation currency |       | (3,504)  | 1,455  |
|   |       | <b>(98,246)</b>                                  | (314,034)                                    |
| <b>Total comprehensive loss for the period</b>  |       |  |  |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

|  | Notes | Unaudited<br>For the six months ended<br>30 June |  |
|--|-------|--|--|
|  |       | 2023<br>HK\$'000                                 | 2022<br>HK\$'000<br>(Restated)<br>(Note 1.1) |
| <b>Loss for the period attributable to:</b>  |       |  |  |
| Owners of the Company  |       |  |  |
| – Loss from continuing operations  |       | (94,952)   | (303,133)                                    |
| – Loss from discontinued operations  |       | –  | (3,430)                                      |
|  |       | <b>(94,952)</b>                                  | <b>(306,563)</b>                             |
| Non-controlling interests  |       |  |  |
| – Profit/(Loss) from continuing operations   |       | 210  | (8,926)                                      |
|  |       | <b>(94,742)</b>                                  | <b>(315,489)</b>                             |
| <b>Loss per share for loss from continuing operations attributable to the owners of the Company</b>                  |       |  |  |
| Basic (HK\$ per share)   | 13    | (0.22)   | (0.72)                                       |
| Diluted (HK\$ per share)   | 13    | (0.22)   | (0.72)                                       |
| <b>Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company</b> |       |  |  |
| Basic (HK\$ per share)   | 13    | (0.22)   | (0.73)                                       |
| Diluted (HK\$ per share)   | 13    | (0.22)   | (0.73)                                       |
| <b>Total comprehensive loss for the period attributable to:</b>  |       |  |  |
| Owners of the Company  |       |  |  |
| – Loss from continuing operations  |       | (98,181)   | (301,271)                                    |
| – Loss from discontinued operations  |       | –  | (3,430)                                      |
|  |       | <b>(98,181)</b>                                  | <b>(304,701)</b>                             |
| Non-controlling interests  |       |  |  |
| – Loss from continuing operations  |       | (65)   | (9,333)                                      |
|  |       | <b>(98,246)</b>                                  | <b>(314,034)</b>                             |

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

|   |              | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|---|--------------|---|---|
|   | <i>Notes</i> |   |   |
| <b>ASSETS</b>   |              |   |   |
| <b>Non-current assets</b>                             |              |   |   |
| Property, plant and equipment                         | 14           | 67,906  | 92,266  |
| Intangible assets                                     | 15           | 64,415  | 72,794  |
| Prepayments, deposits and other receivables           |              | 11,672  | 17,879  |
| Investment accounted for using equity method          |              | 13,162  | 22,550  |
| Financial assets at fair value through profit or loss |              | 50,649  | 50,400  |
| Deferred income tax assets                            |              | 6,379   | 7,409   |
|   |              | <b>214,183</b>                                    | 263,298   |
| <b>Current assets</b>                                 |              |   |   |
| Digital assets  | 16           | 1,228,726   | 1,061,343   |
| Contract assets                                       | 7(b)         | 19,457  | 16,960  |
| Trade receivables                                     | 17           | 40,566  | 21,938  |
| Prepayments, deposits and other receivables           |              | 51,567  | 52,794  |
| Cash held on behalf of licensed entity's customers    | 18           | 147,575   | 88,809  |
| Cash and cash equivalents                             |              | 470,936   | 1,009,157   |
|   |              | <b>1,958,827</b>                                  | 2,251,001   |
| Total current assets                                  |              | <b>1,958,827</b>                                  | 2,251,001   |
|   |              | <b>2,173,010</b>                                  | 2,514,299   |
| <b>LIABILITIES</b>                                    |              |   |   |
| <b>Non-current liabilities</b>                        |              |   |   |
| Deposits received and other payables                  |              | 13,478  | 16,901  |
| Lease liabilities                                     | 20           | 35,157  | 64,481  |
| Deferred income tax liabilities                       |              | 5,386   | 6,169   |
|   |              | <b>54,021</b>                                     | 87,551  |
| Total non-current liabilities                         |              | <b>54,021</b>                                     | 87,551  |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

|   |              | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|---|--------------|---|---|
|   | <i>Notes</i> |   |   |
| <b>LIABILITIES</b>                                  |              |   |   |
| <b>Current liabilities</b>                          |              |   |   |
| Trade payables                                      | 19           | 3,946   | 22,564  |
| Contract liabilities                                | 7(b)         | 27,112  | 28,621  |
| Accruals and other payables                         |              | 48,268  | 60,904  |
| Liabilities due to customers                        | 21           | 1,408,615   | 1,574,062   |
| Lease liabilities                                   | 20           | 46,728  | 42,373  |
| Borrowings  | 22           | 21,196  | 32,895  |
| Current income tax liabilities                      |              | 5,625   | 6,030   |
| Total current liabilities                           |              | <b>1,561,490</b>                                  | 1,767,449   |
| <b>Total liabilities</b>                            |              | <b>1,615,511</b>                                  | 1,855,000   |
| <b>EQUITY</b>                                       |              |   |   |
| <b>Equity attributable to owners of the Company</b> |              |   |   |
| Share capital                                       | 23           | 4,385   | 4,385   |
| Other reserves                                      |              | 2,380,212   | 2,388,866   |
| Accumulated losses                                  |              | (1,812,407)                                       | (1,721,148)   |
| <b>Non-controlling interests</b>                    |              | <b>572,190</b>                                    | 672,103   |
|   |              | <b>(14,691)</b>                                   | (12,804)  |
| <b>Total equity</b>                                 |              | <b>557,499</b>                                    | 659,299   |

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

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Notes | Attributable to owners of the Company |                           |                             |                              |                               |  |                                |                       | Non-controlling interests<br>HK\$'000 | Total equity<br>HK\$'000 |
|---|-------|---------------------------------------|---------------------------|-----------------------------|------------------------------|-------------------------------|--|--------------------------------|-----------------------|---------------------------------------|--------------------------|
|   |       | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Capital surplus<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Statutory reserve<br>HK\$'000 | Share-based payments reserve<br>HK\$'000 | Accumulated losses<br>HK\$'000 | Sub-total<br>HK\$'000 |                                       |                          |
| <b>At 1 January 2022</b>  |       | 4,233                                 | 2,083,902                 | 3,724                       | (3,007)                      | 18,400                        | 268,556                                  | (1,181,291)                    | 1,194,517             | (3,374)                               | 1,191,143                |
| Loss for the period   |       | -                                     | -                         | -                           | -                            | -                             | -  | (306,563)                      | (306,563)             | (8,926)                               | (315,489)                |
| Other comprehensive income/(loss):                                |       |                                       |                           |                             |                              |                               |  |                                |                       |                                       |                          |
| Currency translation differences                                  |       | -                                     | -                         | -                           | 1,862                        | -                             | -  | -                              | 1,862                 | (407)                                 | 1,455                    |
| <b>Total comprehensive income/(loss)</b>                          |       | -                                     | -                         | -                           | 1,862                        | -                             | -  | (306,563)                      | (304,701)             | (9,333)                               | (314,034)                |
| Equity-settled share-based payments under share option scheme     | 27    | -                                     | -                         | -                           | -                            | -                             | 9,089                                    | -                              | 9,089                 | -                                     | 9,089                    |
| Equity-settled share-based payments under share award scheme      | 26    | -                                     | -                         | -                           | -                            | -                             | 6,979                                    | -                              | 6,979                 | -                                     | 6,979                    |
| Share awards vested   | 26    | -                                     | 2,118                     | -                           | -                            | -                             | (2,118)                                  | -                              | -                     | -                                     | -                        |
| <b>At 30 June 2022</b>  |       | 4,233                                 | 2,086,020                 | 3,724                       | (1,145)                      | 18,400                        | 282,506                                  | (1,487,854)                    | 905,884               | (12,707)                              | 893,177                  |
| <b>At 1 January 2023</b>  |       | 4,385                                 | 2,252,951                 | 3,724                       | (10,639)                     | 17,219                        | 125,611                                  | (1,721,148)                    | 672,103               | (12,804)                              | 659,299                  |
| (Loss)/profit for the period                                      |       | -                                     | -                         | -                           | -                            | -                             | -  | (94,952)                       | (94,952)              | 210                                   | (94,742)                 |
| Other comprehensive loss:   |       |                                       |                           |                             |                              |                               |  |                                |                       |                                       |                          |
| Currency translation differences                                  |       | -                                     | -                         | -                           | (3,229)                      | -                             | -  | -                              | (3,229)               | (275)                                 | (3,504)                  |
| <b>Total comprehensive loss</b>                                   |       | -                                     | -                         | -                           | (3,229)                      | -                             | -  | (94,952)                       | (98,181)              | (65)                                  | (98,246)                 |
| Equity-settled share-based payments under share option scheme     | 27    | -                                     | -                         | -                           | -                            | -                             | 1,822                                    | -                              | 1,822                 | -                                     | 1,822                    |
| Equity-settled share-based payments under share award scheme      | 26    | -                                     | -                         | -                           | -                            | -                             | (3,554)                                  | -                              | (3,554)               | -                                     | (3,554)                  |
| Share awards vested   | 26    | -                                     | 3,087                     | -                           | -                            | -                             | (3,087)                                  | -                              | -                     | -                                     | -                        |
| Dividend paid to a non-controlling interest                       |       | -                                     | -                         | -                           | -                            | -                             | -  | -                              | -                     | (1,822)                               | (1,822)                  |
| Transfer from retained earnings to statutory reserve              |       | -                                     | -                         | -                           | -                            | 2,024                         | -  | (2,024)                        | -                     | -                                     | -                        |
| Transfer of statutory reserve upon deregistration of subsidiaries |       | -                                     | -                         | -                           | -                            | (5,717)                       | -  | 5,717                          | -                     | -                                     | -                        |
| <b>At 30 June 2023</b>  |       | 4,385                                 | 2,256,038                 | 3,724                       | (13,868)                     | 13,526                        | 120,792                                  | (1,812,407)                    | 572,190               | (14,691)                              | 557,499                  |

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

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Notes | Unaudited<br>For the six months ended<br>30 June |                  |
|--|-------|--|------------------|
|  |       | 2023<br>HK\$'000                                 | 2022<br>HK\$'000 |
| <b>Cash flows from operating activities</b>                  |       |  |                  |
| Cash (used in)/generated from operations                     |       | (503,497)  | 85,416           |
| Income tax paid  |       | (1,986)  | (4,361)          |
| Net cash (used in)/generated from operating activities       |       | (505,483)  | 81,055           |
| <b>Cash flows from investing activities</b>                  |       |  |                  |
| Interest received  |       | 1,953  | 349              |
| Proceeds from disposal of property, plant and equipment      |       | 223  | –                |
| Addition of property, plant and equipment                    | 14    | –  | (1,692)          |
| Fiat lending to counterparties                               |       | –  | (2,349)          |
| Repayment of fiat lending from counterparties                |       | –  | 7,830            |
| Net cash generated from investing activities                 |       | 2,176  | 4,138            |
| <b>Cash flows from financing activities</b>                  |       |  |                  |
| Interest paid  |       | (12,463)   | (10,751)         |
| Principal elements of lease liabilities                      |       | (22,350)   | (13,480)         |
| Dividend paid to non-controlling interests                   |       | (1,822)  | –                |
| Net cash used in financing activities                        |       | (36,635)   | (24,231)         |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  |       | <b>(539,942)</b>                                 | <b>60,962</b>    |
| Effect of exchange rate changes on cash and cash equivalents |       | 1,721  | 4,048            |
| Cash and cash equivalents at the beginning of the period     |       | 1,009,157  | 954,519          |
| <b>Cash and cash equivalents at the end of the period</b>    |       | <b>470,936</b>                                   | <b>1,019,529</b> |

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The principal activity of the Company is investment holding. During the Period, the Group was principally engaged in the digital assets and blockchain platform business in Hong Kong and Singapore, and the provision for business park area management services in Mainland China.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal office 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.

The unaudited condensed consolidated interim financial statements are presented in thousands of Hong Kong Dollars (HK\$’000), unless otherwise stated.

### 1.1 Discontinued operations of the traditional advertising segment

On 25 October 2022, the Group announced that the two wholly owned subsidiaries of the Group, Shanghai SumZone Marketing Co, Ltd. (上海三眾營銷策劃有限公司) and Shanghai SumZone Advertising Co., Ltd. (上海三眾廣告有限公司), which were engaged in provision of traditional advertising services, public relation services and event marketing services in Mainland China, would cease to operate and would be deregistered subsequently. The Group ceased the operations of the traditional advertising segment during the year ended 31 December 2022, and the deregistration process of the above subsidiaries were subsequently completed in February 2023. Consequently, the entire traditional advertising business, which was historically presented as a separate segment, is reported as discontinued operations. Accordingly, certain comparative figures related to the discontinued operations have been restated in the unaudited condensed consolidated interim financial statements.

