

OSL Group Limited
OSL 集團有限公司
Incorporated in the
Cayman Islands with limited liability

Simply Crypto OSL

2024 Annual Report

Stock code: 863

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CORPORATE INFORMATION

OSL Group Limited OSL 集團有限公司

STOCK CODE: 863

BOARD OF DIRECTORS

Non-Executive Director

Mr. Lee Kam Hung Lawrence (*Chairman*)
(*appointed on 27 September 2024*)

Executive Directors

Mr. Cui Song (*Chief Executive Officer*)
(*appointed as Chief Executive Officer on 5 August 2024 and Executive Director on 1 January 2025*)
Mr. Tiu Ka Chun, Gary
Ms. Xu Kang (*appointed on 12 January 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Pan Zhiyong (*Chairman and Chief Executive Officer*)
(*appointed on 12 January 2024 and ceased to be Chief Executive Officer on 5 August 2024 and resigned as Executive Director on 27 September 2024*)
Ms. Jia Ruixin (*appointed on 30 August 2024 and resigned on 1 January 2025*)
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. Lee Kam Hung Lawrence
(*appointed on 27 September 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Cui Song (*alternate to Mr. Yang Chao*)
(*appointed on 25 March 2025*)
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Yang Huan (*appointed on 17 June 2024*)
Mr. Pan Zhiyong (*appointed on 12 January 2024 and resigned on 27 September 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. Lee Kam Hung Lawrence (*Chairman*)
(*appointed on 27 September 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*)
Mr. Pan Zhiyong (*Chairman*)
(*appointed on 12 January 2024 and resigned on 27 September 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. Lee Kam Hung Lawrence (*Chairman*)
(*appointed on 27 September 2024*)
Mr. Tiu Ka Chun, Gary (*appointed on 12 January 2024*)
Mr. Yang Chao (*appointed on 12 January 2024*)
Mr. Xu Biao (*appointed on 12 January 2024*)
Mr. Pan Zhiyong (*Chairman*)
(*appointed on 12 January 2024 and resigned on 27 September 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*)

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Yang Chao (*appointed on 12 January 2024*)
Ms. Kuo Yuen Fan (*appointed on 22 October 2024*)
Mr. Wu Chun Pong (*resigned on 22 October 2024*)
Mr. Lo Ken Bon (*resigned on 12 January 2024*)

COMPANY SECRETARY

Ms. Kuo Yuen Fan (*appointed on 22 October 2024*)
Mr. Wu Chun Pong (*resigned on 22 October 2024*)

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*

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

CHIEF EXECUTIVE OFFICER'S STATEMENT



As we embark on the journey into 2024, we are thrilled and invigorated by the positive sentiment surrounding the digital asset market.

DEAR SHAREHOLDERS AND PARTNERS,

Reflecting on the past year, I am incredibly proud at what we have accomplished over the past year and am extremely optimistic about our future growth prospects and the digital asset industry's overall growth trajectory. 2024 was transformative, marked by significant corporate milestones, improving regulatory clarity, and growing global acceptance of digital assets. We successfully adapted our business to this evolving landscape, positioning ourselves to lead the industry forward.

Our vision — a world where every person and business has trusted access to crypto — is more relevant than ever. Our mission — to harness crypto adoption into the financial system, for the benefit of every individual and business — guides our strategy and operations. We firmly believe in the transformative power of digital assets and are committed to driving this evolution.

ADOPTION OF DIGITAL ASSETS IS ACCELERATING GLOBALLY

The global digital asset market saw extraordinary growth and institutional adoption in 2024. Trading volumes are estimated to have reached US\$108,571 billion, a significant 43% increase from 2023. The world is increasingly getting involved, according to Triple-A, with approximately 7% of the world's population or 562 million people now holding digital assets, a remarkable 33% increase from last year. The SEC's approval of the first spot Bitcoin ETFs on 10 January 2024, was a pivotal moment, propelling Bitcoin to all-time highs and boosting trading volumes and market capitalization across the board.

The global regulatory landscape is providing much-needed clarity for digital assets as political leadership in many countries seek to engage with this once transient industry. With a new chair of the US SEC and the MiCA regulations establishing uniform market rules across the EU, a new era for digital asset regulation is being built globally. These developments are opening the door for traditional investors to engage with digital assets through traditional stock trading platforms, significantly broadening the potential investor base and driving further mainstream adoption.

ASIA AND HONG KONG CONTINUE TO LEAD THE INDUSTRY

Asia continues to lead global digital asset adoption, playing a critical role with 327 million or approximately 58% of the world's population now holding digital assets, a 22% increase from 2023. While Asia maintains this dominance, we are leveraging our robust market positioning to expand beyond the region.

Hong Kong's regulatory framework in particular matured significantly in 2024, reinforcing its position as Asia's premier digital asset hub. The city's regulatory authorities made significant progress last year with the Hong Kong Stock Exchange welcoming the region's first spot Virtual Asset (VA) ETFs, the Securities and Future's Commission (SFC) granting the first licenses under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) and expediting the licensing process, and the Hong Kong Monetary Authority (HKMA) announcing the first participants in its stablecoin issuer sandbox in 2024.

REGULATORY CLARITY DRIVING INSTITUTIONAL ADOPTION

Institutions prioritize reliability and the convergence of regulatory clarity is driving unprecedented adoption. Ernst & Young's 2024 annual survey revealed that 94% of institutional respondents believe in the long-term value of digital assets. According to Elliptic, institutions believe they cannot afford to wait on the sidelines anymore, with more than 27% wanting to expand their digital asset capabilities in the next 12 months and 60% expecting to attract more customers by doing so. It's easy to see why institutions are increasingly getting involved, over the 19 weeks since the US presidential election, digital asset investment products saw inflows of US\$29 billion, reaching US\$166 billion as of 14 February 2025.

As a licensed, secure, and trusted digital asset leader in Asia, we are uniquely positioned to capitalize on this transformation and expand our presence in markets globally. In addition, our ability to bridge traditional finance with the digital asset economy provides a strong foundation to drive growth in this era of increasing institutional adoption.

A TRANSFORMATIVE YEAR FOR OSL

2024 was a transformative year for us, hitting a series of milestones that not only propelled our growth but also solidified our position as a leader in the digital asset industry. First and foremost, we were profitable for the first time since our strategic transition into the digital asset industry, generating HK\$55 million in profit from continuing operations, a remarkable turnaround from a loss of HK\$250 million just last year. Income for the year was HK\$375 million, a significant 79% increase year-over-year with transaction volumes on our platform soaring to an impressive HK\$100 billion, an increase of 16% year-over-year. This growth reflects the rapid expansion of our digital assets and blockchain platform business.

In May, we were included in the MSCI Global Small Cap Index, marking a pivotal moment for digital assets on the global stage. Inclusion significantly enhances our visibility among international investors and underscores our robust growth and vital role in driving digital asset adoption.

Throughout the year, we strengthened our industry leadership in Asia, achieving several significant milestones aligned with our mission. Notable achievements included securing Hong Kong's first AMLO license and spearheading the launch of Asia's first spot digital asset ETFs in partnership with China Asset Management (Hong Kong) and Harvest Global Investments Limited. Collectively, we drove investor adoption of digital assets with a commanding market share of ETFs, establishing new standards for investment and compliance. These efforts were crucial for advancing the digital asset market, spurring innovation, and attracting more inbound investments. Our participation in UBS's first investment-grade tokenized warrant further underscores this commitment.

We also began our global expansion with securing digital currency exchange license in Australia and strategic acquisitions in Japan and Europe, our first steps overseas. The acquisition of CoinBest K.K., a licensed digital asset service provider in Japan, reflects our focus on compliance in a market known globally for its regulatory maturity and growing digital asset adoption rate. Concurrently, we announced plans to acquire licensed digital asset service providers in Europe, enhancing our presence in this key region.

This significant improvement in our financial performance and the progress we made throughout the year highlights the successful execution of our strategy and our effective leadership. Since becoming CEO, I began executing my vision that leverages my extensive leadership experience in the global digital asset landscape and combines it with our strengthened management team, including CCO, Eugene Cheung; CMO, Jack Tan; and CFO, Ivan Wong. Together, we are eager to navigate OSL into its next phase of growth.

CHIEF EXECUTIVE OFFICER'S STATEMENT

OUTLOOK

As we look ahead to 2025, our primary focus will be on strengthening our market leadership by increasing our market share, scaling overseas operations, pursuing accretive global M&A opportunities, expanding product offerings, and driving operational efficiency enhancements.

Achieving profitability in 2024 has positioned us strongly to explore new opportunities in the coming year. We will continue to build and scale our PayFi services being the crucial component of our digital asset ecosystem. The integration of PayFi with licensed digital asset platforms is vital for the sector's growth, providing robust infrastructure that ensures regulatory compliance and facilitates seamless fiat settlement. Our commitment to this initiative is underscored by the US\$30 million we allocated in December 2024 to invest in payment products and services involving digital assets and stablecoins. Working with our strategic partners in key industries, including card issuers, lending platforms, and digital wallet service providers, we are confident this will drive sustainable and compliant growth next year.

Looking overseas, we will accelerate our expansion with additional strategic investments in Southeast Asia, Europe, the Middle East, and other key markets. We expect regulatory compliance frameworks to gradually mature globally, fostering a favorable development environment over the next two to three years. By collaborating with innovative tech firms, local banks, and securities firms in these regions, we will ensure compliant operations and reinforce our leadership position. Our approach will involve integrating regional resources and offering customized services, allowing us to establish robust networks globally that offer seamless, secure, compliant, and professional digital asset services to a diverse global client base.

Looking forward, we will continue to execute our strategy with a focus on initiatives that enhance operational efficiency and drive growth in a compliant and sustainable way. I recognize that this is just the beginning of a long journey, but we remain confident in our long-term growth prospects and look forward to an exciting year ahead.

ACKNOWLEDGEMENT

I would like to take a moment to express my deepest gratitude to our incredible clients, partners, investors, as well as our Board of Directors and staff for their steadfast support and unwavering belief in our mission and vision. Your trust and confidence in us are the driving force behind our relentless pursuit of excellence and innovation.

2024 was a year of remarkable achievements, and none of it would have been possible without your commitment. As we move forward, we remain fully committed to executing our strategic initiatives and driving growth to new heights. With your continued support, I am confident that 2025 will be another year of growth and shared success.

Cui Song

Executive Director and Chief Executive Officer
OSL Group Limited

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of OSL Group Limited (the “Company”) present the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024 (“FY2024” or the “Year”).

