



OSL Group Limited OSL 集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 863)



2024

INTERIM REPORT

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CORPORATE INFORMATION

OSL Group Limited OSL 集團有限公司

STOCK CODE: 863

BOARD OF DIRECTORS

Executive Directors

Mr. Pan Zhiyong (*Chairman*)
(*appointed on 12 January 2024*)
Ms. Xu Kang (*appointed on 12 January 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Tiu Ka Chun, Gary
Ms. Jia Ruixin (*appointed on 30 August 2024*)
Mr. Ko Chun Shun, Johnson (*resigned on 30 August 2024*)
Mr. Madden Hugh Douglas (*resigned on 12 January 2024*)
Mr. Lo Ken Bon (*resigned on 12 January 2024*)
Mr. Chapman David James (*resigned on 12 January 2024*)

Independent Non-Executive Directors

Mr. Chau Shing Yim, David
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Yang Huan (*appointed on 17 June 2024*)
Dr. Yang Yu (*appointed on 12 January 2024 and*
resigned on 19 April 2024)
Mr. Chia Kee Loong, Lawrence
(*resigned on 12 January 2024*)
Mr. Tai Benedict (*resigned on 12 January 2024*)

BOARD COMMITTEES

Audit Committee

Mr. Chau Shing Yim, David (*Chairman*)
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Yang Huan (*appointed on 17 June 2024*)
Dr. Yang Yu (*appointed on 12 January 2024 and*
resigned on 19 April 2024)
Mr. Chia Kee Loong, Lawrence
(*resigned on 12 January 2024*)
Mr. Tai Benedict (*resigned on 12 January 2024*)

Remuneration Committee

Mr. Chau Shing Yim, David (*Chairman*)
Mr. Pan Zhiyong (*appointed on 12 January 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Yang Huan (*appointed on 17 June 2024*)
Dr. Yang Yu (*appointed on 12 January 2024 and*
resigned on 19 April 2024)
Mr. Lo Ken Bon (*resigned on 12 January 2024*)
Mr. Chia Kee Loong, Lawrence
(*resigned on 12 January 2024*)

Nomination Committee

Mr. Pan Zhiyong (*Chairman*) (*appointed on 12 January 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Chau Shing Yim, David
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Yang Huan (*appointed on 17 June 2024*)
Dr. Yang Yu (*appointed on 12 January 2024 and*
resigned on 19 April 2024)
Mr. Lo Ken Bon (*resigned on 12 January 2024*)
Mr. Chia Kee Loong, Lawrence
(*resigned on 12 January 2024*)

Risk Management Committee

Mr. Pan Zhiyong (*Chairman*) (*appointed on 12 January 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Tiu Ka Chun, Gary (*appointed on 12 January 2024*)
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Lo Ken Bon (*resigned on 12 January 2024*)
Mr. Chau Shing Yim, David (*resigned on 12 January 2024*)
Mr. Tai Benedict (*resigned on 12 January 2024*)
Mr. Sikora Marek (*resigned on 12 January 2024*)

AUTHORISED REPRESENTATIVES

Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Wu Chun Pong (Davin)
Mr. Lo Ken Bon (*resigned on 12 January 2024*)

CORPORATE INFORMATION

COMPANY SECRETARY

Mr. Wu Chun Pong (Davin)

PRINCIPAL BANKERS

Bank of China (Hong Kong)
CMB Wing Lung Bank
Bank of Communications Co., Limited
Chiyu Banking Corporation Limited
DBS Bank Ltd
Standard Chartered Bank (Hong Kong) Limited

INDEPENDENT AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and Registered Public
Interest Entity Auditor*

LEGAL ADVISERS

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

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: group.osl.com
Email: ir@osl.com

CHIEF EXECUTIVE OFFICER'S STATEMENT

“ We will continue to reinforce our leading position in the digital asset landscape and further expand our digital asset business through continuous innovation with an aim to become the top-ranked compliant digital asset trading group in Asia-Pacific within the next 3 years. ”



Dear Shareholders,

Looking back at the past six months, the development of Hong Kong's digital asset industry as a whole has been positive. The first batch of spot digital asset exchange-traded funds (“**ETF**”) has been launched, while the Hong Kong government's regulatory policies on stablecoins and other digital assets are continuously improving. It is believed that more diversified investment options will be available for investors in the digital asset sector in Hong Kong. Digital assets are becoming increasingly important in the global financial landscape and are also more accepted by investors in the traditional finance industry. OSL will continue to reinforce its leading position in the digital asset landscape and further expand its digital asset business through continuous innovation with an aim to become the top-ranked compliant digital asset trading group in Asia-Pacific within the next 3 years.

Changes after strategic investment by BGX

After receiving strategic investment from BGX, we have undergone a series of positive changes. Leveraging on the rich resources, expertise, and network synergies brought by BGX, we introduced outstanding talents, adjusted our strategic positioning, and upgraded our products and services in the first half of the year. I am honored to take on the role of CEO of OSL Group Limited, a key step towards strategically expanding our leadership team and driving the next phase of our growth. Drawing on my extensive experience from leading Bybit, a global digital asset platform, I am committed to bringing foresight to the digital asset sector. Together, we will guide OSL in making significant strides in compliance, security, and user experience, ultimately enhancing our competitiveness in the industry.

As the only listed company focusing on digital assets in Hong Kong, OSL has been included in the MSCI Global Small Cap Index since May 2024, underscoring our business growth and our important role in the global financial market. The management focuses on business optimisation and strategic adjustments. Through adjustments and internal resource integration in the first half of the year, our operation as a whole has been significantly improved. The optimisation of internal processes and the improvement of resource allocation come into play. Meanwhile, the global partner network brought by BGX has also provided us with more business cooperation opportunities. It is believed that it will create favourable conditions for our global development and expansion of our diversified customer base.

Strategic Layout and Expansion in the Asia-Pacific Region

Asia-Pacific is the most active region in the global digital asset industry with tremendous growth potential, and is expected to continue leading the development of the global digital asset industry in the future. We will focus on the digital asset market in the Asia-Pacific region in our development, and accelerate business expansion by investing in high-quality targets, thereby rapidly increasing our market share and enhancing our competitiveness. We will prioritize collaboration with companies with development potential as well as significant advantages in technology and innovation in the local market.

Continuous market expansion and enhancement of shareholders' returns

We plan to foster our business development based on our existing foundation and strive to achieve significant growth. By strengthening compliance management and technological innovation, we aim to achieve continuous business growth and market expansion. We are confident in the future and committed to creating greater value for shareholders and investors. I would like to extend my deepest gratitude to all investors, clients, partners, and staff. Looking ahead, we will continue to uphold the business philosophy of compliance and innovation, and strive tirelessly to become the leader in the Asia as well as global digital asset market.

Cui Song

Chief Executive Officer
OSL Group Limited

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

In the first six months of 2024 the (“**Period**” or “**1H2024**”), Bitcoin’s price reached a new high in mid-March, which boosted the optimism sentiment in the investment market and led to a significant increase in global digital asset trading volumes compared to last year. With the launch of spot digital asset ETF and a stablecoin sandbox, Hong Kong’s digital asset industry has taken a solid step towards becoming a world-leading digital asset trading center. As a leading digital asset platform in Hong Kong, OSL Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) has fully leveraged market opportunities in the first half of this year after obtaining strategic investment to reinforce its leadership position.

Spot Digital Asset ETF Business

On 15 April 2024, OSL Digital Securities Limited (“**OSL DS**”), a leading digital asset trading platform under the Group, was appointed by China Asset Management (Hong Kong) and Harvest Global Investments as the digital asset trading platform and sub-custodian for their first Bitcoin and Ethereum spot ETF. This support for Hong Kong’s first spot digital asset ETF reflects the Group’s comprehensive capabilities in financial innovation within the digital asset industry. The Group’s robust infrastructure ensures a secure and reliable trading and custodial environment for digital asset ETF, safeguarding the underlying assets.

We believe that digital asset ETF will serve as foundational financial infrastructure linking the digital asset industry with traditional finance. Digital asset ETF provide traditional finance investors with a convenient way to participate in the digital asset market, introducing more liquidity and potential growth opportunities to Hong Kong’s digital asset market. Additionally, the successful listing of digital asset ETF is expected to encourage more Hong Kong financial companies to innovate in the digital asset field and offer better services to investors, ultimately promoting Hong Kong’s development into a global leading digital asset center and supporting the industry’s long-term sustainable growth.