In accordance with International Financial Reporting Standard (“**IFRS**”) 5 “Non-current Assets Held for Sale and Discontinued Operations”, the financial results of the segment of traditional advertising segment for the periods ended 30 June 2022 were presented as a profit or loss for discontinued operations in the Group’s unaudited condensed consolidated statement of profit or loss.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for digital assets, digital assets due to counterparties and the interests thereon, liabilities due to customers, financial assets at fair value through profit or loss, which are measured on fair value basis.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The unaudited condensed consolidated interim financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2022. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Annual Financial Statements**”), which have been prepared in accordance with the IFRSs. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements of the Group for the period are consistent with those applied in the 2022 Annual Financial Statements except for the adoption of amended standards and framework and changes in accounting policies as set out below.

### (a) Amendments to standards and accounting guideline adopted by the Group

The Group has applied the following amendments to standards for the first time for their reporting period commencing on 1 January 2023:

|   |  |
|---|--|
| IFRS 17 and Amendments to IFRS 17                 | Insurance Contracts  |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies  |
| Amendments to IAS 8                               | Definition of Accounting Estimates   |
| Amendments to IAS 12                              | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction |

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 amendments to standards not yet adopted by the Group

Certain new amendments to standards have been published that are not mandatory for financial year beginning on 1 January 2023 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 2024   |
| Amendments to IFRS 16                           | Lease Liability in a Sale and Leaseback   | 1 January 2024   |
| Amendments to Hong Kong Interpretation 5 (2020) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2024   |
| 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 amendments to standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3 RISK DISCLOSURES

The Group operates in two main business segments, including a digital assets and blockchain platform business and a business park area management services business, each of which carries distinct risks related to its business model and correlation with the macroeconomic environment.

The unaudited condensed consolidated interim financial statements does not include all risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 Annual Financial Statements. There have been no changes in any risk management policies since the year end.

## 4 FAIR VALUE ESTIMATION

### (a) Financial assets and liabilities

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

#### (i) Fair value hierarchy

##### Recurring fair value measurements

| Financial assets and liabilities                      | Notes | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|---|-------|---------------------|---------------------|---------------------|-------------------|
| <b>Unaudited</b>                                      |       |                     |                     |                     |                   |
| <b>At 30 June 2023</b>                                |       |                     |                     |                     |                   |
| Financial assets at fair value through profit or loss |       |                     |                     |                     |                   |
| – Unlisted preference shares                          |       | –                   | –                   | 50,649              | 50,649            |
| Liabilities due to customers                          |       |                     |                     |                     |                   |
| – Fiat currency liabilities                           | 21    | 355,358             | –                   | –                   | 355,358           |
| <b>Audited</b>  |       |                     |                     |                     |                   |
| <b>At 31 December 2022</b>                            |       |                     |                     |                     |                   |
| Financial assets at fair value through profit or loss |       |                     |                     |                     |                   |
| – Unlisted preference shares                          |       | –                   | –                   | 50,400              | 50,400            |
| Liabilities due to customers                          |       |                     |                     |                     |                   |
| – Fiat currency liabilities                           | 21    | 671,030             | –                   | –                   | 671,030           |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE ESTIMATION (Continued)

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

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

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

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

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

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

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

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

The following table presents the changes in level 3 items for periods ended 30 June 2023 and 30 June 2022:

##### Financial assets

|                                  | Unlisted<br>Convertible note<br>Unaudited |          | Unlisted<br>preference shares<br>Unaudited |          | Unlisted<br>preference shares<br>Unaudited |          | Total<br>Unaudited                  |          |
|----------------------------------|---|----------|--|----------|--|----------|-------------------------------------|----------|
|                                  | For the six months ended<br>30 June       |          | For the six months ended<br>30 June        |          | For the six months ended<br>30 June        |          | For the six months ended<br>30 June |          |
|                                  | 2023                                      | 2022     | 2023                                       | 2022     | 2023                                       | 2022     | 2023                                | 2022     |
|                                  | HK\$'000                                  | HK\$'000 | HK\$'000                                   | HK\$'000 | HK\$'000                                   | HK\$'000 | HK\$'000                            | HK\$'000 |
| Opening balance at 1 January     | -   | 1,621    | 48,777                                     | 23,392   | 1,623                                      | -        | 50,400                              | 25,013   |
| Conversion                       | -   | (1,621)  | -  | -        | -  | 1,621    | -                                   | -        |
| Change in fair value             | -   | -        | 48   | 48,947   | -  | 523      | 48                                  | 49,470   |
| Currency translation differences | -   | -        | 195  | 243      | 6  | 10       | 201                                 | 253      |
| Closing balance at 30 June       | -   | -        | 49,029                                     | 72,582   | 1,629                                      | 2,154    | 50,649                              | 74,736   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE ESTIMATION (Continued)

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

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

| Financial instruments                   | Fair value                            |   | Fair value hierarchy | Valuation techniques and key inputs   | Significant unobservable inputs  |   |
|---|---------------------------------------|---|----------------------|---|--|---|
|   | Unaudited As at 30 June 2023 HK\$'000 | Audited As at 31 December 2022 HK\$'000 |                      |   | 30 June 2023   | 31 December 2022  |
| (1) Unlisted preference shares (Note a) | 49,029                                | 48,777                                  | Level 3              | Market approach and equity allocation model, and the key inputs include risk-free rate, expected volatility, adjusted price-to-sales multiples of the comparable companies and discount of lack of marketability (31 December 2022: Market approach and hybrid method, and the key inputs include risk-free rate, expected volatility and comparable companies market capitalisation movements between the recent transaction date and the relevant valuation date) | <b>Risk-free rate: 4.77%</b><br><br><b>Expected volatility: 90%</b><br><br><b>Adjusted price-to-sales multiples: 114.9x</b><br><br><b>Discount of lack of marketability: 40%</b> | Risk-free rate: 4.57%<br><br>Expected volatility: 92%<br><br>Comparable companies' market capitalisation movements between the recent transaction date and the valuation date: -67% |
| (2) Unlisted preference shares (Note b) | 1,629                                 | 1,623                                   | Level 3              | Market approach and the key inputs include the recent transaction price and relevant market information that lead to the change in fair value between the recent transaction date and the valuation date (31 December 2022: same)   | <b>Fair value movements between the recent transaction date and the valuation date: 0%</b>   | Fair value movements between the recent transaction date and the valuation date: 0%   |

Notes:

- (a) For the unlisted preference shares, the Group used market approach and equity allocation model (31 December 2022: market approach and hybrid method) and engaged an external, independent and qualified valuer to determine the fair value at the end of the reporting period. During the six months ended 30 June 2023, the fair value of the unlisted preference shares was determined by ValQuest Advisory (Hong Kong) Limited. If the adopted volatility had been 5% higher or lower (2022: same), assuming all other variables were held constant, the fair value of the unlisted preference shares would decrease or increase by approximately HK\$205,000 (2022: HK\$253,000).
- (b) For the unlisted preference shares, the Group engaged an external, independent and qualified valuer to determine the fair value as at 31 December 2022.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE ESTIMATION *(Continued)*

### (b) Digital assets and digital asset liabilities

#### (i) Fair value hierarchy

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

#### Recurring fair value measurements

|   | Notes | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|---|-------|---------------------|---------------------|---------------------|-------------------|
| <b>Unaudited</b>  |       |                     |                     |                     |                   |
| <b>At 30 June 2023</b>  |       |                     |                     |                     |                   |
| <b>Digital assets</b>   |       |                     |                     |                     |                   |
| Digital assets  | 16    | 1,223,687           | 5,039               | –                   | 1,228,726         |
| <b>Digital asset liabilities</b>  |       |                     |                     |                     |                   |
| Liabilities due to customers<br>– Digital asset liabilities                 | 27    | 1,048,218           | 5,039               | –                   | 1,053,257         |
| <b>Audited</b>  |       |                     |                     |                     |                   |
| <b>At 31 December 2022</b>  |       |                     |                     |                     |                   |
| <b>Digital assets</b>   |       |                     |                     |                     |                   |
| Digital assets  | 16    | 1,057,824           | 3,519               | –                   | 1,061,343         |
| <b>Digital asset liabilities</b>  |       |                     |                     |                     |                   |
| Interest payables related to digital assets<br>borrowed from counterparties |       | 134                 | –                   | –                   | 134               |
| Liabilities due to customers Digital asset<br>liabilities                   | 27    | 903,032             | –                   | –                   | 903,032           |
| Digital assets borrowed from counterparties                                 | 22    | 11,699              | –                   | –                   | 11,699            |
|   |       | 914,865             | –                   | –                   | 914,865           |

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4 FAIR VALUE ESTIMATION *(Continued)*

### (b) Digital assets and digital asset liabilities *(Continued)*

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

Digital assets are held mainly for the purposes of trading in the ordinary course of the Group's digital assets and blockchain platform business in the OTC market, the provision of automated digital asset trading services through its proprietary platforms and the provision of technology solutions to others. There are also digital assets received or receivable by the Group under digital asset lending arrangements. Based on respective rights and obligations between the Group and its counterparties under various agreements, digital assets held in the Group's wallets are recognised as the Group's assets and the obligations to settle or deliver such digital assets held by the Group in designated customer accounts are recognised as digital asset liabilities due to customers.

As at 30 June 2023 and 31 December 2022, the digital assets and digital asset liabilities due to customers are measured at level 1 or level 2 fair value. The determination of fair value hierarchy level for valuation of the digital assets and the liabilities due to customers would depend on whether the underlying digital assets is traded in an active market.

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

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

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Annual Financial Statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6 SEGMENT REPORTING

The chief operating decision-maker (the “CODM”) of the Group has been identified as the executive directors of the Company. The CODM regularly review income and operating results derived from different segments. On 25 October 2022, the Group announced that the traditional advertising segment would cease to operate and would be deregistered subsequently. Since the decision was made, the CODM did not separately review the results of the traditional advertising business, which is presented as discontinued operations for the preparation of the unaudited condensed consolidated interim financial statements.

The Group has the following reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Digital assets and blockchain platform business – trading of digital assets in the OTC market and provision of automated digital assets trading services through its proprietary platforms, licensing of its proprietary platforms and technology solutions as a SaaS and others related businesses.
- Business park area management – providing operation and management services in business park area in Mainland China.

|  | Digital assets and blockchain platform business<br>HK\$'000 | Business park area management<br>HK\$'000 | Unallocated<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|---|-------------------------|-------------------|
| <b>Unaudited for the six months ended 30 June 2023</b>                       |   |   |                         |                   |
| <b>Results</b>   |   |   |                         |                   |
| <b>Continuing Operations</b>   |   |   |                         |                   |
| <b>Income from other sources:</b>  |   |   |                         |                   |
| Trading of digital assets and net fair value gain on digital assets (Note 8) | 81,202  | –   | –                       | 81,202            |
| Rental income from business park area management services                    | –   | 21,174                                    | –                       | 21,174            |
| <b>Revenue from contracts with customers:</b>                                |   |   |                         |                   |
| Service fee income from SaaS (Note 8)  | 15,046  | –   | –                       | 15,046            |
| Trading fee from automated trading service (Note 8)                          | 5,597   | –   | –                       | 5,597             |
| Income from custodian services and other revenues (Note 8)                   | 3,372   | –   | –                       | 3,372             |
| (Loss)/profit for the period   | (97,560)  | 4,114                                     | (1,296)                 | (94,742)          |
| <b>Unaudited as at 30 June 2023</b>  |   |   |                         |                   |
| <b>Assets and liabilities</b>  |   |   |                         |                   |
| Reportable segment assets (Note (ii))  | 1,864,011   | 116,505                                   | 192,494                 | 2,173,010         |
| Reportable segment liabilities (Note (ii))                                   | 1,448,326   | 71,114                                    | 96,071                  | 1,615,511         |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 6 SEGMENT REPORTING (Continued)

|   | Digital assets and blockchain platform business<br>HK\$'000 | Business park area management<br>HK\$'000 | Unallocated<br>HK\$'000 | Total<br>HK\$'000 |
|---|---|---|-------------------------|-------------------|
| <b>Unaudited for the six months ended 30 June 2022 (Restated)</b><br>(Note 1.1) |   |   |                         |                   |
| <b>Results</b>  |   |   |                         |                   |
| <b>Continuing operations</b>  |   |   |                         |                   |
| <b>Income from other sources:</b>   |   |   |                         |                   |
| Trading of digital assets and net fair value loss on digital assets (Note 8)    | (17,580)  | –   | –                       | (17,580)          |
| Rental income from business park area management services                       | –   | 22,661                                    | –                       | 22,661            |
| <b>Revenue from contracts with customers:</b>                                   |   |   |                         |                   |
| Service fee income from SaaS (Note 8)   | 15,161  | –   | –                       | 15,161            |
| Trading fee from automated trading service (Note 8)                             | 4,192   | –   | –                       | 4,192             |
| Income from custodian services and other revenues (Note 8)                      | 3,864   | –   | –                       | 3,864             |
| (Loss)/profit for the period  | (270,199)   | 3,365                                     | (45,225)                | (312,059)         |
| <b>Discontinued operations</b>  |   |   |                         |                   |
| Loss from discontinued operations   |   |   |                         | (3,430)           |
| Loss for the period   |   |   |                         | (315,489)         |
| <b>Audited as at 31 December 2022</b>   |   |   |                         |                   |
| <b>Assets and liabilities</b>   |   |   |                         |                   |
| Reportable segment assets (Note (ii))   | 2,121,236   | 131,029                                   | 224,862                 | 2,477,127         |
| Assets related to discontinued operations                                       |   |   |                         | 37,172            |
| Total assets  |   |   |                         | 2,514,299         |
| Reportable segment liabilities (Note (ii))                                      | 1,638,634   | 85,879                                    | 123,177                 | 1,847,690         |
| Liabilities related to discontinued operations                                  |   |   |                         | 7,310             |
| Total liabilities   |   |   |                         | 1,855,000         |

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 2023 and 2022.
- (ii) Unallocated assets are mainly financial assets at fair value through profit or loss and cash and cash equivalents held by head office. Unallocated liabilities mainly include lease liabilities, borrowings and accruals for head office.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

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

|   | Unaudited<br>For the six months ended<br>30 June |  |
|---|--|--|
|   | 2023<br>HK\$'000                                 | 2022<br>HK\$'000<br>(Restated)<br>(Note 1.1) |
| <b>From continuing operations</b>                   |  |  |
| <b>Recognised over time:</b>                        |  |  |
| Service fee income from SaaS (Note 8)               | 15,046   | 15,161                                       |
| Income from custodian services (Note 8)             | 2,508  | 2,498  |
| Others (Note 8)                                     | 864  | 1,366  |
| <b>Recognised at a point of time:</b>               |  |  |
| Trading fee from automated trading service (Note 8) | 5,597  | 4,192  |

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

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.