BUSINESS OVERVIEW

2024 was a transformative year for OSL Group, highlighted by the Group’s record-high income, profitability for the first time since its strategic transition into the digital asset industry in 2018, expanded product offerings, accelerated international expansion, the assembly of a robust management team, and a strategic brand refresh aimed at driving future growth.

Expanded Product Offerings

OSL Group has established a comprehensive product ecosystem with its digital assets markets and digital assets technology infrastructure businesses. The Group remains committed to consistently expanding its product offerings to lay the foundation for the next phase of growth going forward.

Notably, in December 2024, OSL Group announced to invest up to US\$30 million to boost the development of PayFi ecosystem, further underscoring its commitment to developing products and setting industry standards. Payment services will be a key focus for the Group in the coming years, including on/off-ramps, cross-border payments, and technical support for robust payment infrastructure implementation. In addition, OSL Group successfully spearheaded the launch of Asia’s first spot digital asset Exchange Traded Funds (“ETF(s)”) in partnership with China Asset Management (Hong Kong) and Harvest Global Investments Limited in 2024, securing approximately 64% of the assets under management in Hong Kong digital assets ETF market as of 31 December 2024.

Accelerated International Expansion

OSL Group accelerated its international expansion in 2024 through a combination of organic and inorganic growth strategies.

The Group has established a strong regulatory foundation with Hong Kong Securities and Futures Commission (“SFC”) Type 1, 4, 7 and 9 licenses in Hong Kong, which was further bolstered by securing the first AMLO license in 2024. Internationally, OSL Group secured critical digital asset licenses in Japan and Australia in 2024, with the former achieved through the acquisition of CoinBest K.K., now rebranded as OSL Japan.

Looking ahead, OSL Group will maintain its expansion momentum through strategic acquisitions and organic growth in Southeast Asia, Europe, the Middle East, and other key markets.

Record-High Revenue and Achieved Profitability for the First Time

The Group’s financial performance in 2024 significantly improved, most notably achieved profitability for the first time since its strategic transition into the digital asset industry in 2018 with HK\$54.8 million in profit from continuing operations. This marks a remarkable turnaround from a loss from continuing operations of HK\$249.8 million just last year. The Group’s IFRS income for the Year reached HK\$374.7 million, a substantial 78.6% year-over-year (“YoY”) increase. This significantly improved financial performance highlights the successful execution of the Group’s strategy, the effective leadership of its strengthened management team, and enhanced operational efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthened Management Team

OSL Group strengthened its management team in 2024 by assembling a team of industry experts across digital assets, technology, and traditional finance. Key appointments included Kevin Cui as Chief Executive Officer, Eugene Cheung as Chief Commercial Officer, Jack Tan as Chief Marketing Officer, and Ivan Wong as Chief Financial Officer. These leaders have been instrumental in driving the Group's strategy and global expansion.

Completed Strategic Brand Refresh to Drive Global Expansion

OSL Group has been dedicated to making digital assets accessible, secure, and trusted for everyone since transitioning into the industry in 2018.

In 2024, OSL Group strategically refreshed its brand to reflect its global positioning, mission and vision in the rapidly evolving digital asset industry. The new logo and branding will be highly recognisable and support the expansion of its offerings and presences across target international markets and the industry as a whole.

REVIEW OF RESULTS

Overall Performance

The Group achieves historic milestone with positive profit for the first time since the strategy transition to digital assets in 2018. The Group's record-high IFRS income for the year reached HK\$374.7 million, representing a remarkable YoY growth of 78.6% from HK\$209.8 million for the year ended 31 December 2023 ("FY2023"). The surge in income was primarily driven by a net gain of digital assets used in facilitating the digital asset trading business, which contributed HK\$161.7 million (FY2023: net gain of digital assets used in facilitation of digital asset trading business of HK\$72.1 million) and net fair value loss on digital assets of HK\$0.48 million (FY2023: net fair value gain on digital assets of HK\$2.8 million), which are treated as part of trading gain/loss from the Group's principal activities. During the Year, service fee from SaaS and related income significantly bolstered our financial performance, contributing HK\$91.6 million to the Group's IFRS income. The overall Group's adjusted non-IFRS income as identified in "Non-IFRS Measures" below was HK\$213.6 million for the Year, showing an increment of 58.3% from HK\$134.9 million in FY2023.

Profit from continuing operations for the Year was HK\$54.8 million, compared to a loss of HK\$249.8 million for FY2023, marking a turnaround from loss to profit. Basic earnings per share of the Group from continuing operations for the Year was HK\$0.09 (FY2023: Basic loss per share from continuing operations HK\$0.58).

Non-IFRS Measures

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

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 digital asset trading business; (iii) net fair value gain/loss on digital assets; (iv) service fee from SaaS and related income; (v) custodian services and related income; (vi) trading fee from automated trading service; and (vii) income from sales of intellectual property.

MANAGEMENT DISCUSSION AND ANALYSIS

The volatility and uncertainty generally characterizes the digital assets market, the Group recognises net gain of digital assets used in facilitation of digital asset trading business of HK\$161.7 million for the Year (FY2023: net gain of HK\$72.1 million) and net fair value loss on digital assets of HK\$0.48 million for the Year (FY2023: net fair value gain of HK\$2.8 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 consolidated financial statements by presenting income from digital assets and blockchain platform business into (i) margin from trading digital assets and others; (ii) net gain/loss of digital assets used in facilitation of digital asset trading business; and (iii) net fair value gain/loss on digital assets. The Group considers that margin from trading digital assets and other, i.e., adjusted non-IFRS income, can better reflect volumes of the Group's digital assets trading business.

The Group defines margin from trading digital assets and others, i.e. adjusted non-IFRS income from digital assets and blockchain platform business (unaudited), as the realised net gain/loss with reference to the transaction price of the daily trade transactions executed to facilitate the digital asset trading business before considering the fair value movements of the digital assets held. Net gain/loss of digital assets used in facilitation of digital asset trading 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 year-end market price as at 31 December 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 Accounting Standards.

The table below sets forth a reconciliation of the Group's IFRS income to the Group's adjusted non-IFRS income for the Year and FY2023:

	Audited For the years ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Group's IFRS income from digital assets and blockchain platform business	374,747	209,837

MANAGEMENT DISCUSSION AND ANALYSIS

	For the years ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Income from digital assets and blockchain platform business in accordance with IFRS Accounting Standards (per above)	374,747	209,837
Add back:		
Net fair value loss/(gain) on digital assets	480	(2,841)
Net gain of digital assets used in facilitation of digital asset trading business (unaudited)	(161,655)	(72,056)
Group's adjusted non-IFRS income from digital assets and blockchain platform business (unaudited)	213,572	134,940

Income From Digital Assets and Blockchain Platform Business

The Group's income from digital assets and blockchain platform business included (i) income from digital assets markets business and (ii) income from digital assets technology infrastructure business. The Group generates income through trade commissions, fees or trading spreads from customers who trade digital assets through the platform, account management fees, implementation fees, recurring service fees, and professional services fees. Current clients include retail clients, professional investors, corporates, and financial institutions.

IFRS income from digital assets and blockchain platform business was HK\$374.7 million for the Year, representing an increase of HK\$164.9 million or 78.6% from HK\$209.8 million in FY2023. The transaction volumes of digital assets and blockchain platform business increased by 16.3% YoY in FY2024 to HK\$100.5 billion compared to HK\$86.4 billion in FY2023.

The digital assets markets business encompasses income mainly derived from over-the-counter ("OTC") trading, intelligent Request for Quote ("iRFQ") trading, exchange business and custody services. The digital assets markets business income increased by 73.3% YoY to HK\$283.1 million for the Year, compared to HK\$163.4 million in FY2023. This growth was primarily driven by an increase in trading spreads and the launch of digital asset ETF which significantly increased institutional investor participation and demand for digital asset trading and institutional services.

The digital assets technology infrastructure business mainly provides SaaS and related services to financial institutions that enable them to provide digital asset trading services to their clients. The business income increased by 415.0% YoY in FY2024 to HK\$91.6 million compared to HK\$17.8 million in FY2023. This growth is attributed to the expansion of a new customer base.

Fee and Commission Expenses

The Group's fee and commission expenses was HK\$9.7 million for the Year, representing a decline of HK\$10.8 million from HK\$20.5 million in FY2023. The reduction was mainly due to a change in vendor matrix resulting in lower rates and a shift in business strategy during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

IT Costs and Other Operating Expenses

The Group endeavored to control cost with the successful implementation of cost-saving measures during the Year. IT costs were HK\$33.0 million, showing a decrease of HK\$11.5 million YoY. IT costs related to establishing the corporate and technical infrastructure for the regulated institutional digital asset business. The Group gradually reduced the technology related spendings after the successful completion of several technology upgrades.

Other operating expenses (mainly comprising consultancy, insurance, legal and professional fees, marketing expenditures, short-term leases and auditor's remuneration) was HK\$97.0 million, representing a decrease of HK\$9.9 million YoY. Excluding one-off items of cost relating to sales of intellectual property to an associate of HK\$16.6 million and a contribution in AI project of HK\$2.0 million in FY2023, other operating expenses increased by HK\$8.6 million YoY. The increase was primarily attributed to (i) increase in legal and professional fees by HK\$5.6 million related to due diligence and legal advice for business expansion and acquisitions; (ii) increment in marketing expenditures by HK\$5.6 million as a result of launching more campaigns and participation in sponsorships and events; (iii) increase in insurance by HK\$2.8 million and (iv) increase in consultancy fees by HK\$8.2 million. These increases were partially offset by the moderation in short-term leases expenses and building management fee totalling HK\$6.8 million, decrease in one-off reinstatement costs of HK\$3.2 million and reduction in operating expenses of WOFE amounting to HK\$3.6 million.

Net Profit

The Group makes a historic milestone with net profit from continuing operations for the Year amounting to HK\$54.8 million as compared to loss from continuing operations of HK\$249.8 million for FY2023, marking a turnaround from loss to profit. This mainly attributable to a number of factors, including: (i) the surge in digital asset prices and the launch of digital asset ETF which significantly increased institutional investor participation and demand for digital asset trading and institutional services; (ii) the continued expansion of the Group's management team to drive strategic business development and accelerate business plan execution; (iii) implementation of initiatives to enhance and optimise operational efficiency; (iv) increase in service fee from SaaS and related income; and (v) the appreciation in value of digital assets held by the Group to facilitate its digital asset trading business.