High Standards in Security and Compliance Services

In March 2024, the Group announced the extension of the validity period for its SOC 2 Type 2 report, transitioning to semi-annual releases. This demonstrates our mature information security management system and stringent internal control processes, highlighting our commitment to customer data protection, system stability, and transaction security, and underscoring our dedication to meeting the highest standards of security and compliance in the digital asset sector.

On 19 April 2024, OSL DS, the digital asset platform, was the first to be granted a license under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance AMLO in Hong Kong. This reflects the Group’s proactive response to and support for a high-standard regulatory environment and is the results of our long-term commitment to creating a transparent, secure, and trustworthy digital asset trading environment. We understand that in the rapidly evolving digital asset industry, compliance is fundamental to sustainable development. Therefore, we always prioritize compliance, continuously optimize internal control processes, and strengthen our risk management system to ensure our operations meet Hong Kong’s regulatory and compliance standards. In the future, we will continue to uphold the principle of compliance-first and steady development, setting a clear compliance benchmark in the digital asset field and leading the industry towards a healthy and orderly direction.

On 28 May 2024, the Hong Kong Securities and Future Commissions (the “**SFC**”) announced that the transitional period under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) for virtual asset trading platforms (VATPs) operating in Hong Kong has ended on 1 June 2024. All virtual asset trading platforms operating in Hong Kong must be licensed by the SFC under the AMLO or apply as “deemed licensed” platforms.

MANAGEMENT DISCUSSION AND ANALYSIS

Inclusion in the MSCI Global Small Cap Index

Effective after the close of trading on 31 May 2024, the Group was added to the MSCI Global Small Cap Index, a globally recognized index, that marks the capital market's recognition of the digital asset industry's development and affirms the comprehensive strength and leading position of the Group as a leading digital asset platform. This inclusion will garner broader attention for the Group globally. We believe that by executing the Group's strategy, we will demonstrate our influence to global investors, leading the digital asset industry.

REVIEW OF RESULTS

Overall Performance

The Group's IFRS income was HK\$123.8 million during the Period, representing an increase of HK\$18.6 million from HK\$105.2 million for the six months ended 30 June 2023 ("**1H2023**"). The Group's IFRS loss from continuing operations was significantly reduced to HK\$9.6 million during the Period, representing a reduction by 90.2% from HK\$98.9 million in 1H2023. The change in IFRS income was primarily attributable to net gain of digital assets used in facilitation of the OSL prime brokerage business of HK\$64.9 million (1H2023: net gain of HK\$28.5 million) and net fair value loss on digital assets of HK\$6.8 million (1H2023: net fair value gain of HK\$9.6 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\$65.6 million for the Period, showing a slight decline of HK\$1.5 million from HK\$67.1 million in 1H2023.

Loss per share of the Group from continuing operations for the Period was HK\$0.02 (1H2023: HK\$0.23).

Non-IFRS Measures

To supplement the Group's unaudited condensed consolidated interim financial information which is 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) trading fee from automated trading service, and (vi) others.

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\$64.9 million for the Period (1H2023: net gain of HK\$28.5 million) and net fair value loss on digital assets of HK\$6.8 million for the Period (1H2023: net fair value gain of HK\$9.6 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 interim financial information 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024.

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 1H2023:

	Unaudited For the six months ended 30 June 2024 HK\$'000		2023 HK\$'000 (Represented)
Group's IFRS income from digital assets and blockchain platform business	123,789		105,217
	Unaudited For the six months ended 30 June 2024 HK\$'000		2023 HK\$'000 (Represented)
Income from digital assets and blockchain platform business in accordance with IFRS (per above)	123,789		105,217
Add back:			
Net fair value loss/(gain) on digital assets	6,761		(9,571)
Net gain of digital assets used in facilitation of prime brokerage business (unaudited)	(64,902)		(28,504)
Group's adjusted non-IFRS income from digital assets and blockchain platform business (unaudited)	65,648		67,142

MANAGEMENT DISCUSSION AND ANALYSIS

The OSL Digital Assets Platform

The OSL digital assets platform comprises two main business sectors: a digital assets markets business (prime brokerage, exchange and custody), and a digital assets technology infrastructure business (SaaS).

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, professional investors and retail clients.

The OSL digital assets platform's IFRS income was HK\$123.8 million for the Period, representing an increase of HK\$18.6 million from HK\$105.2 million in 1H2023.

OSL prime brokerage adjusted non-IFRS income, which is the combined income from OTC and intelligent Request for Quote ("iRFQ") trading, amounted to HK\$31.4 million, representing a decrease by HK\$11.7 million YoY. Trading fee income decreased by HK\$1.4 million YoY to HK\$4.2 million. Others increased by HK\$1.3 million YoY to HK\$4.7 million, and service fee income from SaaS rose to HK\$25.3 million, showing an increase by HK\$10.3 million YoY.

The OSL digital assets platform's total trading volume was HK\$58.3 billion for the Period, representing a decrease of 48.3% from HK\$112.6 billion in 1H2023. Brokerage trading volume, which is the combined trading volumes from OTC and iRFQ, was down 59.4% YoY to HK\$39.8 billion from HK\$98.0 billion. Exchange trading volume was up 52.6% YoY to HK\$13.6 billion from HK\$8.9 billion. SaaS trading volume decreased 15.5% YoY to HK\$4.8 billion from HK\$5.7 billion.

Disposal of Mainland China's Business Park Management Services

On 17 January 2024, the resolution of the disposal of 90% equity interest in Shanghai Jingwei which was engaged in provision for business park area management services in Mainland China was duly passed in the extraordinary general meeting. The disposal of Shanghai Jingwei was subsequently completed in March 2024.

Fee and Commission Expenses

The Group's fee and commission expenses was HK\$3.7 million for the Period, representing a decline of HK\$10.3 million from HK\$14.0 million in 1H2023. The reduction was mainly due to the decrease in referral expenses 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.

IT Costs and Other Operating Expenses

The Group endeavored to control cost with the successful implementation of cost-saving measures during the Period. IT costs was HK\$13.7 million, showing a decrease of HK\$10.9 million YoY. Other operating expenses was HK\$40.1 million, representing a decrease of HK\$3.7 million YoY. IT costs related to establishing the corporate and technical infrastructure for the regulated institutional digital asset business, 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\$9.6 million, a significant decrease by HK\$89.3 million as compared with HK\$98.9 million for 1H2023. This decrease underscores the Group's successful efforts in the moderation in staff cost and technology spending and gain of digital assets held by the Group used in facilitation of prime brokerage business.

MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources Cost and Remuneration Policies

As at 30 June 2024, the Group had a total of 167 employees across its Hong Kong, Singapore, Australia, UK, and Mainland China (30 June 2023: 119 employees). The total staff cost during the Period was HK\$82.1 million (30 June 2023: HK\$91.0 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.

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.

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 945,000 share options had lapsed (30 June 2023: 2,924,333 share options) and 300,000 share options had been exercised (30 June 2023: Nil), hence 17,640,500 share options remained outstanding (30 June 2023: 29,787,704 share options).

In regards to the 2021 Share Option Scheme, no share options were granted during the Period (30 June 2023: same), while 4,555,000 share options had lapsed (30 June 2023: 8,520,000 share options) and no share options had been exercised (30 June 2023: same), hence 2,330,000 share options remained outstanding (30 June 2023: 7,910,000 share options).

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 and no shares were regranted during the Period (30 June 2023: no new shares were granted, while 2,835,000 awarded shares were regranted), and 1,634,000 awarded shares had lapsed (30 June 2023: 1,602,280 awarded shares), and 880,000 awarded shares were vested (30 June 2023: 343,013 awarded shares), hence 1,221,996 awarded shares remained unvested as at 30 June 2024 (30 June 2023: 4,858,526 awarded shares).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The Group is poised for further expansion, leveraging its robust trading infrastructure and strategic vision to capitalize on emerging opportunities in the digital economy. By maintaining high compliance standards and forging key partnerships, the Group is set to strengthen its position as a global leader in digital asset trading.

Geographical Expansion

There is significant global interest in the digital economy, and we believe that a global, diversified network is crucial for the Group's future development. While maintaining our high standards of compliance, the Group will actively expand its operations in various regions, particularly in Asia-Pacific region, through investments in quality targets and establishing business partnerships with local partners.