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

|  | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|--|---|---|
| Contract assets from digital assets and blockchain platform business                 | 2,457   | 3,037   |
| Less: loss allowance   | –   | (31)  |
|  | 2,457   | 3,006   |
| Assets recognised from costs to fulfill revenue contracts                            | 435   | 1,029   |
| Assets recognised from costs to fulfill an investment subscription agreement (b)(ii) | 16,565  | 12,925  |
|  | 19,457  | 16,960  |
| Total contract assets  | 19,457  | 16,960  |
| Contract liabilities   | 27,112  | 28,621  |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15 (Continued)

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

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

|  | Unaudited<br>30 June<br>2023<br>HK\$'000 | Audited<br>31 December<br>2022<br>HK\$'000 |
|--|--|--|
| At the beginning of the period/year  | 31                                       | 337  |
| – From discontinued operations   |  |  |
| Reversal of provision of contract assets in relation to advertising business                               | –  | (392)                                      |
| – From continuing operations   |  |  |
| Provision for impairment of contract assets in relation to digital assets and blockchain platform business | –  | 473  |
| Write-off of provision for impairment  | (31)                                     | (442)                                      |
| Currency translation differences   | –  | 55   |
|  | <hr/>                                    | <hr/>                                      |
| At the end of the period/year  | –  | 31   |

### (i) 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<br>For the six months ended<br>30 June<br>2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|--|------------------|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the period | 1,509  | 1,857            |

### (ii) Assets recognised from costs to fulfill an investment subscription agreement

The Group has also recognised an asset in relation to costs to fulfil an investment subscription arrangement with Zodia Markets. This is presented within contract assets in the unaudited condensed consolidated statement of financial position.

During the period ended 30 June 2023, no amortisation is recognised on such contract assets (30 June 2022: same).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 8 INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

|  | Unaudited                |              |
|--|--------------------------|--------------|
|  | For the six months ended |              |
|  | 30 June                  |              |
|  | 2023                     | 2022         |
|  | HK\$'000                 | HK\$'000     |
| <b>From continuing operations</b>                                |                          |              |
| Income from digital assets and blockchain platform business:     |                          |              |
| Trading of digital assets ( <i>Note (a)</i> )                    | 71,631                   | (10,524)     |
| Net fair value gain/(loss) on digital assets ( <i>Note (a)</i> ) | 9,571                    | (7,056)      |
| Service fee income from SaaS                                     | 15,046                   | 15,161       |
| Trading fee from automated trading service                       | 5,597                    | 4,192        |
| Income from custodian services                                   | 2,508                    | 2,498        |
| Others   | 864                      | 1,366        |
|  | <b>105,217</b>           | <b>5,637</b> |

Note:

- (a) The Group's digital assets and blockchain platform business primarily includes an 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 the digital assets trading business represents trading margin arising from trading various digital assets and net gains or losses from remeasurement of digital assets to the extent it is not offset by remeasurement of digital asset liabilities due to customers arising from Digital Assets 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 a customer is concluded with fixed terms of trade with respect to the type, unit and price of digital assets.

## 9 OTHER INCOME AND OTHER GAINS, NET

|  | Unaudited                |               |
|--|--------------------------|---------------|
|  | For the six months ended |               |
|  | 30 June                  |               |
|  | 2023                     | 2022          |
|  | HK\$'000                 | HK\$'000      |
| <b>From continuing operations</b>  |                          |               |
| <b>Other income</b>  |                          |               |
| Government grants ( <i>Note</i> )  | 163                      | 355           |
| <b>Other gains, net</b>  |                          |               |
| Exchange gains/(losses), net   | 1,549                    | (78)          |
| Fair value changes of financial assets at fair value through profit or loss ( <i>Note 4(a)(ii)</i> ) | 48                       | 49,470        |
| Others   | (15)                     | 33            |
| <b>Total</b>   | <b>1,582</b>             | <b>49,425</b> |

Note: The amount mainly represented cash subsidies in respect of the Jobs Support Scheme granted by Inland Revenue Authority of Singapore (30 June 2022: same).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10 EXPENSES BY NATURE

Cost of revenue, selling expenses, administrative and other operating expenses, and provision for impairment losses on financial assets, net from the continuing operations included the following:

|   | Unaudited<br>For the six months ended<br>30 June |  |
|---|--|--|
|   | 2023<br>HK\$'000                                 | 2022<br>HK\$'000<br>(Restated)<br>(Note 1.1) |
| <b>From continuing operations</b>   |  |  |
| Amortisation of intangible assets   | 7,255  | 7,521  |
| Cost of revenue relating to provision of SaaS   | 594  | 689  |
| Consultancy fee (excluding share-based payments)  | 3,287  | 76,798                                       |
| Depreciation of property, plant and equipment<br>(excluding right-of-use assets)                                | 4,404  | 4,383  |
| Depreciation of right-of-use assets (Note 20(b))  | 17,344   | 18,138                                       |
| Employee benefit expenses (including directors' emoluments)   | 95,430   | 180,738                                      |
| Expense relating to short-term leases (included in administrative and<br>other operating expenses) (Note 20(b)) | 6,029  | 3,212  |
| Provision for impairment losses on financial assets, net  | 1,215  | 763  |
| IT costs  | 24,609   | 25,933                                       |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11 INCOME TAX EXPENSE

The corporate income tax in Mainland China has been provided at the rate of 25% (30 June 2022: 25%) on the estimated assessable profits for the period. The corporate income tax in the UK has been provided at the rate of 25% (30 June 2022: 19%) on the estimated assessable profits for the period. Income tax on profits assessable outside Mainland China and the UK has been provided at the rates prevailing in the respective jurisdictions.

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 2023 (30 June 2022: same).

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

|   | Unaudited<br>For the six months ended<br>30 June |                  |
|---|--|------------------|
|   | 2023<br>HK\$'000                                 | 2022<br>HK\$'000 |
| <b>From continuing operations</b>               |  |                  |
| Current income tax expense:                     |  |                  |
| People's Republic of China corporate income tax | 1,941  | 2,067            |
| UK corporate income tax                         | 323  | –                |
| Deferred income tax expense/(credit)            | 77   | (406)            |
|   | <b>2,341</b>                                     | <b>1,661</b>     |

## 12 DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 30 June 2023 (30 June 2022: same).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13 LOSS PER SHARE

### From continuing and discontinued operations

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

|  | Unaudited<br>For the six months ended<br>30 June |  |
|--|--|--|
|  | 2023<br>HK\$'000                                 | 2022<br>HK\$'000<br>(Restated)<br>(Note 1.1) |
| Loss for the period from continuing and discontinued operations attributable to the owners of the Company                                    | 94,952   | 306,563                                      |
| Add: Loss for the period from discontinued operations  | –  | (3,430)                                      |
| Loss for the period from continuing operations attributable to the owners of the Company for the purpose of basic and diluted loss per share | 94,952   | 303,133                                      |

|  | Unaudited<br>For the six months ended<br>30 June |             |
|--|--|-------------|
|  | 2023   | 2022        |
| <b>Number of shares:</b>   |  |             |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 432,970,663                                      | 419,243,279 |

|   | HK\$   | HK\$<br>(Restated)<br>(Note 1.1) |
|---|--------|----------------------------------|
| Loss per share for loss from continuing operations attributable to the owners of the Company                  |        |                                  |
| Basic ( <i>per share</i> )  | (0.22) | (0.72)                           |
| Diluted ( <i>per share</i> )  | (0.22) | (0.72)                           |
| Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company |        |                                  |
| Basic ( <i>per share</i> )  | (0.22) | (0.73)                           |
| Diluted ( <i>per share</i> )  | (0.22) | (0.73)                           |

Basic and diluted loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period (30 June 2022: same).

For the period ended 30 June 2023, the Company had two categories of potential ordinary shares: share options and share awards (30 June 2022: three categories of potential ordinary shares: share options, share awards and a warrant). Diluted loss per share presented is the basic loss per share as the inclusion of the potential ordinary shares in the calculation of dilutive loss per share would be anti-dilutive.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14 PROPERTY, PLANT AND EQUIPMENT

During the Period, there was no addition to the property, plant and equipment (six months ended 30 June 2022: the Group acquired property, plant and equipment with a cost of approximately HK\$1,692,000).

## 15 INTANGIBLE ASSETS

Intangible assets included computer software and domain, goodwill and acquired lease with favorable terms.

As at 30 June 2023, intangible assets included goodwill of approximately HK\$10,006,000 (31 December 2022: approximately HK\$10,511,000) arose from the acquisition of 上海憬威企業發展有限公司 (“**Shanghai Jingwei**”), on 1 October 2016, whose principal activity is the provision of operation and management services of the business park area.

## 16 DIGITAL ASSETS

|  | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|--|---|---|
| <b>Digital assets:</b>   |   |   |
| – Held in own wallets of the Group                             | 1,192,712   | 1,025,730   |
| – Digital assets held on exchange institutions ( <i>Note</i> ) | 36,014  | 35,613  |
|  | <b>1,228,726</b>                                  | <b>1,061,343</b>                                    |

*Note:* The digital assets held on third party exchange institutions are measured at fair value. They represent balance of digital assets attributable to the Group held in shared wallets of the third party exchanges.

Among the digital asset balances, it included digital assets held by the Group in designated customer accounts under various contractual arrangements totaling approximately HK\$1,053,257,000 (31 December 2022: HK\$903,032,000) (*Note* 21). It also included the Group’s proprietary digital assets of approximately HK\$175,469,000 (31 December 2022: HK\$158,311,000). The balance is measured at fair value through profit or loss.

As at 30 June 2023, there were certain digital assets with fair value of approximately HK\$590,740,000 (31 December 2022: HK\$251,365,000) received from and held on behalf of clients by OSL DS, a wholly owned subsidiary of the Company and a SFC licensed corporation. Those digital assets were safekept in segregated client wallets through a trust arrangement with BC Business Management Services (HK) Limited which is a wholly owned subsidiary of the Company and the associated entity of OSL DS under the Securities and Futures Ordinance. Based on the respective rights and obligations of OSL DS and its clients under the client terms and conditions (“**OSL DS Client T&C**”), these digital assets held in segregated wallets are not recognised as the Group’s digital assets and hence there are no corresponding digital asset liabilities under these arrangements. OSL DS also holds certain digital assets in its own wallets for facilitating the trading flow with its customers.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 17 TRADE RECEIVABLES

|  | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|--|---|---|
| Trade receivables from digital assets and blockchain platform business | 43,209  | 24,570  |
| Less: loss allowance   | (2,643)   | (2,632)   |
|  | <b>40,566</b>                                     | <b>21,938</b>                                       |

Customers of the digital assets and blockchain platform business are generally required to prefund their accounts prior to trades. Trades with liquidity providers and certain counterparties that are considered creditworthy can be on credit with a credit period of 1–3 days after trade date. For SaaS customers, credit term of 30 days after invoice date is granted in general.

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

At 30 June 2023 and 31 December 2022, the ageing analysis of the Group's trade receivables, based on invoice date, were as follows:

|             | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|-------------|---|---|
| 0–30 days   | 40,566  | 15,442  |
| 31–90 days  | –   | 416   |
| 91–180 days | –   | 6,080   |
|             | <b>40,566</b>                                     | <b>21,938</b>                                       |



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 18 CASH HELD ON BEHALF OF LICENSED ENTITY'S CUSTOMERS

OSL DS maintains segregated bank accounts to hold cash on behalf of its customers arising from its normal course of business. Based on the OSL DS Client T&C, it is agreed that OSL DS will not pay interest to the clients for the fiat currency that it receives from or holds for the clients. OSL DS has the contractual right to retain any bank interest income arising from holding the client's fiat currency. Accordingly, the client fiat currency received and held at the segregated bank accounts is presented on the Group's unaudited condensed consolidated statement of financial position under current assets, with a corresponding fiat liability due to customers under current liabilities (except for the cash held on behalf of its fellow subsidiaries in the segregated bank accounts which are eliminated on group level). The use of cash held on behalf of clients is restricted and governed by the OSL DS Client T&C and the laws and regulations relevant to OSL DS as a licensed corporation and its associated entity in Hong Kong.