Human Resources Cost

As at 31 December 2024, the Group had a total of 258 employees mainly in Hong Kong, Singapore, Japan and Mainland China (FY2023: 124 employees). The total staff costs before capitalization during the Year were HK\$195.9 million (FY2023: HK\$188.9 million). The slight increase in staff cost was attributed to the raise in the number of employees in the fourth quarter of the Year to service and grow the expanding global digital asset and blockchain platform business.

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

During FY2023, out of employee benefit expenses (including research and development costs), HK\$3.6 million was mainly capitalised as contract assets associated with the assignment of an intellectual property to Zodia Markets Holdings Limited ("Zodia Markets"), a limited liability company incorporated in UK. The research and development cost was driven by the Group's expansion of its technical capabilities and resources in the digital assets and blockchain industry. The entire contract assets associated with an intellectual property was recognised as other operating expenses upon the completion of the assignment during FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the 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 Year (FY2023: same), while 15,005,500 share options had lapsed (FY2023: 13,826,537 share options) and 300,000 share options had been exercised (FY2023: Nil), hence 3,580,000 share options remained outstanding (FY2023: 18,885,500 share options). In regards to the 2021 Share Option Scheme, no share options were granted during the Year (FY2023: same), while 4,955,000 share options had lapsed (FY2023: 9,545,000 share options) and no share options had been exercised (FY2023: same), hence 1,930,000 share options remained outstanding (FY2023: 6,885,000 share options).

The Company also adopted the 2018 Share Award Plan to recognise and reward the contributions of certain employees and persons to the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation of the Group and to attract suitable personnel for further development of the Group. No new shares were granted during the Year (FY2023: same), while 150,000 awarded shares were regranted (FY2023: 2,835,000 awarded shares), and 1,925,250 awarded shares had lapsed (FY2023: 1,804,030 awarded shares), and 1,384,167 awarded shares were vested (FY2023: 1,263,793 awarded shares), hence 576,579 awarded shares remained unvested as at 31 December 2024 (FY2023: 3,735,996 awarded shares).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

With the emergence of pro-digital asset political leadership globally, much-needed regulatory clarity, and the approval of spot digital asset ETF in United States and Hong Kong, a wave of traditional investors are expected to increasingly trade digital assets. OSL is strategically positioned to capture these developments to foster widespread adoption of digital assets. OSL's strategic blueprint for 2025 revolves around five strategic pillars: Strengthen Market Leadership in Hong Kong, Scale Overseas Operations, Pursue Accretive Global M&A Opportunities, Expand Product Offerings, and Drive Operational Efficiency Enhancements.

Strengthen Market Leadership in Hong Kong

OSL aims to solidify its market leadership in OTC services while continuing to capture market share by acquiring new clients and re-engaging old clients. Additionally, OSL aims to broaden its client base for the institutional business, specifically targeting securities firms, fintech companies, and digital banks. Moreover, OSL plans to enhance the retail experience by optimizing OSL mobile application.

Scale Overseas Operations

OSL is committed to investing resources to scale overseas operations after laying the solid foundation through both organic and inorganic growth in 2024, particularly in Japan and Australia. As part of this expansion, OSL plans to accelerate hiring in overseas markets to support and drive these growth initiatives.

Pursue Accretive Global M&A Opportunities

OSL is actively pursuing accretive global M&A opportunities to accelerate its international expansion plan. OSL's focus is on acquiring fully compliant and high-quality assets, particularly in emerging markets. The Group adopts a disciplined approach in managing strategic M&A, including rigorous due diligence and post-merger integration management processes.

Expand Product Offerings

OSL is accelerating the roll-out of new products, particularly in overseas markets. The Group's focus will be on further building out its PayFi product offerings by leveraging the USD30 million ecosystem partnership investment announced in 2024. Furthermore, OSL plans to launch innovative products in areas such as Real-World-Assets ("RWA") to further enhance its product portfolio and meet the evolving needs of its clients.

Drive Operational Efficiency Enhancements

OSL significantly improved its financial margins and regained profitability despite an increase in number of employees in 2024 since strategically transitioning to digital assets in 2018. Moving forward, OSL is determined to continue enhancing its financial margins by improving operational efficiency. This includes initiatives such as streamlining and standardizing workflows, encouraging cross-functional collaboration, automating back-office operations, implementing a centralized procurement process, and accessing deeper liquidity as we scale our operations.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2024, the Group recorded total assets of HK\$1,863.7 million (31 December 2023: HK\$1,440.8 million), total liabilities of HK\$579.4 million (31 December 2023: HK\$1,045.7 million) and total shareholder equity of HK\$1,284.4 million (31 December 2023: HK\$395.1 million). As at 31 December 2024, the gross gearing ratio (defined as total liabilities over total assets) was approximately 31.1% (31 December 2023: 72.6%).

The Group's cash position, after deduction of cash liabilities due to clients and restricted bank balances, as at 31 December 2024 was HK\$621.4 million (31 December 2023: HK\$165.0 million). Balance of the Group's proprietary digital assets held for trading purpose increased to HK\$406.6 million as of 31 December 2024 from HK\$184.6 million as of 31 December 2023 as a result of the remarkable rally in the crypto prices and increase in the holding of digital assets used in facilitating of digital asset trading business during the Year.

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

As of 31 December 2024, total digital assets borrowed from non-controlling interest amounted to HK\$40.3 million (31 December 2023: Nil). The borrowing was unsecured, interest-free and repayable on demand.

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 31 December 2024:

Event	Purpose of the net proceeds	Amount of net proceeds intended to be allocated HK\$ million (approximately)	Actual utilised amount as of 31 December 2024 HK\$ million (approximately)	Unutilised amount as of 31 December 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	184	122	On or before 31 December 2025
	For developing and enhancing platform technology of the digital asset platform business	206	112	94	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	100	–	N/A
Total		712	496	216	

Treasury Policy

It is the Group's treasury management policy not to engage in any speculative financial investments or use of derivative instruments with high risk. During the Year, 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 dollar ("USD").

MANAGEMENT DISCUSSION AND ANALYSIS

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group primarily operates in Hong Kong, Australia, Japan, Singapore and Mainland China during the Year. 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 Year. However, the Group is closely monitoring its currency exchange risk of RMB.

Material Acquisitions and Disposals of Subsidiaries

Except for the acquisition of 81.38% equity interest of CoinBest K.K. (name has now been rebranded as OSL Japan), a crypto asset exchange service provider licensed by The Financial Services Agency ("FSA") in Japan, the Group did not have any material acquisitions or disposals of subsidiaries.

Charge on the Group's Assets

As of 31 December 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

The Group is actively pursuing accretive global M&A opportunities to accelerate its overseas expansion plan. During FY2023, the Group completed the assignment of an intellectual property to Zodia Markets. Income from sales of the intellectual property of HK\$28.7 million and the associated costs for developing the intellectual property of HK\$16.6 million were recognised during FY2023 respectively.

As at 31 December 2024 and 31 December 2023, the Group did not have any significant contracted commitment.

Contingent Liabilities

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

MANAGEMENT DISCUSSION AND ANALYSIS

RISK DISCLOSURES

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

(a) Business Development and the Associated Risks in 2024

The Group's digital assets and blockchain platform business includes OTC and iRFQ trading business for trading of digital assets, the provision of digital assets custody and SaaS services and the provision of automated digital assets trading services through its proprietary platforms.

Management considers the risks and uncertainties associated with the digital assets and blockchain platform business largely related to information technology, safekeeping of digital assets, fluctuation of asset prices, compliance, and the ever-evolving nature of the markets. As the industry continues to evolve, the Group has been implementing an operational infrastructure to support business development and growth. The infrastructure includes identifying physical locations, expanding IT infrastructure and maintaining control and support functions with an emphasis on laws and regulations, compliance, risk, financial reporting and operations.

(b) Risk Management of the Digital Assets and Blockchain Platform Business

(i) Regulatory Risk in Relevant Jurisdictions

The Group's digital assets trading businesses currently operate in Hong Kong, Australia and Japan.

In Hong Kong, OSL Digital Securities Limited ("OSL DS"), a wholly owned subsidiary of the Group, continues to operate a regulated brokerage and automated trading services under the Securities and Futures Ordinance for Types 1 and 7 Regulated Activities granted by the SFC in December 2020 and the license to conduct to operate a Virtual Asset Trading Platform under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance granted by the SFC in April 2024.

In Australia, OSL AU Pty Ltd is licensed as a Digital Currency Exchange registered under the AUSTRAC, and conducts OTC trading services primarily for institutional clients.

In November 2024, the Group acquired a majority interest in OSL Japan, a crypto-asset exchange service provider registered with The Financial Services Agency and Kanto Financial Bureau in Japan. OSL Japan offers OTC trading services to retail and institutional clients.

The Group's digital assets trading businesses are and will continue to be subject to the stringent regulatory compliance requirements in each relevant jurisdiction in which the Group may operate. This includes, but not limited to, Anti-Money Laundering ("AML") requirements for systems and controls, requirements for minimum capital and liquid assets, business continuity, client asset protection, periodic regulatory reporting as well as financial and compliance audits.

The Group continues to explore opportunities for further expansion of its business presence in other jurisdictions, including jurisdictions which may require the Group or its subsidiaries to apply for and hold further regulatory recognitions.

MANAGEMENT DISCUSSION AND ANALYSIS

To manage the enhanced risks and compliance frameworks associated with licensing, the Group continues to be supported by a strong team of experienced legal, risk, technology and compliance professionals, who are responsible for oversight of all business activities with respect to prevailing and potential regulatory frameworks applicable to the Group.

As a consequence of associated expenses on operational resources, system requirements, staffing requirements and capital costs associated with operating a licensed or regulated digital assets trading businesses, the operating costs of the Group may increase. However, the Group believes that regulated and compliant businesses represent the current and future direction of the digital assets industry as it develops and matures to meet the needs of traditional financial institutions and increasing regulatory oversight.

(ii) Price Risk of Digital Assets

The Group holds digital assets in order to facilitate and support the settlement process of the digital assets trading business as well as for long term investment purpose. Price volatility of digital assets may cause significant impact to the Group's performance. To manage the price risk, the level of digital assets holdings by the Group is determined based on volatility, position holding, market capitalization and liquidity, as reviewed by the senior management periodically. Additionally for supporting the trading business, the Group has implemented policies for the review and assessment of each type of digital assets that may be admitted for trading; such reviews and assessments take into account various characteristics, such as the assets underlying technology infrastructure, transparency of provenance, ability to monitor for AML and Counter-Financing of Terrorism risks, liquidity and price volatility.