Business Development

In the future, the Group will actively expand the digital economy ecosystem, aiming to provide digital asset products that meet market demand. This includes potential business opportunities such as SaaS services, tokenized financial products, and real-world asset tokenization (RWA).

Retail Business

Since the launch of the Group's Mobile App 2.0, we have been actively expanding our retail business. Over the next year, the Group plans to enhance services to individual consumers through more aggressive marketing campaigns and continuous client upgrades. This will help attract more new users to choose the Group's services.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2024, the Group recorded total assets of HK\$1,914.7 million (31 December 2023: HK\$1,440.8 million), total liabilities of HK\$820.1 million (31 December 2023: HK\$1,045.7 million) and total shareholders' equity of HK\$1,094.6 million (31 December 2023: HK\$395.1 million). As at 30 June 2024, the gross gearing ratio (defined as total liabilities over total assets) was approximately 42.8% (31 December 2023: 72.6%).

The Group's cash position, after deduction of cash liabilities due to clients, as at 30 June 2024 was HK\$748.9 million (31 December 2023: HK\$165.0 million). Balance of the Group's proprietary digital assets increased to HK\$259.0 million as of 30 June 2024 from HK\$184.6 million as of 31 December 2023 given an increase in the value of digital assets in 1H 2024.

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

There was no borrowing as of 30 June 2024 (31 December 2023: Nil). No borrowing was secured by digital assets as at 30 June 2024 (31 December 2023: Nil). As at 30 June 2024, the Group was in a net current assets position (31 December 2023: net current assets position).

MANAGEMENT DISCUSSION AND ANALYSIS

Net Proceeds from 2024 January Subscription

On 13 November 2023, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 187,600,000 new shares at HK\$3.80 per new share in accordance with the terms and conditions as set out in the Subscription Agreement. On 12 January 2024, all the conditions under the Subscription Agreement have been fulfilled.

The net proceeds from 2024 January Subscription after deduction of all relevant expenses (including but not limited to legal expenses and disbursements) were approximately HK\$712 million. Details of 2024 January Subscription were disclosed in the circular dated 18 December 2023.

The proceeds from 2024 January Subscription have been utilised as intended. The table below sets out the actual use of proceeds from 2024 January Subscription up to 30 June 2024:

Event	Purpose of the net proceeds	Amount of net proceeds intended to be allocated HK\$ million (approximately)	Actual utilised amount as of 30 June 2024 HK\$ million (approximately)	Unutilised amount as of 30 June 2024 HK\$ million (approximately)	Expected timeline for utilisation of the unutilised proceeds
2024 January Subscription	For potential merger and acquisition opportunities of companies engaged in the digital assets and blockchain platform business	306	–	306	On or before 31 December 2025
	For developing and enhancing platform technology of the digital asset platform business	206	82	124	On or before 31 December 2025
	For supporting the capital requirements of the Group's regulated subsidiaries	100	100	–	N/A
	For general working capital, particularly for operating expenses including salaries, maintaining IT infrastructure, and legal & professional fees	100	73	27	On or before 31 December 2024
Total		712	255	457	

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 Renminbi ("RMB"), Hong Kong dollars ("HKD") and United States dollars ("USD").

MANAGEMENT DISCUSSION AND ANALYSIS

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group operates mainly in Hong Kong, Singapore and Mainland China during the Period. 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 its currency exchange risk of RMB.

Material Acquisitions and Disposals of Subsidiaries

Except for the disposal of the Group's 90% equity interest in Shanghai Jingwei, which was engaged in provision for business park area management services in Mainland China and was subsequently completed the disposal in March 2024, the Group did not have any material acquisitions or disposals of subsidiaries (31 December 2023: Nil).

Charge on the Group's Assets

As at 30 June 2024, the Group did not have any significant pledge (31 December 2023: Nil).

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

As at 30 June 2024, the Group did not have any significant contracted commitment (31 December 2023: Nil).

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

On 5 August 2024, Mr. Cui Song has been appointed as the Chief Executive Officer of the Company. Mr. Pan Zhiyong, who has been the Chairman, Executive Director, and Chief Executive Officer of the Company, ceased to serve as the Chief Executive Officer of the Company with effect from 5 August 2024. Mr. Pan remains in his roles of Chairman and Executive Director of the Company, and will focus on the Company's corporate strategy, board governance, overseas mergers and acquisitions and government collaborations.

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 (30 June 2023: Nil).

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

		Unaudited For the six months ended 30 June	
	Notes	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
Continuing operations			
Income from digital assets and blockchain platform business	8	123,789	105,217
Other gains, net	9	16,244	1,524
Other income	9	75	163
Fee and commission expenses		(3,667)	(14,040)
Staff costs	10(c)	(82,129)	(90,951)
IT costs		(13,661)	(24,609)
Depreciation and amortisation	10(a)	(14,664)	(19,683)
Other operating expenses	10(b)	(40,068)	(43,748)
Provision for impairment losses on financial assets, net		(1,333)	(1,215)
Operating loss		(15,414)	(87,342)
Finance income		10,348	2,212
Finance costs		(1,753)	(3,859)
Finance income/(costs), net		8,595	(1,647)
Share of net post-tax loss of an associate accounted for using the equity method		(2,777)	(9,544)
Loss before income tax		(9,596)	(98,533)
Income tax expense	11	(47)	(323)
Loss from continuing operations		(9,643)	(98,856)
Discontinued operations			
(Loss)/profit from discontinued operations	23	(8,254)	4,114
Loss for the period		(17,897)	(94,742)
Other comprehensive income/(loss)			
<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		(2,916)	(3,504)
Reclassification of profit or loss on disposal of a subsidiary in discontinued operations		8,254	—
Other comprehensive income/(loss) for the period		5,338	(3,504)
Total comprehensive loss for the period		(12,559)	(98,246)

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

		Unaudited For the six months ended 30 June	
	Notes	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
Loss for the period attributable to:			
Owners of the Company			
– Loss from continuing operations		(9,720)	(98,655)
– (Loss)/profit from discontinued operations		(8,254)	3,703
		(17,974)	(94,952)
Non-controlling interests			
– Profit/(loss) from continuing operations		77	(201)
– Profit from discontinued operations		–	411
		(17,897)	(94,742)
Total comprehensive loss for the period attributable to:			
Owners of the Company			
– Loss from continuing operations		(12,085)	(100,101)
– (Loss)/income from discontinued operations		(485)	1,920
		(12,570)	(98,181)
Non-controlling interests			
– Income/(loss) from continuing operations		66	(278)
– (Loss)/income from discontinued operations		(55)	213
		(12,559)	(98,246)
Loss per share for loss from continuing operations attributable to the owners of the Company			
Basic (HK\$ per share)	13	(0.02)	(0.23)
Diluted (HK\$ per share)	13	(0.02)	(0.23)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company			
Basic (HK\$ per share)	13	(0.03)	(0.22)
Diluted (HK\$ per share)	13	(0.03)	(0.22)

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 As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	14	31,342	10,059
Intangible assets	15	32,935	37,646
Prepayments, deposits and other receivables		5,151	–
Investment accounted for using equity method		20,029	15,520
Financial assets at fair value through profit or loss		15,812	14,334
Total non-current assets		105,269	77,559
Current assets			
Digital assets	16	438,007	823,700
Contract assets	7(b)	4,033	308
Trade receivables	17	28,006	3,114
Prepayments, deposits and other receivables		36,946	34,610
Cash held on behalf of licensed entity's customers	18	538,789	191,006
Cash and cash equivalents		763,677	218,657
		1,809,458	1,271,395
Assets classified as held for sale		–	91,832
Total current assets		1,809,458	1,363,227
Total assets		1,914,727	1,440,786
LIABILITIES			
Non-current liabilities			
Deposits received and other payables		6,081	–
Lease liabilities	20	18,366	–
Total non-current liabilities		24,447	–

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

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
	Notes		
LIABILITIES			
Current liabilities			
Trade payables	19	1,847	5,061
Contract liabilities	7(b)	11,688	9,813
Accruals and other payables		36,999	65,515
Liabilities due to customers	21	732,627	883,779
Lease liabilities	20	12,287	17,348
Current income tax liabilities		201	135
		795,649	981,651
Liabilities directly associated with assets classified as held for sale		–	64,045
Total current liabilities		795,649	1,045,696
Total liabilities		820,096	1,045,696
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	6,264	4,385
Other reserves		3,103,010	2,388,653
Accumulated losses		(1,995,455)	(1,981,294)
		1,113,819	411,744
Non-controlling interests		(19,188)	(16,654)
Total equity		1,094,631	395,090