## 19 TRADE PAYABLES

Trade payables are unsecured and are normally with credit terms of 90–180 days (31 December 2022: same).

An ageing analysis of the Group's trade payables as at the end of the reporting periods, based on the invoice date, were as follows:

|               | <b>Unaudited<br/>As at<br/>30 June<br/>2023<br/>HK\$'000</b> | <b>Audited<br/>As at<br/>31 December<br/>2022<br/>HK\$'000</b> |
|---------------|--|--|
| 0–30 days     | <b>3,946</b>   | 15,255   |
| Over 365 days | –  | 7,309  |
|               | <b>3,946</b>   | 22,564   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

|                                     | <b>Unaudited<br/>As at<br/>30 June<br/>2023<br/>HK\$'000</b> | <b>Audited<br/>As at<br/>31 December<br/>2022<br/>HK\$'000</b> |
|-------------------------------------|--|--|
| Right-of-use assets ( <i>Note</i> ) |  |  |
| Properties                          | <b>58,418</b>  | 77,442   |
| Lease liabilities ( <i>Note</i> )   |  |  |
| Non-current                         | <b>35,157</b>  | 64,481   |
| Current                             | <b>46,728</b>  | 42,373   |
|                                     | <b>81,885</b>  | 106,854  |

*Note:* Included in the line item 'property, plant and equipment' and 'lease liabilities' in the unaudited condensed consolidated statement of financial position.

During the period ended 30 June 2023, there was no addition to the right-of-use assets (31 December 2022: same).

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

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

|   | <b>Unaudited<br/>For the six months ended<br/>30 June<br/>2023<br/>HK\$'000</b> | <b>2022<br/>HK\$'000</b> |
|---|---|--------------------------|
| <b>Depreciation charge of right-of-use assets</b> |   |                          |
| Properties ( <i>Note 10</i> )                     | <b>17,344</b>   | 18,138                   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

|  | Unaudited<br>For the six months ended<br>30 June |   |
|--|--|---|
|  | 2023<br>HK\$'000                                 | 2022<br>HK\$'000<br>(Restated)<br><i>(Note 1.1)</i> |
| <b>From continuing operations</b>  |  |   |
| Interest expense on lease liabilities  | 5,976  | 8,783   |
| Expense relating to short-term leases (included in administrative and other operating expenses) <i>(Note 10)</i> | 6,029  | 3,212   |
|  | <b>12,005</b>                                    | 11,995  |

The total cash outflow for leases during the period ended 30 June 2023 was approximately HK\$34,355,000 (30 June 2022: approximately HK\$28,586,000).

## 21 LIABILITIES DUE TO CUSTOMERS

|                                   | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|-----------------------------------|---|---|
| Liabilities due to customers      |   |   |
| – Fiat currency liabilities       |   |   |
| – Customers under licensed entity | 147,570   | 88,809  |
| – Others                          | 207,788   | 582,221   |
| – Digital asset liabilities       | 1,053,257   | 903,032   |
|                                   | <b>1,408,615</b>                                  | 1,574,062   |

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, OSL DS Client T&C and other relevant agreements.

Based on the respective rights and obligations of the Group and its customers under various arrangements, fiat currency 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, except for the digital assets held on behalf of OSL DS's clients with a fair value of approximately HK\$590,740,000 as at 30 June 2023 (31 December 2022: HK\$251,365,000), they are kept in segregated wallets and are not recognised as the Group's digital assets and hence there are no corresponding digital asset liabilities under these arrangements.

The 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".

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 22 BORROWINGS

|   | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|---|---|---|
| <b>Current</b>  |   |   |
| Unsecured borrowings ( <i>Note (a)</i> )                        | 21,196  | 21,196  |
| Digital assets borrowed from counterparties ( <i>Note (b)</i> ) | –   | 11,699  |
| Total borrowings  | <b>21,196</b>                                     | <b>32,895</b>                                       |

Notes:

(a) The balance of unsecured borrowings included:

As at 30 June 2023, a borrowing was provided by a non-financial institution which is controlled by Mr. Fang Bin, a former executive director of the Company, with a principal of approximately HK\$21,196,000 (31 December 2022: HK\$21,196,000). The borrowing was denominated in HK\$, unsecured, interest bearing at 12% per annum (31 December 2022: 12% per annum), and repayable on demand (31 December 2022: repayable on demand).

(b) Digital assets borrowed from counterparties included:

As at 31 December 2022, certain digital assets borrowed from counterparties were provided by non-financial institutions, with asset-backed stablecoins being the loan principal, amounted to approximately USD1,499,000 (equivalent to approximately HK\$11,699,000). These borrowings were unsecured, interest bearing at a fixed rate ranging from 4.0% to 7.5% per annum and repayable in 12 months from the year end date.

The following table is prepared based on the scheduled repayment date set out in the relevant agreement:

|               | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|---------------|---|---|
| On demand     | 21,196  | 21,196  |
| Within 1 year | –   | 11,699  |
|               | <b>21,196</b>                                     | <b>32,895</b>                                       |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 23 SHARE CAPITAL

|   | Unaudited<br>As at 30 June<br>2023 |               | Audited<br>As at 31 December<br>2022 |          |
|---|------------------------------------|---------------|--------------------------------------|----------|
|   | Number of<br>shares                | HK\$'000      | Number of<br>shares                  | HK\$'000 |
| <b>Authorised:</b>  |                                    |               |                                      |          |
| Ordinary shares of HK\$0.01 each at<br>1 January 2022, 31 December 2022 and<br>30 June 2023 | <b>2,000,000,000</b>               | <b>20,000</b> | 2,000,000,000                        | 20,000   |
| <b>Issued and fully paid:</b>   |                                    |               |                                      |          |
| At the beginning of the period/year   | <b>438,453,184</b>                 | <b>4,385</b>  | 423,247,484                          | 4,233    |
| Issuance of new shares ( <i>Note (a)</i> )  | –                                  | –             | 3,679,430                            | 37       |
| Exercise of warrant shares by a warrant holder<br>( <i>Note (b)</i> )                       | –                                  | –             | 11,526,270                           | 115      |
| At the end of the period/year   | <b>438,453,184</b>                 | <b>4,385</b>  | 438,453,184                          | 4,385    |

*Notes:*

- (a) During the year ended 31 December 2022, the Company issued 3,679,430 new shares on 8 August 2022 at HK\$0.01 for each share to the Trustee for the awarded shares granted on 4 April 2022 and 22 July 2022 respectively, pursuant to the share award plan adopted on 21 August 2018, to recognise and reward the contribution of the directors and employees for providing services to the Group, as well as consultants for providing similar services as the employees to the Group. The Board applied HK\$37,000 in the share premium account of the Company to issue new shares credited as fully paid to the Trustee.
- (b) On 5 September 2022, J Digital 5 LLC exercised the conversion right to fully convert the warrant into 11,526,270 ordinary shares of the Company at a conversion price of HK\$0.01 per share. Consequently, HK\$115,000 was credited to share capital and HK\$153,184,000 was credited to share premium.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 24 RELATED PARTY TRANSACTIONS

### (a) Significant related party transactions

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following material related party transactions:

|  | Unaudited<br>For the six months ended<br>30 June |                  |
|--|--|------------------|
|  | 2023<br>HK\$'000                                 | 2022<br>HK\$'000 |
| Income from digital assets trading with Mr. Chapman David James<br>(Note (i))  | 17   | –                |
| Income from digital assets trading with Mr. Madden Hugh Douglas<br>(Note (i))  | 2  | 7                |
| Income from digital assets trading with Mr. Lo Ken Bon (Note (i))  | –  | 42               |
| Income from digital assets trading with Mr. Ko Chun Shun, Johnson's<br>close family members (Note (i))                           | 26   | 4                |
| Income from digital assets trading with a related company of<br>Mr. Ko Chun Shun, Johnson (Note (ii))                            | 11   | 211              |
| Income from digital assets trading with a related company of<br>Mr. Chapman David James and Mr. Madden Hugh Douglas (Note (iii)) | 78   | 85               |
| Income from digital assets trading with a related company of<br>Mr. Madden Hugh Douglas (Note (iv))                              | 1  | 2                |
|  | <b>135</b>                                       | <b>351</b>       |

Notes:

- (i) The above transactions were conducted in the normal course of business of the Group and charged at terms mutually agreed by the parties concerned, governed by the DATA, OSL DS Client T&C and other relevant agreements.
- (ii) The executive director of the Company, Mr. Ko Chun Shun Johnson, is also the sole owner of the related companies.
- (iii) The executive directors of the Company, Mr. Chapman David James and Mr. Madden Hugh Douglas, are also the directors of the related company.
- (iv) The executive director of the Company, Mr. Madden Hugh Douglas, is also the sole owner of the related company.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 24 RELATED PARTY TRANSACTIONS (Continued)

### (b) Balances with related parties

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

|  | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|--|---|---|
| <b>Fiat currency and digital asset liabilities</b>   |   |   |
| Amounts due to Mr. Chapman David James and his close family member (Note (i))                                | 13,764  | 83,551  |
| Amount due to Mr. Madden Hugh Douglas (Note (i))   | 387   | 144   |
| Amounts due to Mr. Lo Ken Bon and his close family member (Note (i))   | 2,840   | 2,829   |
| Amounts due to close family members of Mr. Ko Chun Shun, Johnson (Note (i))                                  | 8,977   | 6,099   |
| Amount due to Mr. Chia Kee Loong, Lawrence (Note (i))  | 185   | 183   |
| Amount due to a related company of Mr. Ko Chun Shun, Johnson (Notes (i) and (ii))                            | 11,109  | 7,068   |
| Amount due to a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas (Notes (i) and (iii)) | 36,713  | 125,797   |
| Amount due to a related company of Mr. Chapman David James (Notes (i) and (iv))                              | 211   | 146   |
| Amount due to a related company of Mr. Madden Hugh Douglas (Notes (i) and (v))                               | 18,139  | 36,342  |
|  | <b>92,325</b>                                     | <b>262,159</b>                                      |
| <b>Interest payable</b>  |   |   |
| Amount due to a related company of Mr. Ko Chun Shun, Johnson (Note (vi))                                     | 147   | 147   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 24 RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Balances with related parties *(Continued)*

Notes:

- (i) The above executive directors/independent non-executive directors/close members of the executive directors/related companies are regarded as counterparties which the Group has a contractual relationship with them governed by the DATA and/or the OSL DS Client T&C in the ordinary course of the Group's digital asset trading business.

Based on the respective rights and obligations of the Group and its counterparties under the DATA, 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.

Further, based on the respective rights and obligations of the Group and its counterparties under the OSL DS Client T&C, fiat held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers.

- (ii) The related company is a counterparty of the Group's digital asset trading business governed by the OSL DS Client T&C. The executive director of the Company, Mr. Ko Chun Shun Johnson, is also the sole owner of the related company.
- (iii) The related company is a counterparty of the Group's digital asset trading business governed by the DATA. The executive directors of the Company, Mr. Chapman David James and Mr. Madden Hugh Douglas, are also the directors of the related company.
- (iv) The related company is a counterparty of the Group's digital asset trading business governed by the DATA. The executive director of the Company, Mr. Chapman David James, is also the director of the related company.
- (v) The related company is a counterparty of the Group's digital asset trading business governed by the DATA. The executive director of the Company, Mr. Madden Hugh Douglas, is also the director of the related company.
- (vi) The borrowing is unsecured, 6% per annum interest bearing and due in accordance with the terms of the underlying agreement.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 25 FINANCIAL INSTRUMENTS BY CATEGORY

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

|   | Unaudited<br>As at<br>30 June<br>2023<br>HK\$'000 | Audited<br>As at<br>31 December<br>2022<br>HK\$'000 |
|---|---|---|
| <b>Financial assets at amortised cost</b>   |   |   |
| Trade receivables (Note 17)   | 40,566  | 21,938  |
| Deposits and other receivables (excluding other tax receivables and digital asset receivable)   | 46,615  | 53,013  |
| Cash held on behalf of licensed entity's customers (Note 18)  | 147,575   | 88,809  |
| Cash and cash equivalents   | 470,936   | 1,009,157   |
|   | <b>705,692</b>                                    | <b>1,172,917</b>                                    |
| <b>Financial assets at fair value through profit or loss</b>  |   |   |
| Financial assets at fair value through profit or loss   | 50,649  | 50,400  |
| Digital assets (those met definition of financial instruments)  | 21,381  | 320,672   |
|   | <b>72,030</b>                                     | <b>371,072</b>                                      |
| <b>Financial liabilities measured at amortised cost</b>   |   |   |
| Trade payables (Note 19)  | 3,946   | 22,564  |
| Accruals, other payables and deposits received (excluding employee benefits payables, other tax payables and non-financial interest payables) | 57,062  | 67,139  |
| Lease liabilities (Note 20)   | 81,885  | 106,854   |
| Borrowings (excluding digital assets borrowed from counterparties that do not meet definition of financial instruments) (Note 22)             | 21,196  | 21,196  |
|   | <b>164,089</b>                                    | <b>217,753</b>                                      |
| <b>Financial liabilities at fair value through profit or loss</b>   |   |   |
| Liabilities due to customers (Note 21)  | 1,408,615   | 1,574,062   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 26 SHARE AWARD PLAN

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

The aggregate number of new shares granted by the Group (“Awarded shares”) currently permitted to be awarded under the share award scheme is limited to 5% of the issued share capital of the Company to be refreshed automatically from time to time.