The Group also holds digital assets that are not yet withdrawn by customers out of their accounts under the terms of its contracts with such customers. These digital assets are mostly held in the Group's wallets which support rapid settlement of traded transactions, thereby minimising settlement risk for the Group. Unless required to do otherwise by applicable laws, regulations or conditions of license relating to any licensed entities of the Group, digital assets held in customers' accounts corresponds to a liability due to the customers with both the digital assets and liability to customers recorded at fair value on the consolidated statement of financial position taking into account relevant service arrangements with the customers. Alternatively, where licensed entities of the Group are required to hold customers' assets on trust for the customers, such assets constitute trust assets, and are not accounted for as assets of the Group, and do not give rise to liabilities to the relevant customers and they are not recognised on the consolidated statement of financial position taking into account relevant service arrangements with the customers. Therefore, in either case, the Group has no price volatility exposure from these holdings.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Risks Related to Safekeeping of Assets

The Group maintains digital assets in both “hot” (connected to the Internet) and “cold” (not connected to the Internet) wallets. “Hot” wallets are more susceptible to cyber-attacks or potential theft due to the fact they are connected to the public internet.

To mitigate such risks, the Group has implemented guidelines and risk control protocols to adjust the level of digital assets maintained in “hot” wallets required to facilitate settlement. The Group has developed a proprietary digital assets wallet solution with comprehensive security controls and risk mitigation processes in place. Control procedures cover wallet generation, day-to-day wallet management and security, as well as monitoring and safeguarding of the Group’s “hot” and “cold” wallets and public and private keys. In 2024, the Group continued to maintain insurance cover from third-party insurance providers covering both its “hot” and “cold” wallets.

(iv) Risks Related to Source of Funds and Anti-Money Laundering

Digital assets are exchangeable directly between parties through decentralised networks that allow anonymous transactions; such transactions create complex technical challenges with respect to issues such as identification of parties involved and asset ownership.

To mitigate such risks, the Group has implemented policies and procedures for AML, Know-Your-Customer (“KYC”), and Know-Your-Business (“KYB”) that are initiated during the client onboarding process and are applied by way of continuous monitoring, review and reporting. In designing these policies and procedures, the Group has considered industry best-practice, respective regulatory requirements and Financial Action Task Force (“FATF”) recommendations and guidance as the industry moves towards regulation.

(v) Technology Leakage Risk

The Group’s key competitive edge is aided by its proprietary blockchain technology and the safeguarding of Intellectual Property. A breach in these assets poses risks to the Group’s market position and strategic goals. To mitigate this risk, the Group enforces controls on the dissemination of its intellectual property, restricting access to all levels of the organisation. The Group conduct regular penetration testing and phishing awareness training, alongside implementing measures for network security and physical safeguarding of data. These practices are documented in our policies and are subject to periodic audits to ensure compliance with industry standards.

(vi) Information Security Risks

Both the Group and client information are maintained on proprietary data infrastructure in conjunction with cloud service providers; such infrastructure is connected to the public internet and therefore subject to potential risk of cyber-attacks.

To mitigate such risks, the Group’s dedicated security team employs robust security measures, including advance encryption protocols, regular vulnerability assessments and strict access controls to safeguard sensitive data. The Group also conducts periodic employee training programs to promote awareness and adherence to security best practices.

MANAGEMENT DISCUSSION AND ANALYSIS

(vii) New Product Risk

Prior to the deployment and release of new products and businesses to the Group's clients, every such new activity passes through a rigorous review process. The Group's New Product Committee reviews each proposal against business capability, impact on balance sheet as well as analyses the suite of risks that are typically inherent in such activities; particular attention is paid to operational risk, legal risk, regulatory risk, market risk, credit risk, liquidity risk and ESG risk. Approval to proceed with a proposed business or product will only be forthcoming once the Group's New Product Committee is satisfied that all necessary controls and support function processes are fully implemented.

(viii) Credit Risk

In connection with the operation of the Group's digital asset trading business, the Group may enter into pre-funding arrangements, extended settlement arrangements with trading clients and non-controlling interests (including third party digital assets trading platforms and exchanges), which may expose the Group to credit risk. Credit risk in this context is the risk of non-payment, non-repayment, non-performance or default by a counterparty in respect of its obligations to the Group in relation to the relevant digital asset transactions.

The Group's Risk Committee is responsible for managing the Group's credit risk exposure in connection with its digital assets trading businesses. To mitigate or reduce such credit risks, controls such as trading limits, settlements limits, collateral requirements and other counterparty limits are set and monitored by the Risk Department in accordance with policies and procedures approved by the Group's Risk Committee.

(ix) Business Continuity

The Group operates its technology stack with remote data centre sites and has implemented business continuity and disaster recovery plans. The disaster recovery capability has been implemented to ensure resilience against external and internal threats, allowing business activities to continue during catastrophes and crises, such as disruption of utilities or denial of physical access to business offices.

The Group regularly reviews Business Continuity Plan ("BCP") requirements for each business and support function in order to maintain a comprehensive physical disaster recovery capability.

If a significant incident or crisis impacts the Group's staff safety or its ability to operate, the Crisis Management Team will take control of all activities, including formal implementation of the Group's BCP, incident remediation actions as well as internal and external communication.

(x) Operational Risk

Operational risk covers a spectrum of potential incidents and actions that can affect both the Group and its counterparties and that may cause safety or health impairment of staff, financial loss, reputational damage, regulatory sanctions or loss of business capability. Such losses may arise from process weaknesses, lack of staff training, technology failures, honest errors or malicious actions by internal or external actors.

The Group's Operational Risk Committee is the central oversight and management function for all operational risk actions and related control activities. The Group's Risk Department specifically employs operational risk personnel who are empowered to test and challenge businesses and support functions so as to improve and enhance both controls and process flows. In addition, regular reviews of all departments are performed by way of Risk Control Self Assessments; such analyses form a component of business risk management as well as support independent oversight of operational risks within the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(xi) Performance Risk

The Group provides a range of technology services under its SaaS offering to third party clients to operate their own digital assets services. Such services are governed under service contracts which may provide for various remedies for customers against the Group in the event of non-performance or performance which fall short of agreed standards, as well as breach of other contractual obligations relating to the provision of such services.

The Group may be exposed to contractual claims by customers as a result of any such non-performance or breach, and the factors which contribute to operational, business continuity, information security, technology leakage risks discussed above may also result in performance risks to the Group under such customer contractual relationships.

The Group mitigates such risks by implementing strict internal contract review procedures to ensure contractual performance undertakings are properly reviewed and assessed, potential contractual liabilities are proportionately limited against the commercial values of contractual engagements, and the scope of services and performance are properly defined against the technical capabilities of the Group.

(xii) Investment Risk

For any potential long term investments, a review is performed by the appropriate business sponsor, together with the legal team, to identify and analyse the risks associated with the investment and thorough review of the agreement. The investment proposals will then be presented to the Senior Management, Executive Committee or the Board depending on the transaction amount and the nature of the transaction for approval. Ongoing monitoring of the investment performance is performed by business heads and different functional departments, with escalation to the Senior Management, Executive Committee or the Board as needed on a case-by-case basis.

(xiii) Liquidity Risk

Liquidity risk is broadly classified into two categories, one is funding liquidity risk and the other, market liquidity risk. Funding Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. Market liquidity risk is associated with the Group's inability to execute transactions at prevailing market prices due to insufficient market depth or disruptions.

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirement. The Group meets its day to day working capital requirements, capital expenditure and financial obligations through cash inflow from operating activities and the facilities obtained from banks and other lenders. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under available credit lines. The Group manages market liquidity risk by maintaining a sufficient set of liquidity providers used for hedging purposes.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Lee Kam Hung Lawrence, *BBS, JP* ("Mr. Lee"), aged 70, has been chairman and non-executive Director, the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee of the Company since 27 September 2024.

Mr. Lee has been practicing with Baker McKenzie, an international law firm (the "Firm"), since 1979. He served as the chairman of the Firm's Hong Kong and PRC offices from 1996 to June 2024 and being a member of the Firm's Capital Markets Practice Group, where he mainly focused on corporate finance, including mergers and acquisitions of public companies, corporate reorganization, securities-related practices, and assisting companies with their compliance issues and challenges. In the last 15 years, he also began focusing on substantial dispute resolution work and represented clients in several high-profile cases. Mr. Lee also served as chairman of the Asia Pacific Regional Council and was a former Executive Committee member of the Firm. He retired on 26 September 2024 after practicing for 46 years with the Firm. He will continue his legal career and is in the process of gaining his admission as a barrister and he is a member of the Panel of Arbitrators and Panel of Neutrals of eBRAM International Online Dispute Resolution Centre.

While attending to his private practice, Mr. Lee has devoted significant time to serving the community in various capacities. He is currently the chairman of the Staff Appeal Committee of the Hospital Authority. He also served as the chairman of the Process Review Panel for the Securities and Futures Commission (SFC) (2018/2019 to 2023/2024) and a member of the SFC's Takeovers and Mergers Panel and the Takeovers Appeal Committee (2020–2024), as well as the Hong Kong Housing Society. In addition, he is a Senior Fellow of the Hong Kong Securities and Investment Institute. He is currently member of the Primary Healthcare Committee of the Health Bureau.

In the past, Mr. Lee served as chairman of the Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital from April 2007 to March 2017. He was also a non-executive director of the SFC from November 2009 to November 2015. Furthermore, he was a board member of the Hospital Authority from April 2005 to March 2013 and a member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council from 2015 to 2019.

EXECUTIVE DIRECTORS

Mr. Cui Song ("Mr. Cui"), aged 47, has been executive Director of the Company since 1 January 2025 and was appointed as an alternate to Mr. Yang Chao as a member of the Remuneration Committee with effect from 25 March 2025.

Mr. Cui has been the chief executive officer of the Group since 5 August 2024. He is a seasoned leader with over 20 years of experience in the Web 2.0 and Web 3.0 sectors. He has held senior leadership roles at Bybit, FangDuoDuo (Nasdaq: DUO), Google and other firms, managing and leading engineering, product management and operations initiatives and innovations. Throughout his career, Mr. Cui has successfully managed early-stage financing and led companies through IPOs. As a forward-thinking leader in the digital asset space, he is adept at navigating the ever-changing regulatory environment, and ensuring compliance while driving innovation proactively. His vision and commitment to industry progress make him a key leader in the future of digital assets. Mr. Cui holds both Bachelor's and Master's degrees in Engineering from Shanghai Jiao Tong University.

Mr. Tiu Ka Chun, Gary ("Mr. Tiu"), aged 47, has been an executive Director of the Company since July 2019, and a member of the Risk Management Committee since January 2024. He is also the Company's Head of Regulatory Affairs.