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

Attributable to owners of the Company

	Notes	Share capital HK\$'000	Share premium HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Share-based payments reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023		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)
Total comprehensive loss		-	-	-	(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	-	-	-
At 30 June 2023		4,385	2,256,038	3,724	(13,868)	13,526	120,792	(1,812,407)	572,190	(14,691)	557,499
At 1 January 2024		4,385	2,262,513	3,724	(10,623)	13,503	119,536	(1,981,294)	411,744	(16,654)	395,090
(Loss)/profit for the period		-	-	-	-	-	-	(17,974)	(17,974)	77	(17,897)
Other comprehensive income/(loss):											
Currency translation differences		-	-	-	(2,850)	-	-	-	(2,850)	(66)	(2,916)
Reclassification of profit or loss on disposal of a subsidiary in discontinued operations	23	-	-	-	8,254	-	-	-	8,254	-	8,254
Total comprehensive income/(loss)		-	-	-	5,404	-	-	(17,974)	(12,570)	11	(12,559)
Issuance of new shares	22	1,876	709,886	-	-	-	-	-	711,762	-	711,762
Exercise of share options	22	3	3,301	-	-	-	(908)	-	2,396	-	2,396
Equity-settled share-based payments under share option scheme	27	-	-	-	-	-	1,020	-	1,020	-	1,020
Equity-settled share-based payments under share award scheme	26	-	-	-	-	-	(533)	-	(533)	-	(533)
Share awards vested	26	-	2,218	-	-	-	(2,218)	-	-	-	-
Derecognition of non-controlling interests upon disposal of a subsidiary	23	-	-	-	-	-	-	-	-	(2,545)	(2,545)
Transfer of statutory reserve upon disposal of a subsidiary	23	-	-	-	-	(3,813)	-	3,813	-	-	-
At 30 June 2024		6,264	2,977,918	3,724	(5,219)	9,690	116,897	(1,995,455)	1,113,819	(19,188)	1,094,631

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

		Unaudited For the six months ended 30 June	
	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash used in operations		(194,744)	(503,497)
Income tax paid		(135)	(1,986)
Net cash used in operating activities		(194,879)	(505,483)
Cash flows from investing activities			
Interest received		9,956	1,953
Proceeds from disposal of property, plant and equipment		23	223
Addition of property, plant and equipment	14	(229)	–
Net cash outflow from disposal of a subsidiary	23	(6,406)	–
Net cash generated from investing activities		3,344	2,176
Cash flows from financing activities			
Interest paid		(1,901)	(12,463)
Principal elements of lease liabilities		(10,241)	(22,350)
Dividend paid to non-controlling interests		–	(1,822)
Proceeds from issuance of new shares		711,762	–
Proceeds from exercise of share options		2,396	–
Net cash generated from/(used in) financing activities		702,016	(36,635)
Net increase/(decrease) in cash and cash equivalents		510,481	(539,942)
Effect of exchange rate changes on cash and cash equivalents		1,294	1,721
Cash and cash equivalents at the beginning of the period		251,902	1,009,157
Cash and cash equivalents at the end of the period		763,677	470,936

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 INFORMATION

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.

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 place of business is located at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 4 January 2024, the English name of the Company has been changed from “BC Technology Group Limited” to “OSL Group Limited”, and the dual foreign name of the Company in Chinese has been changed from “BC科技集團有限公司” to “OSL集團有限公司”. The relevant registration procedures in the Cayman Islands and Hong Kong have been completed on 5 January 2024 and 24 January 2024 respectively.

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

1.1 Discontinued operations of the traditional advertising and business park area management segments

On 25 October 2022, the Group announced that the two indirect 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. Prior to the year ended 31 December 2022, the Group ceased the operations of the traditional advertising segment, and the deregistration process of the above subsidiaries were subsequently completed in February 2023.

On 12 November 2023, the Group entered into the equity transfer agreement to sell its equity interests in Shanghai Jingwei Enterprise Development Co., Ltd (上海憬威企業發展有限公司) (“**Shanghai Jingwei**”), a 90% owned subsidiary in Mainland China which represented the Group’s business park area management segment, to an independent third party. The completion of such transaction was conditional upon the passing of the requisite resolutions by the shareholders at the extraordinary general meeting, receipt of transaction consideration and completion of all administrative procedures according to local laws and regulation. Such resolution was passed subsequently on 17 January 2024, and the disposal of Shanghai Jingwei was completed in March 2024.

Consequently, the entire traditional advertising and business park area management businesses are reported as discontinued operations in the Group’s unaudited condensed consolidated interim financial information during the periods ended 30 June 2023 and 30 June 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION *(Continued)*

1.1 Discontinued operations of the traditional advertising and business park area management segments *(Continued)*

In accordance with International Financial Reporting Standard (“IFRS”) 5 “Non-current Assets Held for Sale and Discontinued Operations”, the financial results of these segments for the periods ended 30 June 2024 and 2023 were presented as a (loss)/profit for discontinued operations in the Group’s unaudited condensed consolidated statement of profit or loss. Certain comparative amounts of discontinued operations have been reclassified to conform with current year presentation.

In addition, the Group previously presented the analysis of profit or loss items recognised in the unaudited condensed consolidated statement of profit or loss based on their function. In view of the completion of the disposal of the business park area management segment, the Group revised its accounting policy to present the analysis of expenses based on their nature to effectively assess the operation of the Group by focusing on analysing the nature and fluctuation on each major operation cost and identifying corresponding cost control opportunities with effect from 1 January 2024. This change provides more relevant information to the users of the financial statements by enhancing the comparability of the Group’s unaudited condensed consolidated interim financial information with those of its peers through alignment with the industry practice of financial institutions. The changes in presentation have been adopted retrospectively, and certain comparative figures have been represented.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has 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 information has been prepared on a historical cost basis, except for digital assets, liabilities due to customers, financial assets at fair value through profit or loss, which are measured on fair value basis. The non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

The unaudited condensed consolidated interim financial information contains 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 2023. The unaudited condensed consolidated interim financial information should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Annual Financial Statements**”), which have been prepared in accordance with the IFRSs. The condensed consolidated interim financial information is unaudited but has been reviewed by the Audit Committee.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial information of the Group for the period are consistent with those applied in the 2023 Annual Financial Statements except for the adoption of amendments to standards and accounting guideline as set out below.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

The Group has applied the following amendments to standards and accounting guideline for the first time for their reporting period commencing on 1 January 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of amendments to standards and accounting guideline listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New amendments to standards not yet adopted

Certain new amendments to standards have been published that are not mandatory for financial year beginning on 1 January 2024 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
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 INFORMATION

3 RISK DISCLOSURES

The Group principally operates in digital assets and blockchain platform business, which carries distinct risks related to its business model and correlation with the macroeconomic environment.

The unaudited condensed consolidated interim financial information does not include all risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 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 information. 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 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Unaudited					
At 30 June 2024					
Financial assets at fair value through profit or loss					
– Unlisted preference shares		–	–	15,812	15,812
Liabilities due to customers					
– Fiat currency liabilities	21	553,593	–	–	553,593
Audited					
At 31 December 2023					
Financial assets at fair value through profit or loss					
– Unlisted preference shares		–	–	14,334	14,334
Liabilities due to customers					
– Fiat currency liabilities	21	244,643	–	–	244,643

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2024 and 30 June 2023:

Financial assets

	Unlisted preference shares Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Opening balance at 1 January	14,334	50,400
Change in fair value	1,482	48
Currency translation differences	(4)	201
Closing balance at 30 June	15,812	50,649

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000			30 June 2024	31 December 2023
(1) Unlisted preference shares (Note a)	15,812	14,334	Level 3	Market approach and the key inputs include risk-free rate, expected volatility, and probability of liquidation scenario (31 December 2023: same)	Risk-free rate: 5.15% Expected volatility: 105% Liquidation probability: 50%	Risk-free rate: 4.55% Expected volatility: 99% Liquidation probability: 50%
(2) Unlisted preference shares	-	-	Level 3	Asset-based approach and the key input is the underlying net asset value of the investee (31 December 2023: same)	Net asset value: Nil	Net asset value: Nil

Note:

- (a) For the unlisted preference shares, the Group used market approach and the key inputs include risk-free rate, expected volatility and probability of liquidation scenario (31 December 2023: same) and engaged an external, independent and qualified valuer to determine the fair value at the end of the reporting periods. During the six months ended 30 June 2024, the fair value of the unlisted preference shares was determined by ValQuest Advisory (Hong Kong) Limited. If the adopted volatility had been 10% higher or lower (30 June 2023: 5% higher or lower), assuming all other variables were held constant, the fair value of the unlisted preference shares would decrease or increase by approximately HK\$570,000 (30 June 2023: HK\$205,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 information. 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)(i) above.