Under the share award scheme, the employees for providing services to the Group as well as consultants for providing similar services as if they were employees of the Group (“Selected Participants”) are entitled to receive shares in the Company. New shares have been allotted and issued by the Company to the Trustee which holds the shares for the benefits of the Selected Participants before the share awards are vested.

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

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

On 4 April 2022, 349,430 Awarded Shares were granted and will be vested on 13 January 2023. The movement of Awarded Shares during the Period is summarised as below:

| Award type        | Outstanding at<br>1 January 2023 | Issued<br>during the Period | Forfeited<br>during the Period | Regrant<br>during the Period | Vested<br>during the Period | Outstanding at<br>30 June 2023 |
|-------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------|--------------------------------|
| Share Award grant | 3,968,819                        | -                           | (1,602,280)                    | 2,835,000                    | (343,013)                   | 4,858,526                      |

  

| Award type        | Outstanding at<br>1 January 2022 | Issued<br>during the Period | Forfeited<br>during the Period | Regrant<br>during the Period | Vested<br>during the Period | Outstanding at<br>30 June 2022 |
|-------------------|----------------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------|--------------------------------|
| Share Award grant | 3,487,703                        | -*                          | (570,940)                      | 220,000                      | (153,500)                   | 2,983,263                      |

\* 349,430 Awarded Shares granted on 4 April 2022 pursuant to the Share Award Plan was subsequently issued on 8 August 2022.

The fair value of the share awards was calculated based on the market price of the Group’s shares at the respective grant dates. The Group recognised an income of approximately HK\$3,554,000 (30 June 2022: an expense of approximately HK\$6,979,000) for the period ended 30 June 2023 in relation to the share awards granted by the Company.

During the period ended 30 June 2023, the vesting condition of 343,013 (30 June 2022: 153,500) Awarded Shares was satisfied, and approximately HK\$3,087,117 (30 June 2022: HK\$2,118,000) was transferred from share-based payments reserve to share premium in the unaudited condensed consolidated statement of changes in equity.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 27 SHARE OPTION SCHEME

The Company has used Black-Scholes option pricing model for assessing the fair value of the share options granted. It should be noted that the value of options varies with different variables of certain subjective assumptions, any change in variables so adopted may materially affect the fair value estimate. The following table lists the fair value and the assumptions adopted in the calculation of the fair value at the grant dates as below:

|           | % of the total share options | 2018 Share Option 1                 |                                     | 2018 Share Option 2                   |                                     | 2019 Share Option                    |                                     | 2020 Share Option 1                  |                                     |
|-----------|------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|           |                              | Vesting period                      | Exercise period                     | Vesting period                        | Exercise period                     | Vesting period                       | Exercise period                     | Vesting period                       | Exercise period                     |
| Tranche 1 | two-third                    | 22 August 2018 to<br>22 August 2020 | 22 August 2020 to<br>21 August 2023 | 10 December 2018 to<br>22 August 2020 | 22 August 2020 to<br>21 August 2023 | 18 January 2019 to<br>22 August 2020 | 22 August 2020 to<br>21 August 2023 | 15 January 2020 to<br>22 August 2020 | 22 August 2020 to<br>21 August 2023 |
| Tranche 2 | one-third                    | 22 August 2018 to<br>22 August 2021 | 22 August 2021 to<br>21 August 2023 | 10 December 2018 to<br>22 August 2021 | 22 August 2021 to<br>21 August 2023 | 18 January 2019 to<br>22 August 2021 | 22 August 2021 to<br>21 August 2023 | 15 January 2020 to<br>22 August 2021 | 22 August 2021 to<br>21 August 2023 |

|           | % of the total share options | Vesting period<br>(Note)       | 2020 Share Option 2<br>Exercise period |
|-----------|------------------------------|--------------------------------|--|
| Tranche 1 | 29.26%                       | 12 June 2020 to 22 August 2021 | 22 August 2021 to 23 August 2025       |
| Tranche 2 | 28.95%                       | 12 June 2020 to 22 August 2022 | 22 August 2022 to 23 August 2025       |
| Tranche 3 | 38.50%                       | 12 June 2020 to 22 August 2023 | 22 August 2023 to 23 August 2025       |
| Tranche 4 | 3.29%                        | 12 June 2020 to 22 August 2025 | 22 August 2025 to 23 August 2026       |

Note: For 6,800,000 out of 21,300,000 share options under 2020 Share Option 2 were granted to four employees and are subject to certain accelerated vesting condition relating to the market price and the trading volume of the shares of the Company. During the year ended 31 December 2021, the Group modified the terms, conditions and revised the number of share options to be vested in respective vesting date.

|           | % of the total share options | Vesting period                   | 2020 Share Option 3<br>Exercise period |
|-----------|------------------------------|----------------------------------|--|
| Tranche 1 | One-Fifth                    | 13 August 2020 to 22 August 2020 | 22 August 2020 to 22 August 2025       |
| Tranche 2 | One-Fifth                    | 13 August 2020 to 22 August 2021 | 22 August 2021 to 22 August 2025       |
| Tranche 3 | One-Fifth                    | 13 August 2020 to 22 August 2022 | 22 August 2022 to 22 August 2025       |
| Tranche 4 | One-Fifth                    | 13 August 2020 to 22 August 2023 | 22 August 2023 to 22 August 2025       |
| Tranche 5 | One-Fifth                    | 13 August 2020 to 22 August 2024 | 22 August 2024 to 22 August 2025       |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 27 SHARE OPTION SCHEME (Continued)

|           | % of the total share options | 2021 Share Option 1               |                                  | 2021 Share Option 2              |                                  |
|-----------|------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|           |                              | Vesting period                    | Exercise period                  | Vesting period                   | Exercise period                  |
| Tranche 1 | One-fourth                   | 27 January 2021 to 22 August 2021 | 22 August 2021 to 22 August 2026 | 8 October 2021 to 22 August 2022 | 22 August 2022 to 22 August 2027 |
| Tranche 2 | One-fourth                   | 27 January 2021 to 22 August 2022 | 22 August 2022 to 22 August 2026 | 8 October 2021 to 22 August 2023 | 22 August 2023 to 22 August 2027 |
| Tranche 3 | One-fourth                   | 27 January 2021 to 22 August 2023 | 22 August 2023 to 22 August 2026 | 8 October 2021 to 22 August 2024 | 22 August 2024 to 22 August 2027 |
| Tranche 4 | One-fourth                   | 27 January 2021 to 22 August 2024 | 22 August 2024 to 22 August 2026 | 8 October 2021 to 22 August 2025 | 22 August 2025 to 22 August 2027 |

|            | % of the total share options | 2022 Share Option 1            |                                  |
|------------|------------------------------|--------------------------------|----------------------------------|
|            |                              | Vesting period                 | Exercise period                  |
| Tranche 1  | 8.64%                        | 22 July 2022 to 22 August 2022 | 22 August 2022 to 22 August 2027 |
| Tranche 2  | 8.64%                        | 22 July 2022 to 22 August 2023 | 22 August 2023 to 22 August 2027 |
| Tranche 3  | 8.64%                        | 22 July 2022 to 22 August 2024 | 22 August 2024 to 22 August 2027 |
| Tranche 4  | 8.64%                        | 22 July 2022 to 22 August 2025 | 22 August 2025 to 22 August 2027 |
| Tranche 5  | 4.09%                        | 22 July 2022 to 22 August 2023 | 22 August 2023 to 22 August 2028 |
| Tranche 6  | 4.09%                        | 22 July 2022 to 22 August 2024 | 22 August 2024 to 22 August 2028 |
| Tranche 7  | 4.09%                        | 22 July 2022 to 22 August 2025 | 22 August 2025 to 22 August 2028 |
| Tranche 8  | 4.09%                        | 22 July 2022 to 22 August 2026 | 22 August 2026 to 22 August 2028 |
| Tranche 9  | 4.09%                        | 22 July 2022 to 22 August 2024 | 22 August 2024 to 22 August 2029 |
| Tranche 10 | 4.09%                        | 22 July 2022 to 22 August 2025 | 22 August 2025 to 22 August 2029 |
| Tranche 11 | 4.09%                        | 22 July 2022 to 22 August 2026 | 22 August 2026 to 22 August 2029 |
| Tranche 12 | 4.09%                        | 22 July 2022 to 22 August 2027 | 22 August 2027 to 22 August 2029 |
| Tranche 13 | 4.09%                        | 22 July 2022 to 22 August 2023 | 22 August 2023 to 22 August 2028 |
| Tranche 14 | 4.09%                        | 22 July 2022 to 22 August 2024 | 22 August 2024 to 22 August 2028 |
| Tranche 15 | 4.09%                        | 22 July 2022 to 22 August 2025 | 22 August 2025 to 22 August 2028 |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 27 SHARE OPTION SCHEME (Continued)

|            | % of the total share options | Vesting period                 | 2022 Share Option 1 |                                  |
|------------|------------------------------|--------------------------------|---------------------|----------------------------------|
|            |                              |                                |                     | Exercise period                  |
| Tranche 16 | 4.09%                        | 22 July 2022 to 22 August 2026 |                     | 22 August 2026 to 22 August 2028 |
| Tranche 17 | 4.09%                        | 22 July 2022 to 22 August 2024 |                     | 22 August 2024 to 22 August 2029 |
| Tranche 18 | 4.09%                        | 22 July 2022 to 22 August 2025 |                     | 22 August 2025 to 22 August 2029 |
| Tranche 19 | 4.09%                        | 22 July 2022 to 22 August 2026 |                     | 22 August 2026 to 22 August 2029 |
| Tranche 20 | 4.09%                        | 22 July 2022 to 22 August 2027 |                     | 22 August 2027 to 22 August 2029 |

| Grant date                      | 22 August 2018 | 10 December 2018 | 18 January 2019 | 15 January 2020 | 12 June 2020* | 13 August 2020 | 27 January 2021 | 8 October 2021 | 22 July 2022 |
|---------------------------------|----------------|------------------|-----------------|-----------------|---------------|----------------|-----------------|----------------|--------------|
| Fair value on grant date (HK\$) |                |                  |                 |                 |               |                |                 |                |              |
| Tranche 1                       | 3.53           | 3.04             | 2.88            | 2.33            | 2.83 to 2.84  | 3.34           | 4.94            | 5.57           | 0.78         |
| Tranche 2                       | 3.77           | 3.26             | 3.09            | 2.59            | 3.03 to 3.04  | 3.66           | 5.33            | 5.94           | 0.81         |
| Tranche 3                       | -              | -                | -               | -               | 3.21 to 3.34  | 3.94           | 5.68            | 6.28           | 0.88         |
| Tranche 4                       | -              | -                | -               | -               | 13.20         | 4.21           | 6.01            | 6.59           | 1.02         |
| Tranche 5                       | -              | -                | -               | -               | -             | 4.45           | -               | -              | 0.00         |
| Tranche 6-8                     | -              | -                | -               | -               | -             | -              | -               | -              | 0.00         |
| Tranche 9-12                    | -              | -                | -               | -               | -             | -              | -               | -              | 0.01         |
| Tranche 13                      | -              | -                | -               | -               | -             | -              | -               | -              | 0.88         |
| Tranche 14                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.02         |
| Tranche 15                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.18         |
| Tranche 16                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.30         |
| Tranche 17                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.18         |
| Tranche 18                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.30         |
| Tranche 19                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.42         |
| Tranche 20                      | -              | -                | -               | -               | -             | -              | -               | -              | 1.52         |

\* The fair value has taken into consideration of the impact of modification.

|   | 2018 Share Option 1 | 2018 Share Option 2 | 2019 Share Option | 2020 Share Option 1 | 2020 Share Option 2* | 2020 Share Option 3 | 2021 Share Option 1 | 2021 Share Option 2 | 2022 Share Option 1 |
|---|---------------------|---------------------|-------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Share price at the date of grant (HK\$) | 8.75                | 7.80                | 7.50              | 7.45                | 7.99                 | 10.56               | 13.80               | 12.70               | 3.67                |
| Exercise price (HK\$)                   | 8.88                | 7.84                | 7.53              | 7.45                | 7.99                 | 10.99               | 14.39               | 12.70               | 10.00               |
| Expected volatility                     | 54.0%               | 54.0%               | 54.0%             | 53.7%               | 50.9%-55.0%          | 53.5%               | 54.96%              | 62.70%              | 66.30%-74.10%       |
| Risk-free interest rate (%)             | 2.03%               | 2.03%               | 2.03%             | 1.34%-1.42%         | 0.13%-0.38%          | 0.07%-0.14%         | 0.16%-0.30%         | 0.34%-0.65%         | 2.50%-2.61%         |
| Expected dividend yield                 | 0%                  | 0%                  | 0%                | 0%                  | 0%                   | 0%                  | 0%                  | 0%                  | 0%                  |