Mr. Tiu has more than 20 years of experience as a corporate legal counsel, specialising in regulatory affairs and financial products. Prior to joining the Company, Mr. Tiu served as General Counsel for Yunfeng Financial Group and Asia Head of Legal and Compliance for Cantor Fitzgerald and BGC Partners. Earlier in his career, Mr. Tiu specialised in structured derivatives, private equity and managed investment products at Macquarie Group and CITIC Capital. Mr. Tiu holds a Bachelor of Laws and a Bachelor of Arts from the University of New South Wales.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Xu Kang ("Ms. Xu"), aged 40, has been an executive Director of the Company since January 2024.

Ms. Xu has worked for Guangdong Tianjian Accounting Firm Co., Ltd. and Guangdong Everbright Enterprise Group Co., Ltd.. She has been engaged in the fields of audit evaluation, financial management, tax risk management, etc, and has extensive experience. Ms. Xu graduated from Nanjing Normal University in Jiangsu, China with a Bachelor's Degree in Finance. At the same time, Ms. Xu holds the professional qualifications of Chinese Certified Public Accountant (Chinese CPA) and Chinese Certified Tax Agent (Chinese CTA).

Mr. Yang Chao ("Mr. Yang"), aged 40, has been an executive Director, a member of each of the Nomination Committee, the Remuneration Committee and the Risk Management Committee since January 2024.

Mr. Yang graduated from Huazhong University of Science and Technology with a Bachelor's Degree in Law. He has worked in various investment institutions including Kaifu Fund, Gao Teng Wo Ying, Roho Fund, and has been engaged in the fields of investment research, risk management and private equity investment for fifteen years. He has extensive experience as he has participated in many listed companies' initial public offerings, asset restructurings and mergers and acquisitions, etc.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David ("Mr. Chau"), aged 61, has been an independent non-executive Director of the Company since April 2018. He is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company.

He has over 30 years of experience in corporate finance and was formerly a partner of one of the big four accounting firms. Mr. Chau was a key member who founded their corporate finance division and held the position as their Head of Merger and Acquisition and Corporate Advisory. Mr. Chau is a member of the Institute of Chartered Accountants in England and Wales ("ICAEW"), and was granted the Corporate Finance Qualification of ICAEW. He is also a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and was an ex-committee member of the Disciplinary Panel of HKICPA. Mr. Chau is a Senior Fellow and Director of the Hong Kong Securities and Investment Institute ("HKSI") and he was the chairman of China and Corporate Committee. Mr. Chau is the member of Hong Kong Metropolitan University Foundation Advisory Committee. Mr. Chau is the member of Pamela Youde Nethersole Eastern Hospital ("PYNEH") Fund Raising Committee, PYNEH Charitable Trust and also ex-member of the Hospital Governing Committee.

Mr. Chau is currently an independent non-executive director of China Ruyi Holdings Limited (Stock Code: 136), Productive Technologies Company Limited (Stock Code: 650), Lee & Man Paper Manufacturing Limited (Stock Code: 2314) and Man Wah Holdings Limited (Stock Code: 1999). Mr. Chau resigned as the independent non-executive director of each of China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) and China Evergrande Group (In Liquidation) (Stock Code: 3333) in October 2024 and May 2024. All the aforesaid companies are listed on the Main Board of the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu Biao ("Mr. Xu"), aged 49, has been an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee of the Company since January 2024.

Mr. Xu graduated from Zhongnan University of Economics and Law and received a Master of Laws degree. Currently, he is the executive president of Guangdong Private Investment Co., Ltd. (referred to as Guangdong Private Investment), responsible for the strategic investment, mergers and acquisitions, and equity investment business of the group headquarters. At the same time, he is also the chairman of the board of directors of Zhuhai Gaoteng Enterprise Management Co., Ltd., as well as the director and general manager of Shaoguan Gaoteng Enterprise Management Co., Ltd., both of which are subsidiaries of Guangdong Private Investment. He previously served as chairman and general manager of Guangzhou Fengying Fund Management Co., Ltd., senior partner of Shanghai AllBright Law Firm, and director of the management committee of AllBright Law Firm in association with Stevenson Wong (Qianhai). Mr. Xu has extensive experience in the field of finance and investment, and is also a senior legal professional. In his early years, he won the honorary title of "The First Top Ten Criminal Defense Lawyers in Shenzhen".

Mr. Xu is the non-executive director of Liaoning Chengda Co., Ltd. ("Liaoning Chengda", a company listed on the Shanghai Stock Exchange, stock code: 600739) and has been the chairman of Liaoning Chengda with effect from 28 February 2025. Mr. Xu currently also serves as a non-executive director of China Baoan Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000009) and a non-executive director of Mayinglong Pharmaceutical Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600993).

Mr. Yang Huan ("Mr. Yang"), aged 37, has been an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company since 17 June 2024.

Mr. Yang is currently the deputy general manager and investment partner of 深圳創維投資管理企業(有限合夥) (Shenzhen Chuangwei Investment Management Enterprise (Limited Partnership)). He worked in financial institutions such as Morgan Stanley (formerly known as "Morgan Stanley Huaxin") and Shenzhen Qianhai Junchuang Fund, providing investment banking and investment services for various large-scale central and state-owned enterprises as well as listed companies. He has years of senior management experience of private equity funds, serving as an investment committee member or a key person or an external expert of a number of private equity funds; he also has extensive practical experience in the businesses of domestic and foreign IPOs of corporations, mergers and acquisitions and restructuring of listed companies, and investment in industry funds. Mr. Yang graduated from Northeast Normal University in China with a master's degree and a bachelor's degree in administration.

SENIOR MANAGEMENT

Mr. Wong Kwun Man (Ivan) ("Mr. Wong"), aged 41, was appointed as the Group Chief Financial Officer of the Company since 15 November 2024.

Mr. Wong has over 17 years of extensive experience in capital markets, strategic investment and management consulting. He joined the Group in September 2024 as the Chief Investment Officer. Prior to joining the Group, Mr. Wong held key positions in various leading global investment banking, technology, and consulting firms, including Morgan Stanley, Ant Group and Boston Consulting Group. Mr. Wong received his master's degree in financial engineering from Columbia University and bachelor's degree in quantitative finance from the Hong Kong University of Science and Technology.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2024.

The Company wishes to highlight the importance of the Board in ensuring effective leadership and proper control of the Company, transparency and accountability of all aspects of operations and that its business is conducted in accordance with high ethical standards and applicable laws and regulations.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board considers that good corporate governance provides a framework that is crucial for effective management, successful business growth and a healthy corporate culture. In return, this benefits the Group's stakeholders as a whole, ensures that overall business risk is understood and managed appropriately and that high ethical standards are maintained.

CORPORATE GOVERNANCE PRACTICES

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.

Save as disclosed below, the Company has fully complied with the applicable code provisions of the CG Code in 2024.

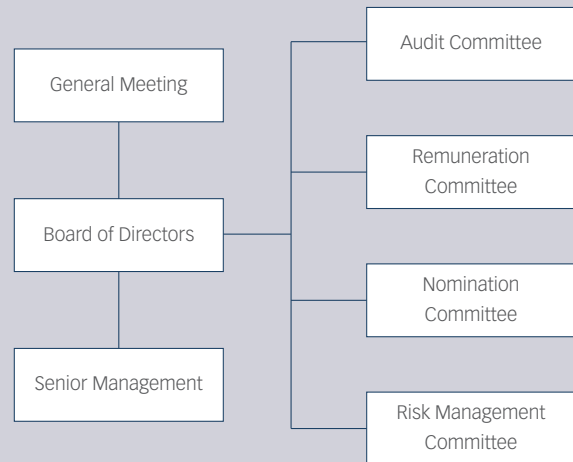
Code provision C.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual. During the year ended 31 December 2024, Mr. Pan Zhiyong, the former executive Director of the Company, acted as both the 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 had 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 remained in his roles of chairman and executive Director of the Company until 27 September 2024.

As disclosed in the announcement of the Company dated 19 April 2024, following the resignation of Dr. Yang Yu, the total number of independent non-executive Directors was below three and less than one-third of the Board and also the Audit Committee did not comprise three members and the Nomination Committee and Remuneration Committee did not comprise a majority of independent non-executive Directors respectively. In this respect, the Company had actively tried to identify a suitable candidate with appropriate background and qualification to fill the vacancy. Mr. Yang Huan was consequently appointed as the independent non-executive Director with effect from 17 June 2024. Following his appointment, there are three independent non-executive Directors, representing one-third of the Board. Each of the Nomination Committee and Remuneration Committee then comprises a majority of independent non-executive Directors and therefore the relevant requirements have been fulfilled.

The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for the shareholders.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Structure of the Company for the Year is as follows:



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 for the year ended 31 December 2024.

BOARD OF DIRECTORS

Overall Accountability

The Board is committed to providing effective and responsible leadership for the Company. The Board is accountable to the shareholders and in discharging its corporate accountability. The Directors, individually and collectively, must act in good faith in the best interests of the Company and the shareholders and fulfill their fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements.

Board Responsibilities

The Board has authorised the management or senior management who are responsible for various business functions to handle the daily operations and day-to-day management of the Group and report to the Board from time to time.

CORPORATE GOVERNANCE REPORT

The key responsibilities of the Board include, among other things:

- maintaining and promoting the culture of the Company
- formulating long-term strategy and setting the general strategy of the Group
- supervising the performance of the Group
- approving operating plans and investment proposals
- approving public announcements, including financial statements
- approving annual budgets and forecasts

All Directors are provided with full and timely access to Board papers and relevant information, as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable laws, rules and regulations are followed.

Upon request to the Board, each Director may seek independent professional advice when appropriate in the circumstances to assist with the discharge of his/her duties as a director at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to senior management. Clear directions as to the powers, scope of delegation and relevant arrangements are given to senior management and are subject to periodic review to ensure that they commensurate with the Company's needs. Reporting to the Board and prior approval of the Board are necessary before senior management enters into any material transactions and assumes any significant commitments on behalf of the Company.