Recurring fair value measurements

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Unaudited					
At 30 June 2024					
Digital assets					
Digital assets	16	437,614	393	–	438,007
Digital asset liabilities					
Liabilities due to customers					
– Digital asset liabilities	27	178,641	393	–	179,034
Audited					
At 31 December 2023					
Digital assets					
Digital assets	16	821,304	2,396	–	823,700
Digital asset liabilities					
Liabilities due to customers					
– Digital asset liabilities	27	636,740	2,396	–	639,136

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period (31 December 2023: same).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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. 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 2024 and 31 December 2023, 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 information 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 information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Annual Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT REPORTING

The chief operating decision maker ("CODM") of the Group has been identified as the executive directors of the Company. The executive directors regularly review income and operating results derived from different segments. On 12 November 2023, the Group entered into the equity transfer agreement to sell its equity interests in Shanghai Jingwei, and therefore reported Shanghai Jingwei and the related entities, which were previously reported under "business park area management segment", as discontinued operations in the current period. For the purpose of internal reporting and management's operation review, the CODM considered that the Group's businesses are operated and managed as one single segment, which is digital assets and blockchain platform business, and no separate segment information was presented for the period ended 30 June 2024. (2023: The Group had two reportable segments: digital assets and blockchain platform business, and business park area management. The segments are managed separately as each business offers different services and requires different business strategies.)

Information about major clients

Revenue from a client from digital assets and blockchain platform business individually contributing over 10% of the Group's income is set out below:

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Customer A	15,236	N/A

7 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

(a) Disaggregation of revenue from contracts with customers

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
From continuing operations		
Recognised over time:		
Service fee income from SaaS (Note 8)	25,312	15,046
Others (Note 8)	4,757	3,372
Recognised at a point of time:		
Trading fee from automated trading service (Note 8)	4,170	5,597

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(b) Contract assets and liabilities

Contract assets represent revenue recognised prior to the date on which it is invoiced to customers and contract liabilities represent advance payments received from customers for goods or services that have not yet been transferred to the customers.

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

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Contract assets	7,855	4,130
Less: loss allowance in relation to digital assets and blockchain platform business	(3,822)	(3,822)
Total contract assets	4,033	308
Contract liabilities	11,688	9,813

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
At the beginning of the period/year	3,822	31
— From continuing operations		
Provision for impairment of contract assets in relation to digital assets and blockchain platform business	—	3,822
Write-off of provision for impairment	—	(31)
At the end of the period/year	3,822	3,822

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(b) Contract assets and liabilities (Continued)

(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 For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	4,409	1,509

(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 Holdings Limited ("Zodia"). This is presented within contract assets in the unaudited condensed consolidated statement of financial position. During the period ended 30 June 2024, no amortisation is recognised on such contract assets (30 June 2023: same). The Group has delivered the intellectual property to Zodia on 13 July 2023.

8 INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

	Unaudited For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
From continuing operations		
Income from digital assets and blockchain platform business:		
Trading of digital assets (Note (a))	96,311	71,631
Net fair value (loss)/gain on digital assets (Note (a))	(6,761)	9,571
Service fee income from SaaS	25,312	15,046
Trading fee from automated trading service	4,170	5,597
Others	4,757	3,372
	123,789	105,217

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 OTHER GAINS, NET AND OTHER INCOME

		Unaudited For the six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
From continuing operations			
Other gains, net			
Exchange gains, net		284	1,475
Gain on deemed disposal of partial interest in an associate		7,287	–
Gain on the lease modification		7,215	–
Fair value changes of financial assets at fair value through profit or loss (Note 4(a)(ii))		1,482	48
Others		(24)	1
Total		16,244	1,524
Other income			
Government grants (Note)		75	163

Note: The amount mainly represented cash subsidies in respect of the Progressive Wage Credit Scheme granted by Inland Revenue Authority of Singapore (30 June 2023: in respect of the Jobs Support Scheme granted by Inland Revenue Authority of Singapore).

10. OPERATING EXPENSES

(a) Depreciation and amortisation

		Unaudited For the six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
From continuing operations			
Amortisation of intangible assets		4,711	4,744
Depreciation of property, plant and equipment (excluding right-of-use assets)		1,594	4,404
Depreciation of right-of-use assets		8,359	10,535
		14,664	19,683

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10. OPERATING EXPENSES *(Continued)*

(b) Other operating expenses

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
From continuing operations		
Auditor's remuneration	5,999	6,745
Consultancy fee (excluding share-based payments)	4,896	3,287
Cost of revenue relating to provision of SaaS	–	594
Expense relating to short-term leases	4,101	6,029
Insurance	7,042	7,802
Legal and professional fees	6,689	4,829
Operating outsource expenses	3,760	4,391
Travelling expenses	1,134	1,419
Others	6,447	8,652
	40,068	43,748

- (c) Staff costs included defined contribution pension plans of approximately HK\$2,067,000 (30 June 2023: HK\$3,880,000). As at 30 June 2024, there were no forfeited contributions available to offset future retirement benefit obligations to the Group (31 December 2023: same).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 INCOME TAX EXPENSE

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates, which mainly include Hong Kong, Singapore and the United Kingdom ("UK"). The corporate income tax in the UK has been provided at the rate of 25% (30 June 2023: 25%) on the estimated assessable profits for the period.

No provision for Hong Kong profits tax and Singapore corporate income tax have been made as the Group did not generate any assessable profit arising in Hong Kong and Singapore during the period ended 30 June 2024 (30 June 2023: same).

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

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
From continuing operations		
Current income tax expense:		
UK corporate income tax	47	323
Income tax expense from continuing operations	47	323
Discontinued operations		
Current income tax expense:		
People's Republic of China corporate income tax	–	1,941
Deferred income tax expense	–	77
Income tax expense from discontinued operations	–	2,018
Total income tax expense from continuing and discontinued operations	47	2,341

12 DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 30 June 2024 (30 June 2023: same).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
Loss for the period attributable to the owners of the Company	17,974	94,952
Add: (Loss)/profit for the period from discontinued operations	(8,254)	3,703
Loss for the period from continuing operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	9,720	98,655

	Unaudited For the six months ended 30 June	
	2024	2023
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	610,614,184	432,970,663

	2024 HK\$	2023 HK\$ (Represented) (Note 1.1)
Loss per share for loss from continuing operations attributable to the owners of the Company		
Basic (<i>per share</i>)	(0.02)	(0.23)
Diluted (<i>per share</i>)	(0.02)	(0.23)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company		
Basic (<i>per share</i>)	(0.03)	(0.22)
Diluted (<i>per share</i>)	(0.03)	(0.22)

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 2023: same).

For the period ended 30 June 2024, the Company had two categories of potential ordinary shares: share options and share awards (30 June 2023: same). 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 INFORMATION

14 PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with a cost of approximately HK\$229,000 (30 June 2023: there was no addition to the property, plant and equipment).

15 INTANGIBLE ASSETS

Intangible assets included computer software and domain.

On 12 November 2023, the Group entered into the equity transfer agreement with the purchaser, an independent third party, to sell its 90% equity interest in Shanghai Jingwei at a consideration of RMB23,000,000 (equivalent to approximately HK\$25,422,000), which approximates to the net tangible assets held by Shanghai Jingwei. As a result of the transaction, the Group recognised impairment for goodwill and intangible asset other than goodwill (acquired lease with favorable lease term) amounting to HK\$10,330,000 and HK\$9,927,000 respectively and they are included in the loss from discontinued operations for the year ended 31 December 2023.