\* The expected volatility and risk-free interest rate have taken into consideration of the impact of modification.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 27 SHARE OPTION SCHEME (Continued)

The following table disclose movements of the Company's share options held by the employees, consultants for providing similar services as if they were employees and directors during the periods:

| Option type         | Outstanding at<br>1 January 2023 | Issued<br>during period | Exercised<br>during period | Forfeited<br>during period | Outstanding at<br>30 June 2023 |
|---------------------|----------------------------------|-------------------------|----------------------------|----------------------------|--------------------------------|
| 2018 Share Option 1 | 10,551,537                       | –                       | –                          | (333,333)                  | 10,218,204                     |
| 2019 Share Option 1 | 674,000                          | –                       | –                          | (290,000)                  | 384,000                        |
| 2020 Share Option 1 | 300,000                          | –                       | –                          | –                          | 300,000                        |
| 2020 Share Option 2 | 17,540,500                       | –                       | –                          | (350,000)                  | 17,190,500                     |
| 2020 Share Option 3 | 1,551,000                        | –                       | –                          | (1,551,000)                | –                              |
| 2021 Share Option 1 | 2,095,000                        | –                       | –                          | (400,000)                  | 1,695,000                      |
| 2021 Share Option 2 | 300,000                          | –                       | –                          | (300,000)                  | –                              |
| 2022 Share Option 1 | 16,130,000                       | –                       | –                          | (8,220,000)                | 7,910,000                      |
| Total               | 49,142,037                       | –                       | –                          | (11,444,333)               | 37,697,704                     |

| Option type         | Outstanding at<br>1 January 2022 | Issued<br>during period | Exercised<br>during period | Forfeited<br>during period | Outstanding at<br>30 June 2022 |
|---------------------|----------------------------------|-------------------------|----------------------------|----------------------------|--------------------------------|
| 2018 Share Option 1 | 10,946,113                       | –                       | –                          | (283,465)                  | 10,662,648                     |
| 2019 Share Option 1 | 714,332                          | –                       | –                          | (332)                      | 714,000                        |
| 2020 Share Option 1 | 300,000                          | –                       | –                          | –                          | 300,000                        |
| 2020 Share Option 2 | 20,616,667                       | –                       | –                          | (3,076,167)                | 17,540,500                     |
| 2020 Share Option 3 | 1,551,000                        | –                       | –                          | –                          | 1,551,000                      |
| 2021 Share Option 1 | 3,360,000                        | –                       | –                          | (510,000)                  | 2,850,000                      |
| 2021 Share Option 2 | 1,500,000                        | –                       | –                          | (200,000)                  | 1,300,000                      |
| Total               | 38,988,112                       | –                       | –                          | (4,069,964)                | 34,918,148                     |

The Group recognised an expense of approximately HK\$1,822,000 (30 June 2022: HK\$9,089,000) for the period ended 30 June 2023 in relation to share options granted by the Company.

## OTHER INFORMATION

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

As at 30 June 2023, 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 its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, were as follows:

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

| Name of Director             | Number of Ordinary Shares Held |                               |                                  |             | Number of underlying shares held |                               |           | Grand Total | % of the issued share capital of the Company |
|------------------------------|--------------------------------|-------------------------------|----------------------------------|-------------|----------------------------------|-------------------------------|-----------|-------------|--|
|                              | Personal Interest              | Family Interest               | Corporate Interests              | Total       | Personal Interests               | Family Interests              | Total     |             |  |
| Mr. Ko Chun Shun, Johnson    | –                              | –                             | 187,536,194<br><i>(Note (i))</i> | 187,536,194 | 4,700,000<br><i>(Note (iii))</i> | –                             | 4,700,000 | 192,236,194 | 43.84%                                       |
| Mr. Lo Ken Bon               | 235,500                        | 623,000<br><i>(Note (ii))</i> | –                                | 858,500     | 5,700,000<br><i>(Note (iii))</i> | 648,111<br><i>(Note (iv))</i> | 6,348,111 | 7,206,611   | 1.64%  |
| Mr. Madden Hugh Douglas      | –                              | –                             | –                                | –           | 5,700,000<br><i>(Note (iii))</i> | –                             | 5,700,000 | 5,700,000   | 1.30%  |
| Mr. Chapman David James      | 360,000                        | –                             | –                                | 360,000     | 5,700,000<br><i>(Note (iii))</i> | –                             | 5,700,000 | 6,060,000   | 1.38%  |
| Mr. Tiu Ka Chun, Gary        | 250,000                        | –                             | –                                | 250,000     | 1,050,000<br><i>(Note (iii))</i> | –                             | 1,050,000 | 1,300,000   | 0.30%  |
| Mr. Chau Shing Yim, David    | 20,000                         | –                             | –                                | 20,000      | 780,000<br><i>(Note (iii))</i>   | –                             | 780,000   | 800,000     | 0.18%  |
| Mr. Chia Kee Loong, Lawrence | 300,000                        | –                             | –                                | 300,000     | 500,000<br><i>(Note (iii))</i>   | –                             | 500,000   | 800,000     | 0.18%  |
| Mr. Tai Benedict             | 50,000                         | –                             | –                                | 50,000      | 750,000<br><i>(Note (iii))</i>   | –                             | 750,000   | 800,000     | 0.18%  |

#### Notes:

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

Save as disclosed above, on 30 June 2023, none of the Directors had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations which had been recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

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

As at 30 June 2023, other than the interests and short positions of the Directors or chief executive of the Company as disclosed in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

| Name of shareholders        | Capacity/Nature of Interest   | Number of shares interested<br>(Note i) | % of the issued share capital of the Company |
|-----------------------------|---|---|--|
| East Harvest Global Limited | Beneficial Owner  | 187,536,194 (L)                         | 42.77%                                       |
| Wise Aloe Limited           | Interest of controlled corporation (Note ii)                                | 187,536,194 (L)                         | 42.77%                                       |
| Bell Haven Limited          | Interest of controlled corporation (Note iii)                               | 187,536,194 (L)                         | 42.77%                                       |
| Colour Day Limited          | Interest of controlled corporation (Note iv)                                | 187,536,194 (L)                         | 42.77%                                       |
| Mr. Ko Chun Shun, Johnson   | Beneficial Owner (Note v) &<br>Interest of controlled corporation (Note vi) | 192,236,194 (L)                         | 43.84%                                       |
| FIL Limited                 | Interest of controlled corporation  | 44,251,892 (L)                          | 10.09%                                       |
| Pandanus Partner L.P.       | Interest of controlled corporation (Note vii)                               | 44,251,892 (L)                          | 10.09%                                       |
| Pandanus Associates Inc.    | Interest of controlled corporation (Note viii)                              | 44,251,892 (L)                          | 10.09%                                       |
| Citigroup Inc.              | Interest of controlled corporation  | 26,228,667 (L)                          | 5.98%  |
|                             | Approved Lending Agent (Note ix)  | 26,228,200 (LP)                         | 5.98%  |
| GIC Private Limited         | Investment Manager  | 26,212,500 (L)                          | 5.98%  |
| Yuen Hoi Po                 | Beneficial Owner  | 24,985,333 (L)                          | 5.70%  |



## OTHER INFORMATION

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

(Continued)

Notes:

- (i) The letter "L" denotes the person's long position in the Shares and the letter "LP" denotes the person's lending pool position in the Shares.
- (ii) Wise Aloe Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in East Harvest Global Limited.
- (iii) Bell Haven Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Wise Aloe Limited. Bell Haven Limited is held as to 30.82% by Mr. Lo Ken Bon, and 22.09% by each of Mr. Madden Hugh Douglas and Mr. Chapman David James.
- (iv) Colour Day Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in East Harvest Global Limited.
- (v) This represents the share options of the Company granted to Mr. Ko under the Company's Share Option Scheme.
- (vi) Mr. Ko is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Colour Day Limited.
- (vii) Pandanus Partner L.P. is deemed to be interested in the 44,251,892 ordinary shares of the Company in which FIL Limited has an interest under the SFO by virtue of its interests in FIL Limited.
- (viii) Pandanus Associates Inc. is deemed to be interested in the 44,251,892 ordinary shares of the Company in which Pandanus Partner L.P. has an interest under the SFO by virtue of its interests in Pandanus Partner L.P.
- (ix) Among 26,228,667 long position in the shares, 26,228,200 is in the lending pool.

Save as disclosed above, at 30 June 2023, no other person (other than the Directors or chief executive of the Company whose interests are set out in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above) had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME OF THE COMPANY

The Company adopted the 2012 Share Option Scheme on 10 April 2012. On 28 May 2021, the Company terminated the 2012 Share Option Scheme and adopted the 2021 Share Option Scheme. The purpose of the Share Option Scheme is to attract and retain the eligible persons, to provide incentive to them and to promote the success of the business of the Group.

No share options were available for grant under the 2012 Share Option Scheme mandate both at the beginning and the end of the Period.

During the Period, 2,924,333 share options were lapsed under the 2012 Share Option Scheme, hence 29,787,704 share options remained outstanding.

The following table discloses the movements in the Company's share options held by each of the directors, chief executive or substantial shareholders or their respective associates, and each of the employees and consultants providing similar services of the Company in aggregate granted under the 2012 Share Option Scheme during the period ended 30 June 2023:

| Name or category of grantees   | Date of grant of share options | Exercise Price HK\$ | Validity Period                           | Number of share options      |                           |                             |                          |                            | Balance as at 30 June 2023 | Closing price of shares before the date of grant HK\$ | Weighted average closing price of shares immediately before the date on which the share options were exercised HK\$ |
|--------------------------------|--------------------------------|---------------------|---|------------------------------|---------------------------|-----------------------------|--------------------------|----------------------------|----------------------------|---|---|
|                                |                                |                     |   | Balance as at 1 January 2023 | Granted during the Period | Exercised during the Period | Lapsed during the Period | Canceled during the Period |                            |   |   |
| <b>(i) Executive Directors</b> |                                |                     |   |                              |                           |                             |                          |                            |                            |   |   |
| Mr. Ko Chun Shun, Johnson      | 22 August 2018                 | 8.88                | 22 August 2018–21 August 2023 (Note 1)    | 1,000,000                    | -                         | -                           | -                        | -                          | 1,000,000                  | 8.75  | -   |
|                                | 12 June 2020                   | 7.99                | 12 June 2020–22 August 2025 (Note 2)      | 3,200,000                    | -                         | -                           | -                        | -                          | 3,200,000                  | 7.99  | -   |
| Mr. Lo Ken Bon                 | 22 August 2018                 | 8.88                | 22 August 2018–21 August 2023 (Note 1)    | 2,000,000                    | -                         | -                           | -                        | -                          | 2,000,000                  | 8.75  | -   |
|                                | 12 June 2020                   | 7.99                | 12 June 2020–22 August 2025 (Note 2)      | 3,200,000                    | -                         | -                           | -                        | -                          | 3,200,000                  | 7.99  | -   |
| Mr. Madden Hugh Douglas        | 22 August 2018                 | 8.88                | 22 August 2018–21 August 2023 (Note 1)    | 2,000,000                    | -                         | -                           | -                        | -                          | 2,000,000                  | 8.75  | -   |
|                                | 12 June 2020                   | 7.99                | 12 June 2020–22 August 2025 (Note 2)      | 3,200,000                    | -                         | -                           | -                        | -                          | 3,200,000                  | 7.99  | -   |
| Mr. Chapman David James        | 22 August 2018                 | 8.88                | 22 August 2018–21 August 2023 (Note 1)    | 2,000,000                    | -                         | -                           | -                        | -                          | 2,000,000                  | 8.75  | -   |
|                                | 12 June 2020                   | 7.99                | 12 June 2020–22 August 2025 (Note 2)      | 3,200,000                    | -                         | -                           | -                        | -                          | 3,200,000                  | 7.99  | -   |
| Mr. Tiu Ka Chun, Gary          | 15 January 2020                | 7.45                | 22 August 2018 – 21 August 2023 (Note 1)  | 200,000                      | -                         | -                           | -                        | -                          | 200,000                    | 7.45  | -   |
|                                | 27 January 2021                | 14.39               | 27 January 2021 – 22 August 2026 (Note 5) | 600,000                      | -                         | -                           | -                        | -                          | 600,000                    | 13.80   | -   |