The Board monitors senior management's performance against the achievement of financial and non-financial goals, the principal items being monitored are:

- monthly management summary
- internal and external audit reports
- feedback from external stakeholders

The Board has the full support of senior management to discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Company has adopted a board charter and terms of reference which sets out the role and responsibilities of the Board. The Board is responsible for performing its corporate governance duties as set out below. The Board discharges the following responsibilities either by itself or through delegation to the Board Committees:

- appoint any other committees that the Board decides as needed and delegate appropriate powers of the Board to those committees
- provide independent, effective leadership to supervise the management of the Company's business and affairs to grow value responsibly, in a profitable and sustainable manner, and in the best interests of its shareholders
- review the Company's policies and practices on corporate governance
- review and monitor the training and continuous professional development of Directors and senior management
- review and monitor the Company's key policies and practices in compliance with legal and regulatory requirements
- develop, review and monitor the code of conduct applicable to employees and Directors
- review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report

During the Year, the Board has (i) reviewed and monitored the training and continuous professional development of Directors and senior management; (ii) reviewed the Company's key policies and practices on corporate governance and compliance, and ensured compliance of relevant legal and regulatory requirements; and (iii) reviewed the code of conduct, the CG Code and the disclosures in the Corporate Governance Report.

Board Composition

The Board is structured with a view to ensure it is of a high calibre and has a balance of skills, knowledge and experience so that it works effectively as a team, and individuals or groups do not dominate decision-making.

The composition of the Board during the Year and as at the date of this annual report is as follows:

Non-Executive Director:

Mr. Lee Kam Hung Lawrence

The chairman of the Board, the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee
(appointed on 27 September 2024)

CORPORATE GOVERNANCE REPORT

Executive Directors:

Mr. Cui Song	<i>(appointed as Executive Director on 1 January 2025 and as chief executive officer on 5 August 2024; appointed as an alternate to Mr. Yang Chao as a member of the Remuneration Committee on 25 March 2025)</i>
Mr. Tiu Ka Chun, Gary	A member of the Risk Management Committee <i>(appointed as a member of the Committee on 12 January 2024)</i>
Ms. Xu Kang	<i>(appointed on 12 January 2024)</i>
Mr. Yang Chao	A member of each of the Nomination Committee, the Remuneration Committee and the Risk Management Committee <i>(appointed on 12 January 2024)</i>
Mr. Pan Zhiyong	The chairman of the Board, the chief executive officer, the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee <i>(appointed on 12 January 2024, ceased to be the chief executive officer on 5 August 2024 and resigned as the chairman of the Board, the chief executive officer, the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee on 27 September 2024)</i>
Ms. Jia Ruixin	<i>(appointed on 30 August 2024 and resigned on 1 January 2025)</i>
Mr. Ko Chun Shun, Johnson	<i>(resigned on 30 August 2024)</i>
Mr. Lo Ken Bon	Deputy chairman, the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee <i>(resigned on 12 January 2024)</i>
Mr. Chapman David James	<i>(resigned on 12 January 2024)</i>
Mr. Madden Hugh Douglas	The chief executive officer <i>(resigned on 12 January 2024)</i>

CORPORATE GOVERNANCE REPORT

Independent Non-Executive Directors:

Mr. Chau Shing Yim, David	The chairman of each of the Audit Committee and the Remuneration Committee, and a member of each of the Nomination Committee and the Risk Management Committee (<i>resigned as a member of the Risk Management Committee on 12 January 2024</i>)
Mr. Xu Biao	A member of each of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee (<i>appointed on 12 January 2024</i>)
Mr. Yang Huan	A member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee (<i>appointed on 17 June 2024</i>)
Dr. Yang Yu	A member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee (<i>appointed on 12 January 2024 and resigned on 19 April 2024</i>)
Mr. Chia Kee Loong, Lawrence	A member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee (<i>resigned on 12 January 2024</i>)
Mr. Tai Benedict	A member of each of the Audit Committee and the Risk Management Committee (<i>resigned on 12 January 2024</i>)

The current Directors and their brief biographical details are set out in the section headed "Biographical details of Directors and Senior Management" of this annual report.

Save as disclosed therein, there is no other relationship between Board members.

(i) Ms. Xu Kang, Mr. Yang Chao, Mr. Xu Biao, Mr. Pan Zhiyong and Dr. Yang Yu, who were appointed to the Board on 12 January 2024; (ii) Mr. Yang Huan who was appointed to the Board on 17 June 2024; (iii) Ms. Jia Ruixin who was appointed to the Board on 30 August 2024; (iv) Mr. Lee Kam Hung Lawrence who was appointed to the Board on 27 September 2024 and (v) Mr. Cui Song who was appointed as to the Board on 1 January 2025, had obtained legal advice from an external law firm as required under Rule 3.09D of the Listing Rules on (i) 8 January 2024; (ii) 17 June 2024; (iii) 30 August 2024; (iv) 24 September 2024 and (v) 3 January 2025 respectively. Each of them has confirmed his/her understanding of the obligations as a Director of the Company.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. Each executive Director is responsible for different business and functional division of the Group in accordance with his/her expertise. The independent non-executive Directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings and taking the lead in managing issues involving potential conflicts of interests, the independent non-executive Directors had made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

CORPORATE GOVERNANCE REPORT

Board Independence

The Board always maintains its independence. As of 31 December 2024 and as at the date of this annual report, three out of our eight Directors were independent non-executive Directors.

Board independence is regularly and consistently reviewed and maintained, including through:

- strict compliance with our code of conduct, which aims to avoid conflicts of interest;
- separate discussions amongst independent non-executive Directors and Deputy Chairman/Chairman, without the presence of other executive Directors to provide independent views and input;
- full disclosure in annual reports of cross-directorships or other business relationships that may interfere with Director's independence;
- independent professional advice, as and when required by individual Directors; and
- review by Nomination Committee of potential conflicts of interest and recommend appropriate actions to take.

During the Year and as at the date of this annual report, the Nomination Committee had carried out a detailed review of the Directors' independence and was satisfied that each of the three independent non-executive Directors was independent at the time of review.

Chairman and Chief Executive

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual.

On 12 January 2024, Mr. Lo Ken Bon resigned as the Deputy Chairman of the Company, and Mr. Madden Hugh Douglas resigned as chief executive officer of the Company. On the same day, Mr. Pan Zhiyong ("Mr. Pan") was appointed as the Chairman and chief executive officer of the Company. This deviates from code provision C.2.1 of the CG Code. To further strengthen the Company's corporate governance, and in connection with the expansion of the Company's senior leadership team, Mr. Pan ceased to serve as the chief executive officer of the Company with effect from 5 August 2024 but remained in his roles as Chairman and Executive Director of the Board, and Mr. Cui Song has been appointed as the chief executive officer of the Company with effect from 5 August 2024. On 27 September 2024, Mr. Lee Kam Hung Lawrence was appointed as the Chairman of the Board in place of Mr. Pan. The respective roles and responsibilities of the Chairman and chief executive officer are set out in writing. In addition, the Board is of the view that the balanced composition of executive and the independent non-executive Directors on the Board and the various committees of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Pursuant to Article 112 of the Memorandum of Association and Articles of Association of the Company (the “Articles”), the Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of members after his/her appointment and be subject to re-election at such meeting; and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, Mr. Lee Kam Hung Lawrence, Mr. Cui Song and Mr. Yang Huan shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Pursuant to Article 108(a) of the Articles, at each annual general meeting, at least one-third of the Directors at the time shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Accordingly, Mr. Tiu Ka Chun, Gary and Mr. Chau Shing Yim, David shall retire at the annual general meeting and being eligible, offer themselves for re-election.

Except the deviation as stated in the section “Corporate Governance Practices” on page 25, the Company has been complying with Listing Rule 3.10(1) and (2), and 3.10A in which maintaining the number of independent non-executive Directors at not less than one-third of the number of the Board members and has ensured that at least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. The participation of independent non-executive Directors in the Board brings independent judgement to ensure the interests of all shareholders have been duly considered.

All non-executive Directors are appointed for a term of one year, subject to retirement by rotation and re-election of annual general meetings of the Company.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Director is required to inform the Group as soon as practicable if there is any change that may affect his/her independence. The Company has received from each of the independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers these independent non-executive Directors to be independent.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

Every newly appointed Director will be given an induction to ensure that he/she has appropriate understanding of the Group's business and his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements. The Directors may request the Company to provide independent professional advice at the Company's expense to discharge his/her duties to the Company. Directors' training is an ongoing process.

During the Year and as at the date of this annual report, the Company provided to the Directors regular updates and presentations on changes and developments of the Group's business and the legislative regulatory environments in which the Group operates.

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2024 and as at the date of this annual report, the Directors complied with the code provision C.1.4 of the CG Code and participated in continuous professional development as shown below:

Name of Directors	Reading relevant materials in relation to listing rules update and corporate governance
Non-Executive Director Mr. Lee Kam Hung Lawrence (<i>appointed on 27 September 2024</i>)	✓
Executive Directors Mr. Cui Song (<i>appointed on 1 January 2025</i>) Mr. Tiu Ka Chun, Gary Ms. Xu Kang (<i>appointed on 12 January 2024</i>) Mr. Yang Chao (<i>appointed on 12 January 2024</i>) Mr. Pan Zhiyong (<i>appointed on 12 January 2024 and resigned on 27 September 2024</i>) Ms. Jia Ruixin (<i>appointed on 30 August 2024 and resigned on 1 January 2025</i>) Mr. Ko Chun Shun, Johnson (<i>resigned on 30 August 2024</i>) Mr. Lo Ken Bon (<i>resigned on 12 January 2024</i>) Mr. Chapman David James (<i>resigned on 12 January 2024</i>) Mr. Madden Hugh Douglas (<i>resigned on 12 January 2024</i>)	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓
Independent Non-Executive Directors Mr. Chau Shing Yim, David Mr. Xu Biao (<i>appointed on 12 January 2024</i>) Mr. Yang Huan (<i>appointed on 17 June 2024</i>) Dr. Yang Yu (<i>appointed on 12 January 2024 and resigned on 19 April 2024</i>) Mr. Chia Kee Loong, Lawrence (<i>resigned on 12 January 2024</i>) Mr. Tai Benedict (<i>resigned on 12 January 2024</i>)	✓ ✓ ✓ ✓ ✓ ✓

CORPORATE GOVERNANCE REPORT

DIRECTORS' LIABILITY INSURANCE

The Company has arranged appropriate liability insurance to cover the Directors' risk exposure arising from corporate activities. The insurance coverage is reviewed annually.

BOARD COMMITTEES

As an important component of sound corporate governance practices and to oversee the general affairs of the Company in each aspect as well as to assist the Board to perform its duties, the Board has set up four Board committees: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee. The compositions of the committees are set up to ensure that independent and objective opinions are sufficiently expressed and that the committees serve their roles of monitoring and supervision. Each committee has its specific terms of reference with reference to the Code.

The list of members and terms of reference of each of the Board committees are disclosed on the websites of the Company and the Stock Exchange.