16 DIGITAL ASSETS

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Digital assets:		
— Held in own wallets of the Group	437,039	822,627
— Digital assets held on exchange institutions (<i>Note</i>)	968	1,073
	438,007	823,700

Among the digital asset balances, it included digital assets held by the Group in designated customer accounts under various contractual arrangements totaling approximately HK\$179,034,000 (31 December 2023: HK\$639,136,000) (*Note* 21). It also included the Group's proprietary digital assets of approximately HK\$258,973,000 (31 December 2023: HK\$184,564,000). The balance is measured at fair value through profit or loss.

As at 30 June 2024, there were certain digital assets with fair value of approximately HK\$3,612,038,000 (31 December 2023: HK\$874,731,000) received from and held on behalf of clients by OSL DS, a wholly owned subsidiary of the Company and a SFC licensed corporation. These digital assets were safekept in segregated client wallets through a trust arrangement with OSL Custody Services Limited (formerly known as 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 client terms and conditions entered between OSL DS and its clients ("**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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE RECEIVABLES

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Trade receivables from digital assets and blockchain platform business	30,745	4,520
Less: loss allowance	(2,739)	(1,406)
Trade receivables	28,006	3,114

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 follow-up action is taken to recover overdue debts.

At 30 June 2024 and 31 December 2023, the ageing analysis of the Group's trade receivables, based on trade date and invoice date, were as follows:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
0–30 days	27,778	2,373
31–90 days	–	493
91–180 days	–	248
181–365 days	228	–
	28,006	3,114

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE PAYABLES

Trade payables are unsecured and are normally with credit terms of 1–30 days (31 December 2023: 90–180 days).

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:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
0–30 days	1,847	5,061

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:

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Right-of-use assets (Note)		
Properties	29,979	7,577
Lease liabilities (Note)		
Non-current	18,366	–
Current	12,287	17,348
	30,653	17,348

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 2024, there was addition to the right-of-use assets amounting to approximately HK\$30,761,000 (31 December 2023: no addition to the right-of-use assets).

(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:

	Unaudited For the six months ended 30 June 2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
Depreciation charge of right-of-use assets		
Properties (Note 10(a))	8,359	10,535

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
From continuing operations		
Interest expense on lease liabilities	1,753	5,976
Expense relating to short-term leases (included in other operating expenses) (Note 10(b))	4,101	6,029
	5,854	12,005

The total cash outflow for leases during the period ended 30 June 2024 was approximately HK\$16,095,000 (30 June 2023: approximately HK\$34,355,000).

21 LIABILITIES DUE TO CUSTOMERS

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Liabilities due to customers		
– Fiat currency liabilities		
– Customers under licensed entity	539,769	191,006
– Others	13,824	53,637
– Digital asset liabilities (Note 16)	179,034	639,136
	732,627	883,779

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 fair value of approximately HK\$3,612,038,000 as at 30 June 2024 (31 December 2023: HK\$874,731,000), 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 INFORMATION

22 SHARE CAPITAL

	Unaudited As at 30 June 2024		Audited As at 31 December 2023	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each at 1 January 2023, 31 December 2023 and 30 June 2024	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
At the beginning of the period/year	438,453,184	4,385	438,453,184	4,385
Issuance of new shares (<i>Note (a)</i>)	187,600,000	1,876	—	—
Exercise of shares option (<i>Note (b)</i>)	300,000	3	—	—
At the end of the period/year	626,353,184	6,264	438,453,184	4,385

Notes:

- (a) On 12 January 2024, the Company allotted and issued a total of 187,600,000 new shares at a subscription price of HK\$3.80 per new share to the Subscriber, BGX Group Holding Limited, pursuant to the terms and conditions of the subscription agreement. Upon the issuance of the shares, HK\$1,876,000 was credited to share capital and HK\$709,886,000 was credited to share premium.
- (b) During the period ended 30 June 2024, 300,000 share options were exercised by the employee providing services to the Group. Consequently, HK\$3,000 was credited to share capital and HK\$3,301,000 was credited to share premium.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 DISCONTINUED OPERATIONS

Financial performance and cash flow information of the business park area management segment

An analysis of the results and cash flows of the discontinued operations for the periods ended 30 June 2024 and 2023 is as below:

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000 (Represented) (Note 1.1)
Discontinued operations		
Statement of profit or loss of the discontinued operations:		
Revenue	3,380	21,174
Cost of revenue	(1,193)	(9,936)
Other gains, net	–	58
Administrative and other operating expenses	(297)	(1,975)
Finance income	–	260
Finance costs	(553)	(3,449)
Profit before income tax from discontinued operations	1,337	6,132
Income tax expense	–	(2,018)
Profit from discontinued operations	1,337	4,114
Loss on disposal of discontinued operations	(9,591)	–
(Loss)/profit from discontinued operations	(8,254)	4,114
Less: Profit from discontinued operations (attributable to non-controlling interests)	–	(411)
(Loss)/profit from discontinued operations (attributable to the owners of the Company)	(8,254)	3,703
Statement of cash flows of the discontinued operations		
Net cash (used in)/generated from operating activities	(1,793)	8,410
Net cash generated from investing activities	–	228
Net cash used in financing activities	–	(1,822)
Net cash (outflows)/inflows	(1,793)	6,816

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 DISCONTINUED OPERATIONS *(Continued)*

As at
8 February
2024
HK\$'000

An analysis of assets and liabilities over which control was lost

Property, plant and equipment	22,203
Prepayments, deposits and other receivables	28,271
Deferred income tax assets	5,845
Cash and cash equivalents	30,790
Trade receivables	1,382
Accruals, deposits received and other payables	(12,614)
Lease liabilities	(40,739)
Contract liabilities	(93)
Current tax liabilities	(6,779)

Net assets disposed of	28,266
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Loss on disposal of discontinued operations

Consideration for 90% equity interests	
Cash consideration	25,422
Less: Cost of disposal	(1,038)
	24,384

Net assets disposed of	(28,266)
Non-controlling interests	2,545
Reclassification of profit or loss on disposal of a subsidiary in discontinued operations	(8,254)

Loss on disposal of discontinued operations	(9,591)
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Net cash outflow on disposal of discontinued operations

Cash consideration	25,422
Less: cost of disposal	(1,038)
Less: cash and cash equivalents disposed of	(30,790)
	(6,406)

Statutory reserve which included in unaudited condensed consolidated statement of changes in equity of HKD3,813,000 was released to the accumulated losses of the Group upon the completion of disposal of the discontinued operations. Such release of reserves was not included in the result on disposal as those equity accounts were arising from transaction with owners.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

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

	Unaudited For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Income from digital assets trading with Mr. Chapman David James	9	17
Income from digital assets trading with Mr. Madden Hugh Douglas	35	2
Income from digital assets trading with Mr. Ko Chun Shun, Johnson's close family members	–	26
Income from digital assets trading with a related company of Mr. Ko Chun Shun, Johnson (<i>Note (ii)</i>)	84	11
Income from digital assets trading with a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas (<i>Note (iii)</i>)	1	78
Income from digital assets trading with a related company of Mr. Madden Hugh Douglas (<i>Note (iv)</i>)	12	1
	141	135

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. Mr. Chapman David James and Mr. Madden Hugh Douglas have resigned on 12 January 2024.
- (iv) The executive director of the Company, Mr. Madden Hugh Douglas, is also the sole owner of the related company. Mr. Madden Hugh Douglas has resigned on 12 January 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

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

	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Fiat currency and digital asset liabilities		
Amounts due to Mr. Chapman David James and his close family member <i>(Note (i))</i>	25	1,377
Amount due to Mr. Madden Hugh Douglas <i>(Note (i))</i>	7	548
Amounts due to Mr. Lo Ken Bon and his close family member <i>(Note (i))</i>	–	2,831
Amounts due to close family members of Mr. Ko Chun Shun, Johnson <i>(Note (i))</i>	14,991	10,852
Amount due to Mr. Chia Kee Loong, Lawrence <i>(Note (i))</i>	1	2
Amount due to a related company of Mr. Ko Chun Shun, Johnson <i>(Notes (i) and (ii))</i>	16,758	12,968
Amount due to a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas <i>(Notes (i) and (iii))</i>	–	1,283
Amount due to a related company of Mr. Chapman David James <i>(Notes (i) and (iv))</i>	–	249
Amount due to a related company of Mr. Madden Hugh Douglas <i>(Notes (i) and (v))</i>	–	24,460
Amount due from an associate	228	228
	32,010	54,798
Interest payable		
Amount due to a related company of Mr. Ko Chun Shun, Johnson <i>(Note (vi))</i>	–	147

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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/related parties 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 former 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 former 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 former 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. The balance was settled during the Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Financial assets at amortised cost		
Trade receivables (Note 17)	28,006	3,114
Deposits and other receivables (excluding other tax receivables)	15,079	19,722
Cash held on behalf of licensed entity's customers (Note 18)	538,789	191,006
Cash and cash equivalents	763,677	218,657
	1,345,551	432,499
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	15,812	14,334
Digital assets (those met definition of financial instruments)	66,694	82,050
	82,506	96,384
Financial liabilities measured at amortised cost		
Trade payables (Note 19)	1,847	5,061
Accruals, other payables and deposits received (excluding employee benefits payables, other tax payables and non-financial interest payables)	33,367	40,491
Lease liabilities (Note 20)	30,653	17,348
	65,867	62,900
Financial liabilities at fair value through profit or loss		
Liabilities due to customers (Note 21)	732,627	883,779

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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.