# OTHER INFORMATION

## SHARE OPTION SCHEME OF THE COMPANY (Continued)

| Name or category of grantees                    | Date of grant of share options | Exercise Price HK\$                     | Validity Period                         | Number of share options      |                           |                             |                          |                            | Balance as at 30 June 2023 | Closing price of shares before the date of grant HK\$ | Weighted average closing price of shares immediately before the date on which the share options were exercised HK\$ |
|---|--------------------------------|---|---|------------------------------|---------------------------|-----------------------------|--------------------------|----------------------------|----------------------------|---|---|
|   |                                |   |   | Balance as at 1 January 2023 | Granted during the Period | Exercised during the Period | Lapsed during the Period | Canceled during the Period |                            |   |   |
| <b>(ii) Independent Non-Executive Directors</b> |                                |   |   |                              |                           |                             |                          |                            |                            |   |   |
| Mr. Chau Shing Yim, David                       | 22 August 2018                 | 8.88                                    | 22 August 2018–21 August 2023 (Note 1)  | 180,000                      | -                         | -                           | -                        | -                          | 180,000                    | 8.75  | -   |
|   | 12 June 2020                   | 7.99                                    | 12 June 2020–22 August 2025 (Note 2)    | 300,000                      | -                         | -                           | -                        | -                          | 300,000                    | 7.99  | -   |
| Mr. Chia Kee Loong, Lawrence                    | 12 June 2020                   | 7.99                                    | 12 June 2020–22 August 2025 (Note 2)    | 200,000                      | -                         | -                           | -                        | -                          | 200,000                    | 7.99  | -   |
| Mr. Tai Benedict                                | 22 August 2018                 | 8.88                                    | 22 August 2018–21 August 2023 (Note 1)  | 150,000                      | -                         | -                           | -                        | -                          | 150,000                    | 8.75  | -   |
|   | 12 June 2020                   | 7.99                                    | 12 June 2020–22 August 2025 (Note 2)    | 300,000                      | -                         | -                           | -                        | -                          | 300,000                    | 7.99  | -   |
| <b>Directors in aggregate</b>                   |                                |   |   | <b>21,730,000</b>            | <b>-</b>                  | <b>-</b>                    | <b>-</b>                 | <b>-</b>                   | <b>21,730,000</b>          |   |   |
| <b>(iii) Associates of Directors</b>            |                                |   |   |                              |                           |                             |                          |                            |                            |   |   |
| Ms. Lau Ka Wing, Claudia (Note 6)               | 22 August 2018                 | 8.88                                    | 22 August 2018–21 August 2023 (Note 1)  | 488,111                      | -                         | -                           | -                        | -                          | 488,111                    | 8.75  | -   |
|   | 27 January 2021                | 14.39                                   | 27 January 2021–22 August 2026 (Note 5) | 80,000                       | -                         | -                           | -                        | -                          | 80,000                     | 13.80   | -   |
| Ms. Ko Wing Yan, Samantha (Note 7)              | 12 June 2020                   | 7.99                                    | 12 June 2020–22 August 2025 (Note 2)    | 300,000                      | -                         | -                           | -                        | -                          | 300,000                    | 7.99  | -   |
| <b>Associates of Directors in aggregate</b>     |                                |   |   | <b>868,111</b>               | <b>-</b>                  | <b>-</b>                    | <b>-</b>                 | <b>-</b>                   | <b>868,111</b>             |   |   |
| <b>(iv) Other employees</b>                     |                                |   |   |                              |                           |                             |                          |                            |                            |   |   |
| 22 August 2018                                  | 8.88                           | 22 August 2018–21 August 2023 (Note 1)  | 2,602,315                               | -                            | -                         | (333,333)                   | -                        | 2,268,982                  | 8.75                       | -   |   |
|   | 18 January 2019                | 7.53                                    | 18 January 2019–21 August 2023 (Note 1) | 674,000                      | -                         | -                           | (290,000)                | -                          | 384,000                    | 7.50  | -   |
| 15 January 2020                                 | 7.45                           | 15 January 2020–21 August 2023 (Note 1) | 100,000                                 | -                            | -                         | -                           | -                        | 100,000                    | 7.45                       | -   |   |
| 12 June 2020                                    | 7.99                           | 12 June 2020–22 August 2026 (Note 3)    | 3,340,500                               | -                            | -                         | (350,000)                   | -                        | 2,990,500                  | 7.99                       | -   |   |
| 13 August 2020                                  | 10.99                          | 13 August 2020–22 August 2025 (Note 4)  | 1,551,000                               | -                            | -                         | (1,551,000)                 | -                        | -                          | 10.56                      | -   |   |
| 27 January 2021                                 | 14.39                          | 27 January 2021–22 August 2026 (Note 5) | 1,310,000                               | -                            | -                         | (300,000)                   | -                        | 1,010,000                  | 13.80                      | -   |   |
| <b>Other employees in aggregate</b>             |                                |   | <b>9,577,815</b>                        | <b>-</b>                     | <b>-</b>                  | <b>(2,824,333)</b>          | <b>-</b>                 | <b>6,753,482</b>           |                            |   |   |
| <b>(v) Consultants</b>                          |                                |   |   |                              |                           |                             |                          |                            |                            |   |   |
| 22 August 2018                                  | 8.88                           | 22 August 2018–21 August 2023 (Note 1)  | 131,111                                 | -                            | -                         | -                           | -                        | 131,111                    | 8.75                       | -   |   |
| 12 June 2020                                    | 7.99                           | 12 June 2020–22 August 2025 (Note 2)    | 300,000                                 | -                            | -                         | -                           | -                        | 300,000                    | 7.99                       | -   |   |
| 27 January 2021                                 | 14.39                          | 27 January 2021–22 August 2026 (Note 5) | 105,000                                 | -                            | -                         | (100,000)                   | -                        | 5,000                      | 13.80                      | -   |   |
| <b>Consultants in aggregate</b>                 |                                |   | <b>536,111</b>                          | <b>-</b>                     | <b>-</b>                  | <b>(100,000)</b>            | <b>-</b>                 | <b>436,111</b>             |                            |   |   |
| <b>Total</b>                                    |                                |   |   | <b>32,712,037</b>            | <b>-</b>                  | <b>-</b>                    | <b>(2,924,333)</b>       | <b>-</b>                   | <b>29,787,704</b>          |   |   |

## OTHER INFORMATION

### SHARE OPTION SCHEME OF THE COMPANY *(Continued)*

Notes:

1. The exercise period is (i) two-thirds of the options granted are exercisable from 22 August 2020 to 21 August 2023, and (ii) one-third of the options granted are exercisable from 22 August 2021 to 21 August 2023.
2. The exercise period is one-third of the options granted are exercisable from each of 22 August 2021, 22 August 2022 and 22 August 2023 to 22 August 2025.
3. 19.61% of the options are exercisable from 22 August 2021 to 23 August 2025, 19.61% of the options are exercisable from 22 August 2022 to 23 August 2025, 50.49% of the options are exercisable from 22 August 2023 to 23 August 2025 and 10.29% of the options are exercisable from 22 August 2025 to 23 August 2026. While the exercise period for 200,000 options is (i) two-thirds of the options are exercisable from 22 August 2021 to 22 August 2025, and (ii) one-third of the options granted are exercisable from 22 August 2022 to 22 August 2025.
4. The exercise period is one-fifth of the options granted are exercisable from each of 22 August 2020, 22 August 2021, 22 August 2022, 22 August 2023 and 22 August 2024 to 22 August 2025.
5. The exercise period is one-fourth of the options granted are exercisable from each of 22 August 2021, 22 August 2022, 22 August 2023 and 22 August 2024 to 22 August 2026.
6. Ms. Lau Ka Wing, Claudia is an employee of the Group and she is an associate of Mr. Lo Ken Bon, executive Director of the Group.
7. Ms. Ko Wing Yan, Samantha is a consultant of the Group and she is an associate of Mr. Ko Chun Shun, Johnson, executive Director of the Group.
8. The vesting period of the share option is from the date of grant until the commencement of the exercise period.
9. All the above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.

## OTHER INFORMATION

### SHARE OPTION SCHEME OF THE COMPANY (Continued)

The number of share options available for grant under the 2021 Share Option Scheme mandate as at 30 June 2023 was 19,425,065 (1 January 2023: 19,425,065).

During the Period, 8,520,000 share options were lapsed under the 2021 Share Option Scheme, hence 7,910,000 share options remained outstanding.

The following table discloses the movements in the Company's share options held by each of the directors, chief executive or substantial shareholders or their respective associates, and each of the employees and consultants providing similar services of the Company in aggregate granted under the 2021 Share Option Scheme during the period ended 30 June 2023:

| Name or category of grantees                    | Date of grant of share options | Exercise Price HK\$ | Validity Period                        | Number of Share Options      |                           |                             |                          |                             | Balance as at 30 June 2023 | Closing price of shares before the date of grant HK\$ | Weighted average closing price of shares immediately before the date on which the share options were exercised HK\$ |
|---|--------------------------------|---------------------|--|------------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------|----------------------------|---|---|
|   |                                |                     |  | Balance as at 1 January 2023 | Granted during the Period | Exercised during the Period | Lapsed during the Period | Cancelled during the Period |                            |   |   |
| <b>(i) Executive Directors</b>                  |                                |                     |  |                              |                           |                             |                          |                             |                            |   |   |
| Mr. Ko Chun Shun, Johnson                       | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 2)   | 500,000                      | –                         | –                           | (500,000)                | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 3)   | 500,000                      | –                         | –                           | –                        | –                           | 500,000                    | 3.72  | –   |
| Mr. Lo Ken Bon                                  | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 2)   | 500,000                      | –                         | –                           | (500,000)                | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 3)   | 500,000                      | –                         | –                           | –                        | –                           | 500,000                    | 3.72  | –   |
| Mr. Madden Hugh Douglas                         | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 2)   | 500,000                      | –                         | –                           | (500,000)                | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 3)   | 500,000                      | –                         | –                           | –                        | –                           | 500,000                    | 3.72  | –   |
| Mr. Chapman David James                         | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 2)   | 500,000                      | –                         | –                           | (500,000)                | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 3)   | 500,000                      | –                         | –                           | –                        | –                           | 500,000                    | 3.72  | –   |
| Mr. Tiu Ka Chun, Gary                           | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 4)   | 250,000                      | –                         | –                           | (250,000)                | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 5)   | 250,000                      | –                         | –                           | –                        | –                           | 250,000                    | 3.72  | –   |
| <b>(ii) Independent Non-Executive Directors</b> |                                |                     |  |                              |                           |                             |                          |                             |                            |   |   |
| Mr. Chau Shing Yim, David                       | 22 July 2022                   | 10                  | 22 July 2022–22 August 2027 (Note 6)   | 300,000                      | –                         | –                           | –                        | –                           | 300,000                    | 3.72  | –   |
| Mr. Chia Kee Loong, Lawrence                    | 22 July 2022                   | 10                  | 22 July 2022–22 August 2027 (Note 6)   | 300,000                      | –                         | –                           | –                        | –                           | 300,000                    | 3.72  | –   |
| Mr. Tai Benedict                                | 22 July 2022                   | 10                  | 22 July 2022–22 August 2027 (Note 6)   | 300,000                      | –                         | –                           | –                        | –                           | 300,000                    | 3.72  | –   |
| <b>Directors in aggregate</b>                   |                                |                     |  | <b>5,400,000</b>             | <b>–</b>                  | <b>–</b>                    | <b>(2,250,000)</b>       | <b>–</b>                    | <b>3,150,000</b>           |   |   |
| <b>(iii) Associates of Directors</b>            |                                |                     |  |                              |                           |                             |                          |                             |                            |   |   |
| Ms. Lau Ka Wing, Claudia (Note 8)               | 22 July 2022                   | 10                  | 22 July 2022–22 August 2027 (Note 6)   | 80,000                       | –                         | –                           | –                        | –                           | 80,000                     | 3.72  | –   |
| <b>Associate of Directors in aggregate</b>      |                                |                     |  | <b>80,000</b>                | <b>–</b>                  | <b>–</b>                    | <b>–</b>                 | <b>–</b>                    | <b>80,000</b>              |   |   |
| <b>(iv) Other employees</b>                     |                                |                     |  |                              |                           |                             |                          |                             |                            |   |   |
| Other employees in aggregate                    | 8 October 2021                 | 12.7                | 8 October 2021–22 August 2027 (Note 1) | 300,000                      | –                         | –                           | (300,000)                | –                           | –                          | 12.70   | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 2)   | 1,675,000                    | –                         | –                           | (1,675,000)              | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 3)   | 1,675,000                    | –                         | –                           | (800,000)                | –                           | 875,000                    | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 4)   | 1,125,000                    | –                         | –                           | (1,125,000)              | –                           | –                          | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2029 (Note 5)   | 1,125,000                    | –                         | –                           | (375,000)                | –                           | 750,000                    | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2027 (Note 6)   | 3,800,000                    | –                         | –                           | (1,170,000)              | –                           | 2,630,000                  | 3.72  | –   |
| <b>Other employees in aggregate</b>             |                                |                     |  | <b>9,700,000</b>             | <b>–</b>                  | <b>–</b>                    | <b>(5,445,000)</b>       | <b>–</b>                    | <b>4,255,000</b>           |   |   |
| <b>(v) Consultants</b>                          |                                |                     |  |                              |                           |                             |                          |                             |                            |   |   |
| Consultants in aggregate                        | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 4)   | 250,000                      | –                         | –                           | (250,000)                | –                           | –                          | 3.75  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 5)   | 250,000                      | –                         | –                           | (125,000)                | –                           | 125,000                    | 3.72  | –   |
|   | 22 July 2022                   | 10                  | 22 July 2022–22 August 2028 (Note 6)   | 750,000                      | –                         | –                           | (450,000)                | –                           | 300,000                    | 3.72  | –   |
| <b>Consultants in aggregate</b>                 |                                |                     |  | <b>1,250,000</b>             | <b>–</b>                  | <b>–</b>                    | <b>(825,000)</b>         | <b>–</b>                    | <b>425,000</b>             |   |   |
| <b>Total</b>                                    |                                |                     |  | <b>16,430,000</b>            | <b>–</b>                  | <b>–</b>                    | <b>(8,520,000)</b>       | <b>–</b>                    | <b>7,910,000</b>           |   |   |