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise), namely, Mr. Chau Shing Yim, David (Chairman), Mr. Xu Biao and Mr. Yang Huan. Dr. Yang Yu was appointed as a member of the Audit Committee on 12 January 2024 and resigned on 19 April 2024. Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict resigned as a member of the Audit Committee with effect from 12 January 2024.

Under its terms of reference, the Audit Committee is required, among other things, (i) to monitor and review the financial reports, and give advice on matters related to financial reporting; (ii) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; and (iii) to oversee internal control procedures of the Company.

During the Year, the Audit Committee has held 5 meetings and passed 1 committee resolutions. The Audit Committee has (i) reviewed the Group's audited consolidated financial statements for the year ended 31 December 2023 and unaudited consolidated financial information for the period ended 30 June 2024; (ii) made recommendations on the reappointment of the external auditor; (iii) reviewed and approved on the internal audit plan and internal audit charter; and (iv) reviewed the internal control reports of the Company and assessed the effectiveness of the Group's internal control system.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

Risk Management Committee

The Risk Management Committee currently comprises one independent non-executive Director, Mr. Xu Biao, two executive Directors, Mr. Tiu Ka Chun, Gary and Mr. Yang Chao, and a non-Executive Director, Mr. Lee Kam Hung Lawrence. Mr. Lee Kam Hung Lawrence is the Chairman of the Risk Management Committee (appointed on 27 September 2024). Mr. Pan Zhiyong (following his resignation as a Director on 27 September 2024) resigned as the chairman of the Risk Management Committee with effect from 27 September 2024. Mr. Lo Ken Bon (following his resignation as a Director on 12 January 2024) resigned as the chairman of the Risk Management Committee and Mr. Chau Shing Yim, David, Mr. Tai Benedict (following his resignation as a Director on 12 January 2024) and Mr. Sikora Marek resigned as members of the Risk Management Committee, all with effect from 12 January 2024.

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Under its terms of reference, the responsibilities of the Risk Management Committee are, among others, (i) to review on the overall risk management strategies and risk appetite/tolerance statement(s) of the Group which should be commensurate with its operations and strategic goals, taking into account all relevant risk-related matters encountered by the Group; (ii) to review and assess the adequacy and effectiveness of the Group's risk management framework, internal control systems and risk management policies and procedures in identifying, measuring, monitoring and controlling risk, and oversee their effective operation, implementation and maintenance; (iii) to communicate with the risk management function to ensure that there are no unresolved issues or concerns; and (iv) to report significant risk management issues to the Board as set out in the terms of reference.

The Risk Management Committee has held 2 meetings during the Year with all members present. The Risk Management Committee has (i) reviewed the potential risks in overall business, risk management strategies of the Group; (ii) reviewed risk management system; and (iii) reviewed risk reports and any breaches of risk tolerances and policies.

Discussion of risks during the Year are further described in the Management Discussion and Analysis under section headed "Risk Disclosures".

Remuneration Committee

The Remuneration Committee currently comprises three independent non-executive Directors, Mr. Chau Shing Yim, David, Mr. Xu Biao and Mr. Yang Huan, one executive Director, Yang Chao (with Mr. Cui Song being his alternate) and one non-executive Director, Mr. Lee Kam Hung Lawrence. Mr. Chau Shing Yim, David is the Chairman of the Remuneration Committee. Mr. Pan Zhiyong resigned as a member of the Remuneration Committee following his resignation as a Director of the Company on 27 September 2024. Dr. Yang Yu was appointed on 12 January 2024 and resigned on 19 April 2024 as a member of the Remuneration Committee. Mr. Lo Ken Bon and Mr. Chia Kee Loong, Lawrence resigned as a member of the Remuneration Committee with effect from 12 January 2024 following their resignation as a Director of the Company on that date.

The terms of reference of the Remuneration Committee have been determined with reference to the CG Code. Under the terms of reference, the responsibilities of the Remuneration Committee include, inter alia, (i) to assist the Company in the administration of a formal and transparent procedure for developing remuneration policies; (ii) to make recommendations to the Board on the remuneration package of all Directors and senior management of the Company; and (iii) to ensure that none of the Directors determined his/her own remuneration.

The Remuneration Committee has adopted a model wherein it determines the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

The Company has adopted a Director and Employee Remuneration Policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management and employees of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

Executive Directors' remuneration packages shall comprise fixed and variable components linking to individual and the Group's performance. For non-executive Directors, they shall receive fixed remuneration/fee to be set at an appropriate level to attract and retain first-class non-executive talent by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against a peer group.

Employees (including senior management) shall comprise fixed and variable components with reference to a mix of local and regional professional firms and major corporations.

CORPORATE GOVERNANCE REPORT

The goal is to enable the Company to motivate the executive Directors and senior management by linking their remuneration to the Company's operating results, individual performances and comparable market rates.

During the Year, the Remuneration Committee has held 4 meetings and passed three committee resolutions. The Remuneration Committee has (i) reviewed the remuneration packages of all the Directors and senior management of the Company and make recommendations to the Board on their remuneration packages; (ii) reviewed and approved the term of reference, (iii) considered and approved the remuneration of Mr. Cui Song as Chief Executive Officer; (iv) considered and approved the remuneration of Ms. Jia Ruixin; (v) considered and approved the remuneration of Mr. Lee Kam Hung Lawrence and (vi) considered and approved the remuneration of Mr. Yang Huan as independent non-executive Director.

In regards to grant of options to Directors and senior management and grant of Award and Shares to senior management it has taken into consideration factors such as individual performance, level of responsibilities, time commitment, the business performance, as well as the prevailing market condition. The Remuneration Committee considers the grant of Options and Awarded Shares to Directors and senior management are to recognize their past contribution as well as motivate their expected future contribution to the success and development of the Group and align of the purpose of both the share option scheme and share award plan.

In determining the number of the Options and Awarded Shares to be granted, the Remuneration Committee has mainly considered the following factors: (a) the seniority and the importance of the work position, taking into account the background of the grantees; (b) the contribution of the grantees; (c) the individual performance of the grantees; and (d) the Group's overall business performance, objectives and future development plan. The Remuneration Committee believes that the future success of the Group is closely tied to the commitment and efforts of the grantees, and the Options and Awarded Shares were made to them in recognition of their past contribution to the development and business performance of the Group and as an incentive for their continuing commitment and contribution towards the sustainable growth of the Group. The Remuneration Committee is of the view that the terms of the Options and Awards are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The remuneration paid to the senior management by bands for the Year is set out below:

Emoluments Band	Number of individuals
HK\$1,000,000 to HK\$1,500,000	1
HK\$3,000,001 to HK\$3,500,000	1

Details of the remuneration of each of the Directors for the year ended 31 December 2024 are set out in Note 11 to the consolidated financial statements of the Group.

Nomination Committee

The Nomination Committee currently comprises three independent non-executive Directors, Mr. Chau Shing Yim, David, Mr. Xu Biao and Mr. Yang Huan, one executive Director, Mr. Yang Chao and one non-executive Director, Mr. Lee Kam Hung, Lawrence. Mr. Lee Kam Hung, Lawrence is the Chairman of the Nomination Committee (appointed on 27 September 2024). Dr. Yang Yu was appointed on 12 January 2024 and resigned on 19 April 2024 as a member of the Nomination Committee. Mr. Pan Zhiyong resigned as the chairman of the Nomination Committee on 27 September 2024. Mr. Lo Ken Bon and Mr. Chia Kee Loong, Lawrence resigned as a member of the Nomination Committee with effect from 12 January 2024 following their resignation as a Director of the Company on that date.

CORPORATE GOVERNANCE REPORT

The terms of reference of the Nomination Committee have been determined with reference to the CG Code. Under the terms of reference, the responsibilities of the Nomination Committee is to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) make recommendations to the Board regarding the appointment or reappointment of Directors of the Company; (iii) assess the independence of independent non-executive Directors; and (iv) recommend Directors who are going to retire to be put forward for re-election.

The Nomination Committee has held 6 meetings and passed two committee resolutions during the Year. The Nomination Committee has (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the independent non-executive Directors; (iii) reviewed on the nomination policy, the terms of reference and board diversity policy, (iv) recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting; (v) reviewed the independence of the Independent Non-executive Directors; (vi) considered the nominations of the Chief Executive Officer, Chairman, executive Directors and independent non-executive Directors.

The Nomination Committee is also responsible for the review of the nomination policy, considering selection criteria of potential new Directors that will make a positive contribution to the performance of the Board and board diversity policy, considering factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of Board members, and review of the measurable objectives that the Board has set for implementing the board diversity policy, and monitoring of the progress in achieving the measurable objectives.

NOMINATION POLICY

The Company has adopted a nomination policy which sets out the selection criteria in assessing the suitability of the proposed candidate for directorship and the nomination procedures for Directors.

Nomination Procedures and Process

The factors listed below will be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

- The secretary of the Nomination Committee shall call a meeting, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration.
- For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval.
- For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.
- In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

CORPORATE GOVERNANCE REPORT

Criteria adopted by the Nomination Committee

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including but not limited to the following in assessing the suitability of the proposed candidate:

- **Reputation for integrity:** The candidate should be of the highest ethical character and have a strong reputation and standing, both personally and professionally, in his or her fields.
- **Business Experience:** The candidate should have significant experience from a senior role in an area of business, public affairs or academia, relevant to the Company. Awareness of the Group's focusing industry would be an advantage but not a requirement in all cases.
- **Time commitment:** Each Board member must have sufficient time available for the proper performance of his or her duties. Directors should be sufficiently free from other commitments to be able to devote the time needed to prepare for meetings and participate in induction, training, appraisal and other Board associated activities.
- **Diversity:** The candidate should contribute to the Board for being a diverse body, with diversity reflecting gender, age, cultural and educational background, ethnicity, professional experience, qualifications, skills and length of service.
- **Independence:** For the candidate who is proposed as an independent non-executive Director, he or she must satisfy all the independence requirements as set out in Rule 3.13 of the Listing Rules. He or she must always be aware of threats to his or her independence and avoid any conflict of interest with the Company. He or she must be able to represent and act in the best interest of the Company and its shareholders as a whole.

The above factors are for reference only, and not meant to be exhaustive and decisive. To ensure that the existing nomination policy continues to be implemented smoothly in practice, the Company shall undertake regular reviews and reassess the policy regarding to the regulatory requirements, good corporate governance practice and the expectations of the shareholders and other stakeholders of the Company. Should any amendment to the nomination policy arises, the Company shall propose to the Board for approval.

BOARD DIVERSITY POLICY

With a view to achieve a sustainable and balanced development, the Company has been considering diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board.