The movement of Awarded Shares during the Period is summarised as below:

Award type	Outstanding at 1 January 2024	Issued during the Period	Forfeited during the Period	Regrant during the Period	Vested during the Period	Outstanding at 30 June 2024
Share Award grant	3,735,996	–	(1,634,000)	–	(880,000)	1,221,996

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

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\$533,000 (30 June 2023: an income of approximately HK\$3,554,000) for the period ended 30 June 2024 in relation to the share awards granted by the Company.

During the period ended 30 June 2024, the vesting condition of 880,000 (30 June 2023: 343,013) Awarded Shares was satisfied, and approximately HK\$2,217,600 (30 June 2023: HK\$3,087,117) 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 INFORMATION

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 22 August 2020	22 August 2020 to 21 August 2023	10 December 2018 to 22 August 2020	22 August 2020 to 21 August 2023	18 January 2019 to 22 August 2020	22 August 2020 to 21 August 2023	15 January 2020 to 22 August 2020	22 August 2020 to 21 August 2023
Tranche 2	one-third	22 August 2018 to 22 August 2021	22 August 2021 to 21 August 2023	10 December 2018 to 22 August 2021	22 August 2021 to 21 August 2023	18 January 2019 to 22 August 2021	22 August 2021 to 21 August 2023	15 January 2020 to 22 August 2021	22 August 2021 to 21 August 2023

	% of the total share options	Vesting period (Note)	2020 Share Option 2 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.

	% of the total share options	Vesting period	2020 Share Option 3 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 INFORMATION

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 INFORMATION

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 INFORMATION

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 1 January 2024	Issued during period	Exercised during period	Forfeited during period	Outstanding at 30 June 2024
2020 Share Option 2	17,190,500	–	(300,000)	(500,000)	16,390,500
2021 Share Option 1	1,695,000	–	–	(445,000)	1,250,000
2022 Share Option 1	6,885,000	–	–	(4,555,000)	2,330,000
Total	25,770,500	–	(300,000)	(5,500,000)	19,970,500

Option type	Outstanding at 1 January 2023	Issued during period	Exercised during period	Forfeited during period	Outstanding at 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

The Group recognised an expense of approximately HK\$1,020,000 (30 June 2023: HK\$1,822,000) for the period ended 30 June 2024 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 2024, 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 C1 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	–	–	48,646,544 (Note (i))	48,646,544	3,200,000 (Note (ii))	–	3,200,000	51,846,544	8.28%
Mr. Tiu Ka Chun, Gary	285,000	–	–	285,000	600,000 (Note (ii))	–	600,000	885,000	0.14%
Mr. Chau Shing Yim, David	20,000	–	–	20,000	600,000 (Note (ii))	–	600,000	620,000	0.99%

Notes:

- (i) Mr. Ko is deemed to be interested in the 48,646,544 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 represent the share options of the Company granted to the respective Directors under the Company's Share Option Scheme.

Save as disclosed above, on 30 June 2024, 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 2024, 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 (Note i)	% of the issued share capital of the Company
BGX Group Holding Limited	Interest of controlled corporation	187,600,000 (L)	29.95%
Liu Shuai	Beneficial Owner	187,600,000 (L)	29.95%
East Harvest Global Limited	Beneficial Owner	48,646,544 (L)	7.77%
Colour Day Limited	Interest of controlled corporation (Note ii)	48,646,544 (L)	7.77%
Mr. Ko Chun Shun, Johnson	Beneficial Owner (Note iii) & Interest of controlled corporation (Note vi)	51,846,544 (L)	8.28%

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) Colour Day Limited is deemed to be interested in the 48,646,544 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) This represents the share options of the Company granted to Mr. Ko under the Company's Share Option Scheme.
- (iv) Mr. Ko is deemed to be interested in the 48,646,544 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Colour Day Limited.
- (v) As at 30 June 2024, the issued share capital is 626,353,184 Shares.

Save as disclosed above, at 30 June 2024, 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, 300,000 share options were exercised and 945,000 share options were lapsed under the 2012 Share Option Scheme, hence 17,640,500 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 2024:

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 2024	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 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
(i) Executive Directors												
Mr. Ko Chun Shun, Johnson (Note 8)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	3,200,000	–	–	–	–	3,200,000	7.99	–	
Mr. Lo Ken Bon (Note 8)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	3,200,000	–	–	–	–	3,200,000	7.99	–	
Mr. Madden Hugh Douglas (Note 8)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	3,200,000	–	–	–	–	3,200,000	7.99	–	
Mr. Chapman David James (Note 8)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	3,200,000	–	–	–	–	3,200,000	7.99	–	
Mr. Tiu Ka Chun, Gary	27 January 2021	14.39	27 January 2021 – 22 August 2026 (Note 3)	600,000	–	–	–	–	600,000	13.80	–	
(ii) Independent Non-Executive Directors												
Mr. Chau Shing Yim, David	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	300,000	–	–	–	–	300,000	7.99	–	
Mr. Chia Kee Loong, Lawrence (Note 8)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	200,000	–	–	(200,000)	–	–	7.99	–	
Mr. Tai Benedict (Note 8)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	300,000	–	–	(300,000)	–	–	7.99	–	
Directors in aggregate				14,200,000	–	–	(500,000)	–	13,700,000			

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY (Continued)

				Number of Share Options							
Name or category of grantees	Date of grant of share options	Exercise Price HK\$	Validity Period	Balance as at 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2024	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\$
(iii) Associates of Directors											
Ms. Lau Ka Wing, Claudia (Note 4)	27 January 2021	14.39	27 January 2021 – 22 August 2026 (Note 3)	80,000	–	–	(80,000)	–	–	13.80	–
Ms. Ko Wing Yan, Samantha (Note 5)	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	300,000	–	–	–	–	300,000	7.99	–
Associate of Directors in aggregate				380,000	–	–	(80,000)	–	300,000		
(iv) Other employees											
	12 June 2020	7.99	12 June 2020 – 22 August 2026 (Note 2)	2,990,500	–	(300,000)	–	–	2,690,500	7.99	10.70
	27 January 2021	14.39	27 January 2021 – 22 August 2026 (Note 3)	1,010,000	–	–	(365,000)	–	645,000	13.80	–
Other employees in aggregate				4,000,500	–	(300,000)	(365,000)	–	3,335,500		
(v) Other consultants											
	12 June 2020	7.99	12 June 2020 – 22 August 2025 (Note 1)	300,000	–	–	–	–	300,000	7.99	–
	27 January 2021	14.39	27 January 2021 – 22 August 2026 (Note 3)	5,000	–	–	–	–	5,000	13.80	–
Other consultants in aggregate				305,000	–	–	–	–	305,000		
Total				18,885,500	–	(300,000)	(945,000)	–	17,640,500		

Notes:

- 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.
- The exercise period for 2,690,500 options is 1.24% of the options are exercisable from 22 August 2021 to 23 August 2025, 23.19% of the options are exercisable from 22 August 2022 to 23 August 2025, 12.39% of the options are exercisable from 22 August 2023 to 23 August 2025, 12.39% of the options are exercisable from 22 August 2021 to 23 August 2026, 12.39% of the options are exercisable from 22 August 2025 to 23 August 2026, 12.39% of the options are exercisable from 22 August 2023 to 23 August 2026 and 26.02% of the options are exercisable from 22 August 2025 to 23 August 2026.
- 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.
- Ms. Lau Ka Wing, Claudia was an employee of the Group and she is an associate of Mr. Lo Ken Bon, former executive Director of the Group.
- 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.
- The vesting period of the share option is from the date of grant until the commencement of the exercise period.
- All the above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.
- Mr. Ko Chun Shun, Johnson has resigned on 30 August 2024 and Mr. Lo Ken Bon, Mr. Madden Hugh Douglas, Mr. Chapman David James, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict have resigned on 12 January 2024.