## OTHER INFORMATION

### SHARE OPTION SCHEME OF THE COMPANY *(Continued)*

Notes:

1. The exercise period is one-fourth of the options granted are exercisable from each of 22 August 2022, 22 August 2023, 22 August 2024 and 22 August 2025 to 22 August 2027.
2. One fourth of the options granted are exercisable from each of 22 August 2023, 22 August 2024, 22 August 2025 and 22 August 2026 to 22 August 2028 subject to conditions relating to the Group's target revenue/market price and the trading volume of shares in FY2022. Notwithstanding the above vesting conditions, the vesting of 50% of the total options will be accelerated subject to performance targets relating to certain strategic investment project in 2022, in which the options are exercisable from each of 22 August 2023, 22 August 2024, 22 August 2025 and 22 August 2026 to 22 August 2028. The options were lapsed in March 2023.
3. One fourth of the options granted are exercisable from each of 22 August 2024, 22 August 2025, 22 August 2026 and 22 August 2027 to 22 August 2029 subject to conditions relating to the Group's target revenue/market price and the trading volume of shares in FY2023. Notwithstanding the above vesting conditions, the vesting of 50% of the total options will be accelerated subject to performance targets relating to certain strategic investment project in 2022, in which the options are exercisable from each of 22 August 2023, 22 August 2024, 22 August 2025 and 22 August 2026 to 22 August 2028.
4. One fourth of the options granted are exercisable from each of 22 August 2023, 22 August 2024, 22 August 2025 and 22 August 2026 to 22 August 2028 subject to conditions relating to the Group's target revenue/market price and the trading volume of shares in FY2022. The options were lapsed in March 2023.
5. One fourth of the options granted are exercisable from each of 22 August 2024, 22 August 2025, 22 August 2026 and 22 August 2027 to 22 August 2029 subject to conditions relating to the Group's target revenue/market price and the trading volume of shares in FY2023.
6. Among the share options granted, one-fourth of the options granted are exercisable from each of 22 August 2022, 22 August 2023, 22 August 2024 and 22 August 2025 to 22 August 2027.
7. The vesting period of the share option is from the date of grant until the commencement of the exercise period.
8. Ms. Lau Ka Wing, Claudia is an employee of the Group and she is an associate of Mr. Lo Ken Bon, executive Director of the Group.

The Company has used Black-Scholes model for assessing the fair value of the share options granted for both 2012 Share Option Scheme and 2021 Share Option Scheme. It should be noted that the value of options varies with different variables of certain subjective assumptions, any change in variables or valuation model so adopted may materially affect the fair value estimate.

The risk free rates have made reference to the yield of Hong Kong Exchange Fund Notes as at the valuation dates. Expected volatility was determined by calculating the historical volatility of the share price of the Company with the period not less than 2 years. There is no expected dividend yield for all share options granted. All the options forfeited before expiry of the options will be treated as lapsed options under both 2012 Share Option Scheme and 2021 Share Option Scheme.

Please refer to Note 27 to the consolidated financial statements for the value of the options granted and the assumptions adopted in the calculation of the fair value at the grant date.

Details of the movements in the share options of the Company during the Period are set out in Note 27 to the consolidated financial statements.

## OTHER INFORMATION

### SHARE AWARD PLAN OF THE COMPANY

The Company has adopted the Share Award Plan (the "Plan") on 21 August 2018. The purposes of the Plan are to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The total number of Awarded Shares which may be granted under the Plan (the "Plan Limit") will be refreshed automatically on each anniversary date of the amendment of the Plan, i.e. 29 October. The total number of Awarded Shares which may be granted under the Plan Limit as refreshed shall not exceed 5% of the total number of shares in issue as at that date. The Plan Limit was refreshed on 29 October 2022.

The total number of Awarded Shares available for grant under the Plan as at 30 June 2023 was 21,922,659 (1 January 2023: 21,922,659).

During the Period no share options were granted under the 2021 Share Option Scheme and no new shares were issued under the Plan. The total number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the Period divided by the weighted average number of shares of the relevant class in issue for the Period was 0%.

Details of the movements in the Awarded Shares of the Company during the Period are as follows:

| Name or category of participants    | Date of grant of Awarded Shares | Vesting Period | Number of Awarded Shares      |                           |                          |                             |                          | Unvested as at 30 June 2023 | Closing price of Awarded Shares immediately before the date of grant HK\$ | Weighted average closing price of shares immediately before the date of which the awards were vested HK\$ | Fair Value of Awarded Shares immediately at the date of grant during the Period (Note 14) HK\$ |
|-------------------------------------|---------------------------------|----------------|-------------------------------|---------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|---|---|--|
|                                     |                                 |                | Unvested as at 1 January 2023 | Granted during the Period | Vested during the Period | Cancelled during the Period | Lapsed during the Period |                             |   |   |  |
| (i) Other employees                 | 13 August 2020 (Note 2)         | (Note 1)       | 862,250                       | -                         | -                        | -                           | (862,250)                | -                           | 10.82   | -   | -  |
|                                     | 1 December 2020 (Note 3)        | (Note 2)       | 11,082                        | -                         | -                        | -                           | (2,529)                  | 8,553                       | 14.60   | -   | -  |
|                                     | 27 January 2021 (Note 4)        | (Note 3)       | 382,000                       | -                         | -                        | -                           | (16,418)                 | 365,582                     | 13.90   | -   | -  |
|                                     | 7 April 2021 (Note 3)           | (Note 4)       | 5,000                         | -                         | -                        | -                           | (5,000)                  | -                           | 15.50   | -   | -  |
|                                     | 29 June 2021 (Note 3)           | (Note 3)       | 6,898                         | -                         | -                        | -                           | -                        | 6,898                       | 18.02   | -   | -  |
|                                     | 7 July 2021 (Note 3)            | (Note 3)       | 10,000                        | -                         | -                        | -                           | -                        | 10,000                      | 18.68   | -   | -  |
|                                     | 7 October 2021 (Note 5)         | (Note 5)       | 30,000                        | -                         | -                        | -                           | (5,729)                  | 24,271                      | 12.00   | -   | -  |
|                                     | 8 October 2021 (Note 6)         | (Note 6)       | 215,908                       | -                         | -                        | -                           | (79,818)                 | 136,090                     | 12.90   | -   | -  |
|                                     | 7 January 2022 (Note 7)         | (Note 7)       | 61,500                        | -                         | -                        | -                           | -                        | 61,500                      | 8.43  | -   | -  |
|                                     | 4 April 2022 (Note 8)           | (Note 8)       | 321,584                       | -                         | (321,584)                | -                           | -                        | -                           | 7.10  | 3.21  | -  |
|                                     | 7 April 2022 (Note 9)           | (Note 9)       | 53,668                        | -                         | -                        | -                           | (10,000)                 | 43,668                      | 6.85  | -   | -  |
|                                     | 22 July 2022 (Note 10)          | (Note 10)      | 1,683,750                     | -                         | -                        | -                           | (462,019)                | 1,221,731                   | 3.72  | -   | -  |
|                                     | 10 January 2023 (Note 11)       | (Note 11)      | -                             | 135,000                   | -                        | -                           | (65,181)                 | 69,819                      | 3.10  | -   | 3.09   |
|                                     | 6 April 2023 (Note 12)          | (Note 12)      | -                             | 350,000                   | -                        | -                           | -                        | 350,000                     | 2.20  | -   | 2.16   |
|                                     | 25 May 2023 (Note 13 & 16)      | (Note 13 & 16) | -                             | 2,350,000                 | -                        | -                           | -                        | 2,350,000                   | 2.57  | -   | 2.52   |
| <b>Other employees in aggregate</b> |                                 |                | <b>3,643,640</b>              | <b>2,835,000</b>          | <b>(321,584)</b>         | <b>-</b>                    | <b>(1,508,944)</b>       | <b>4,648,112</b>            |   |   |  |
| (ii) Consultants                    | 4 April 2022 (Note 8)           | (Note 8)       | 21,429                        | -                         | (21,429)                 | -                           | -                        | -                           | 7.10  | 3.21  | -  |
|                                     | 22 July 2022 (Note 10)          | (Note 10)      | 303,750                       | -                         | -                        | -                           | (93,336)                 | 210,414                     | 3.72  | -   | -  |
| <b>Consultants in aggregate</b>     |                                 |                | <b>325,179</b>                | <b>-</b>                  | <b>(21,429)</b>          | <b>-</b>                    | <b>(93,336)</b>          | <b>210,414</b>              |   |   |  |
| <b>Total</b>                        |                                 |                | <b>3,968,819</b>              | <b>2,835,000</b>          | <b>(343,013)</b>         | <b>-</b>                    | <b>(1,602,280)</b>       | <b>4,858,526</b>            |   |   |  |

## OTHER INFORMATION

### SHARE AWARD PLAN OF THE COMPANY *(Continued)*

*Notes:*

1. The grant price is nil for all Awarded Shares.
2. Two-thirds of the Awarded Shares are vested on 4 September 2021 and one-third of the Awarded Shares are vested on 4 September 2022.
3. Two-thirds of the Awarded Shares are vested on 4 September 2022 and one-third of the Awarded Shares will be vested on 4 September 2023.
4. Among 2,237,000 Awarded Shares granted, in respect of 1,611,000 Awarded Shares, One-fourth of the Awarded Shares are vested on each of 4 September 2021, 4 September 2022, 4 September 2023 and 4 September 2024; In respect of 549,860 Awarded Shares, two-thirds of the Awarded Shares are vested on 7 April 2021 and one-third of the Awarded Shares are vested on 7 January 2022; In respect of 70,000 Awarded Shares, two-thirds of the Awarded Shares are vested on 4 September 2022 and one-third of the Awarded Shares will be vested on 4 September 2023 and the remaining 6,140 Awarded Shares are vested on 7 April 2021.
5. Among the 180,000 Awarded Shares granted, 123,500 Awarded Shares are vested on 4 September 2022 and 56,500 Award Shares will be vested on 4 September 2023.
6. In respect of 180,000 Awarded Shares, two-thirds of the Awarded Shares will be vested on 4 September 2023 and one-third of the Awarded Shares will be vested on 4 September 2024; and in respect of 380,000 Awarded Shares, one-fourth of the Awarded Shares are vested on each of 4 September 2022, 4 September 2023, 4 September 2024 and 4 September 2025.
7. Among the 80,000 Awarded Shares granted, 18,500 Awarded Shares are vested on 4 September 2022, 20,500 Awarded Shares will be vested on each of 4 September 2023, 4 September 2024 and 4 September 2025.
8. All the Awarded Shares were vested on 13 January 2023.
9. Among the 140,000 Awarded Shares granted, 28,500 Awarded Shares are vested on 4 September 2022, 40,000 Awarded Shares will be vested on 4 September 2023, 37,500 Awarded Shares will be vested on 4 September 2024 and 34,000 Awarded Shares will be vested on 4 September 2025.
10. The 3,330,000 Awarded Shares granted are vested in four equal tranches on each of 4 September 2022, 4 September 2023, 4 September 2024 and 4 September 2025.
11. The 135,000 Awarded Shares granted are vested in four equal tranches on each of 4 September 2023, 4 September 2024, 4 September 2025 and 4 September 2026.
12. Among 350,000 Awarded Shares granted, in respect of 100,000 Awarded Shares are vested in two equal tranches on each of 4 September 2023 and 4 September 2024; In respect of 250,000 Awarded Shares are vested in four equal tranches on each of 4 September 2023, 4 September 2024, 4 September 2025 and 4 September 2026.
13. All the 2,350,000 Awarded Shares will be vested on 30 June 2024 subject to the performance targets.
14. Please refer to Note 2.22 of the 2022 Annual Financial Statements for the accounting policy adopted for Awarded Shares.
15. The above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.
16. In regards to the grant of Awarded Shares to senior management during the Period, it has taken into consideration factors such as individual performance, level of responsibilities, time commitment, the business performance, as well as the prevailing market condition. The Remuneration Committee considers the grant of Awarded Shares to senior management is to recognize his past contribution as well as motivate his expected future contribution to the success and development of the Group and align of the purpose of the Plan.

Details of the movements of the Awarded Shares of the Company during the Period are set out in Note 26 to the unaudited condensed consolidated interim financial statements.



## OTHER INFORMATION

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

Save as disclosed in Note 24 to the unaudited condensed consolidated interim financial statements, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Period.

### 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 2023.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2023, 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 2022 Annual Report of the Company issued in April 2023.

### AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has adopted the terms of reference which are in line with the Corporate Governance Code. 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 condensed consolidated interim financial statements for the six months ended 30 June 2023.

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

Hong Kong, 22 August 2023