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 2024 was 19,425,065 (1 January 2024: 19,425,065).

During the Period, 4,555,000 share options were lapsed under the 2021 Share Option Scheme, hence 2,330,000 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 2024:

				Number of Share Options							
				Balance as at 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2024	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\$
Name or category of grantees	Date of grant of share options	Exercise Price HK\$	Validity Period								
(i) Executive Directors											
Mr. Ko Chun Shun, Johnson (Note 6)	22 July 2022	10	22 July 2022–22 August 2029 (Note 1)	500,000	–	–	(500,000)	–	–	3.72	–
Mr. Lo Ken Bon (Note 6)	22 July 2022	10	22 July 2022–22 August 2029 (Note 1)	500,000	–	–	(500,000)	–	–	3.72	–
Mr. Madden Hugh Douglas (Note 6)	22 July 2022	10	22 July 2022–22 August 2029 (Note 1)	500,000	–	–	(500,000)	–	–	3.72	–
Mr. Chapman David James (Note 6)	22 July 2022	10	22 July 2022–22 August 2029 (Note 1)	500,000	–	–	(500,000)	–	–	3.72	–
Mr. Tiu Ka Chun, Gary	22 July 2022	10	22 July 2022–22 August 2029 (Note 2)	250,000	–	–	(250,000)	–	–	3.72	–
(ii) Independent Non-Executive Directors											
Mr. Chau Shing Yim, David	22 July 2022	10	22 July 2022–22 August 2027 (Note 3)	300,000	–	–	–	–	300,000	3.72	–
Mr. Chia Kee Loong, Lawrence (Note 6)	22 July 2022	10	22 July 2022–22 August 2027 (Note 3)	300,000	–	–	(300,000)	–	–	3.72	–
Mr. Tai Benedict (Note 6)	22 July 2022	10	22 July 2022–22 August 2027 (Note 3)	300,000	–	–	(300,000)	–	–	3.72	–
Directors in aggregate				3,150,000	–	–	(2,850,000)	–	300,000		
(iii) Associates of Directors											
Ms. Lau Ka Wing, Claudia (Note 5)	22 July 2022	10	22 July 2022–22 August 2027 (Note 3)	80,000	–	–	(80,000)	–	–	3.72	–
Associate of Directors in aggregate				80,000	–	–	(80,000)	–	–		
(iv) Other employees											
	22 July 2022	10	22 July 2022–22 August 2029 (Note 1)	500,000	–	–	(500,000)	–	–	3.72	–
	22 July 2022	10	22 July 2022–22 August 2029 (Note 2)	750,000	–	–	(750,000)	–	–	3.72	–
	22 July 2022	10	22 July 2022–22 August 2027 (Note 3)	1,980,000	–	–	(250,000)	–	1,730,000	3.72	–
Other employees in aggregate				3,230,000	–	–	(1,500,000)	–	1,730,000		
(v) Consultants											
	22 July 2022	10	22 July 2022–22 August 2029 (Note 2)	125,000	–	–	(125,000)	–	–	3.72	–
	22 July 2022	10	22 July 2022–22 August 2027 (Note 3)	300,000	–	–	–	–	300,000	3.72	–
Consultants in aggregate				425,000	–	–	(125,000)	–	300,000		
Total				6,885,000	–	–	(4,555,000)	–	2,330,000		

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY *(Continued)*

Notes:

1. 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.
2. 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.
3. 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.
4. The vesting period of the share option is from the date of grant until the commencement of the exercise period.
5. Ms. Lau Ka Wing, Claudia was an employee of the Group and she is an associate of Mr. Lo Ken Bon, former executive Director of the Group.
6. Mr. Ko Chun Shun, Johnson has resigned on 30 August 2024 and Mr. Lo Ken Bon, Mr. Madden Hugh Douglas, Mr. Chapman David James, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict have resigned on 12 January 2024.

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 unaudited condensed consolidated interim financial information 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 unaudited condensed consolidated interim financial information.

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 2023.

The total number of Awarded Shares available for grant under the Plan as at 30 June 2024 was 21,922,659 (1 January 2024: 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:

Movements of the share award

Name or category of participants	Date of grant of Awarded Shares	Vesting Period	Number of Awarded Shares					Unvested as at 30 June 2024	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 HK\$
			Unvested as at 1 January 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period				
(i) Other employees	(Note 1)										
	27 January 2021	(Note 2)	168,339	-	-	-	(61,500)	106,839	13.90	-	-
	8 October 2021	(Note 3)	55,702	-	-	-	-	55,702	12.90	-	-
	7 January 2022	(Note 4)	41,000	-	-	-	-	41,000	8.43	-	-
	7 April 2022	(Note 5)	1,350	-	-	-	-	1,350	6.85	-	-
	22 July 2022	(Note 6)	747,675	-	-	-	(62,500)	685,175	3.72	-	-
	10 January 2023	(Note 7)	47,918	-	-	-	-	47,918	3.10	-	-
	6 April 2023	(Note 8)	187,500	-	-	-	-	187,500	2.18	-	-
	25 May 2023	(Note 9)	2,350,000	-	(880,000)	-	(1,470,000)	-	2.60	5.18	-
Other employees in aggregate			3,599,484	-	(880,000)	-	(1,594,000)	1,125,484			
(ii) Other consultants	22 July 2022	(Note 6)	136,512	-	-	-	(40,000)	96,512	3.72	-	-
Total			3,735,996	-	(880,000)	-	(1,634,000)	1,221,996			

OTHER INFORMATION

SHARE AWARD PLAN OF THE COMPANY *(Continued)*

Notes:

1. The grant price is nil for all Awarded Shares.
2. Among the 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. Among 135,000 Awarded Shares granted, One-fourth of the Awarded Shares are vested on each of 4 September 2023, 4 September 2024, 4 September 2025 and 4 September 2026.
8. Among 350,000 Awarded Shares granted, in respect of 100,000 Awarded Shares, half of the Awarded Shares are vested on each of 4 September 2023 and 4 September 2024; In respect of 250,000 Awarded Shares, One-fourth of the Awarded Shares are vested on each of 4 September 2023, 4 September 2024, 4 September 2025 and 4 September 2026.
9. All the 2,350,000 KPI Awarded Shares were vested or lapsed in June 2024 (vesting details subject to KPI assessment for the KPI period 1 June 2023 to 31 May 2024).

OTHER INFORMATION

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 24 to the unaudited condensed consolidated interim financial information, 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 period 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as a code of conduct regarding securities transactions by the Directors of the Company. The Company has made specific enquiries with each Director and each of them confirmed that he or she had complied with all required standards under the Model Code during the Period.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules.

During the Period, the Company has complied with the code provisions set out in the CG Code except for deviation from code provision C.2.1 of the CG Code as summarized below:

Code provision C.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual. During the Period, Mr. Pan Zhiyong, the executive director of the Company, has acted as both the Chairman of the Board and the Chief Executive Officer. To further strengthen the Company's corporate governance, and in connection with the expansion of the Company's senior leadership team, Mr. Pan Zhiyong, who has been the Chairman, Executive Director, and Chief Executive Officer of the Company, ceased to serve as the Chief Executive Officer of the Company with effect from 5 August 2024. Mr. Pan remains in his roles of Chairman and Executive Director of the Company, and will focus on the Company's corporate strategy, board governance, overseas mergers and acquisitions and government collaborations.

OTHER INFORMATION

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. Xu Biao and Mr. Yang Huan.

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 information for the six months ended 30 June 2024.

By order of the Board

OSL Group Limited

Pan Zhiyong

Chairman and Executive Director

Hong Kong, 15 August 2024