Pursuant to the board diversity policy,

- The Company recognises the benefits of a Board that possesses an appropriate balance and levels of skills, gender, experience, expertise and diversity of perspectives essential to support the execution of its corporate and business strategies and to enhance the quality and effectiveness of its performance. Board diversity will strengthen the Company's strategic objectives in driving business results, enhancing good corporate governance and reputation, and attracting and retaining talent for the Board;
- The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement with the Company's corporate strategy and ensure that the Board maintains a balanced diverse profile;

CORPORATE GOVERNANCE REPORT

- In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge as well as length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices are appropriately structured so that a diverse range of candidates is considered. The Company has made progress in the gender diversity at the Board level and has appointed one female Director in January 2024. As of the date of this annual report, the Board comprises 1 female and 7 male Directors (2023: same).

The Board considers that the current board composition are from diverse and complementary backgrounds and that it meets the criteria of the board diversity policy. The valuable experience and expertise they bring to our business are critical for the long-term growth of the Group.

The Nomination Committee shall consider candidates on merits as well as against the measurable objectives with due regard to the benefit of the appropriate diversity of perspectives within the Board and also the candidates' potential contributions thereto.

In order to maintain gender diversity, similar considerations will be taken when recruiting and selecting senior management and employees of different categories. The Company has adopted and will continue to adopt measures to promote the diversity of employees in all levels. All eligible employees will have equal opportunities in employment, trainings and career development. The Company will, when recruiting middle-level and senior managers, continue to ensure gender diversity.

As at 31 December 2024, we maintained a 25.2:74.8 ratio of women to men in the workplace (including senior management). After consideration, the Board is of the view that we have achieved the gender diversity of employees. For details, please refer to our "Environmental, Social and Governance Report" published by the Group.

The Board will review the board diversity policy on an annual basis to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of each Director at the Board meetings, Board committees meetings and general meetings of the Company held during the year ended 31 December 2024 are set out below:

	Board Meeting	Audit Committee Meeting	Attended/Eligible to Attend			Annual General Meeting	Extraordinary General Meetings
			Remuneration Committee Meeting	Nomination Committee Meeting	Risk Management Committee Meeting		
Number of meetings	29	5	4	6	2	1	2
Non-Executive Director							
Lee Kam Hung Lawrence (<i>Chairman</i>) (<i>Note 1</i>)	4/4	–	1/1	1/1	–	–	–
Executive Directors							
Cui Song (<i>Chief Executive Officer</i>) (<i>Note 2</i>)	–	–	–	–	–	–	–
Tiu Ka Chun, Gary (<i>note 3</i>)	29/29	–	–	–	2/2	1/1	2/2
Xu Kang (<i>note 4</i>)	25/25	–	–	–	–	1/1	1/1
Yang Chao (<i>note 5</i>)	25/25	–	4/4	5/5	2/2	1/1	1/1
Pan Zhiyong (<i>note 6</i>)	25/25	–	4/4	5/5	2/2	1/1	1/1
Jia Ruixin (<i>note 7</i>)	5/5	–	–	–	–	–	–
Lo Ken Bon (<i>note 8</i>)	4/4	–	1/1	–	–	–	1/1
Ko Chun Shun, Johnson (<i>note 9</i>)	24/24	–	–	–	–	1/1	2/2
Madden Hugh Douglas (<i>note 10</i>)	4/4	–	–	–	–	–	1/1
Chapman David James (<i>note 11</i>)	4/4	–	–	–	–	–	1/1
Independent non-executive Directors							
Chau Shing Yim, David (<i>note 12</i>)	29/29	5/5	4/4	6/6	–	1/1	2/2
Xu Biao (<i>note 13</i>)	25/25	4/4	4/4	4/4	–	1/1	1/1
Yang Huan (<i>note 14</i>)	12/12	2/2	3/3	3/3	–	–	–
Yang Yu (<i>note 15</i>)	0/6	0/3	0/2	0/2	–	–	1/1
Chia Kee Loong, Lawrence (<i>note 16</i>)	3/3	–	–	1/1	–	–	1/1
Tai Benedict (<i>note 17</i>)	3/3	–	–	–	–	–	1/1

CORPORATE GOVERNANCE REPORT

Notes:

- (1) Mr. Lee Kam Hung Lawrence was appointed as the chairman and non-Executive Director, chairman of the Nomination Committee and Risk Management Committee and a member of the Remuneration Committee with effect from 27 September 2024.
- (2) Mr. Cui Song was appointed as the chief executive officer with effect from 5 August 2024 and as the executive Director with effect from 1 January 2025 and was appointed as an alternate to Mr. Yang Chao as a member of the Remuneration Committee with effect from 25 March 2025.
- (3) Mr. Tiu Ka Chun, Gary has been appointed as a member of the Risk Management Committee with effect from 12 January 2024.
- (4) Ms. Xu Kang was appointed as executive Director with effect from 12 January 2024.
- (5) Mr. Yang Chao was appointed as executive Director, and a member of each of the Nomination Committee, the Remuneration Committee and the Risk Management Committee with effect from 12 January 2024.
- (6) Mr. Pan Zhiyong was appointed as an executive Director, the chairman of the Board, the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee with effect from 12 January 2024 and resigned from the said positions with effect from 27 September 2024.
- (7) Ms. Jia Ruixin was appointed as executive Director with effect from 30 August 2024 and resigned from the said position with effect from 1 January 2025.
- (8) Mr. Lo Ken Bon resigned as an executive Director and the Deputy Chairman of the Board with effect from 12 January 2024. Following his resignation, he ceased to act as the chairman of each of the Nomination Committee and the Risk Management Committee and a member of the Remuneration Committee.
- (9) Mr. Ko Chun Shun, Johnson resigned as executive Director with effect from 30 August 2024.
- (10) Mr. Madden Hugh Douglas resigned as executive Director and the chief executive officer of the Company with effect from 12 January 2024.
- (11) Mr. Chapman David James resigned as executive Director with effect from 12 January 2024.
- (12) Mr. Chau Shing Yim, David ceased to be a member of the Risk Management Committee with effect from 12 January 2024.
- (13) Mr. Xu Biao was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee with effect from 12 January 2024.
- (14) Mr. Yang Huan was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 17 June 2024.
- (15) Dr. Yang Yu was appointed as an independent non-executive Director, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 12 January 2024 and resigned from the said positions with effect from 19 April 2024.
- (16) Mr. Chia Kee Loong, Lawrence resigned as an independent non-executive Director with effect from 12 January 2024. Following his resignation, he ceased to act as a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee; and
- (17) Mr. Tai Benedict resigned as an independent non-executive Director with effect from 12 January 2024. Following his resignation, he ceased to act as a member of each of the Audit Committee and the Risk Management Committee.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITOR'S REMUNERATION

The remuneration in respect of services provided by the external auditor to the Group in 2024 is summarised as follows:

Services rendered	Fees paid/payable HK\$
PricewaterhouseCoopers	
Audit service	13,263
Non-audit service	
Fee for tax compliance and other advisory services	2,978

COMPANY SECRETARY

The Company Secretary is accountable to the Board and the Board Committees for ensuring good information flow and Board policies and procedures are followed. The Company Secretary provides advice to the Board on governance matters and facilitates the induction and professional development of Directors. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors or Board Committee members for comments, approval and records within a reasonable time after each meeting. All Directors have access to the minutes of the Board and Board Committee meetings of the Company. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board and the Directors

The Directors acknowledge their responsibility in preparing the financial statements and ensuring that the financial statements are prepared as to give a true and fair view and on a going concern basis in accordance with the statutory requirements and applicable financial reporting standards.

Auditor's Statement

The statement of the external auditor of the Company about its reporting responsibilities on the audit of the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 68 to 76 of this annual report.

Senior Management

Senior management has provided the Board with sufficient explanation and necessary information enabling the Board to make an informed assessment of financial and other information put before the Board for approval.

Senior management has provided regular updates to all members of the Board to enable proper discharge of duties by the Board as a whole or each member individually by giving them balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

CORPORATE GOVERNANCE REPORT

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board endeavours to develop and maintain continuing relationships and effective communications with the shareholders and investors of the Company. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decisions.

Investor Relations

The Company communicates with the shareholders and investors through various channels including press releases and publication of interim and annual reports, announcements, circulars and other corporate communications and publications available on the websites of the Stock Exchange and the Company.

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages the participation of the shareholders through annual general meetings and other general meetings where the shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual directors. All proposed ordinary resolutions were passed by way of poll at the meeting.

The Board always ensures that shareholders' and investors' views are heard and understood, and welcomes their questions and concerns relating to the Group's management and governance. The Company's website provides an email address to enable the shareholders to make any enquiries and concerns to the Board. Shareholders may also at any time send their enquiries and concerns to the Board by post at the Company's office address.

Shareholders Communication Policy

The Company has established a shareholders communication policy ("Shareholders Communication Policy") to set out the Company's processes to provide shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance), in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company on a consistent basis.

The financial reports (annual and interim reports), regulatory disclosures, annual general meetings and other general meetings of the Company are the primary forum for communication and engagement with shareholders and the investment community.

All announcements and notices are published on the websites of the Company (group.osl.com, a dedicated Investor Relations website) and the Stock Exchange (www.hkex.com.hk). All presentation materials and press releases provided in conjunction with the Company's results announcement each year are made available on group.osl.com as soon as practicable after their release. Monthly investor updates containing broader market news and business progress of the Company (in English and Chinese) are also published on group.osl.com and distributed in email to shareholders and the investment community who registered and gave consent to receive such materials.

In addition, to promote greater understanding and on-going dialogue with the investors, the Company holds regular conference calls, luncheon meetings, on-site visits, industry forums and gatherings with the investors in connection with the Company's annual and interim results as well as business updates. During results presentation and conference calls, the Company's Chief Executive Officer or his/her delegate will present the Group's performance to the investors and answer questions. The results presentation and Q&A are also broadcasted live via webcast, in order to enhance the communication with the broader investment community. Apart from this, designated senior management maintain regular dialogue with institutional investors to keep them abreast of the Group's development, subject to compliance with applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented and is effective during the year.

Moreover, Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Investor Relations Department or the Company Secretary of the Company. Shareholders and the investment community can also contact the Investor Relations team of the Company via submitting online enquiry forms or emailing its public email (ir@osl.com).

The Shareholders Communication Policy is reviewed annually to ensure its implementation and effectiveness and is posted on the Company website.

DIVIDEND POLICY

The Company has adopted a dividend policy. The declaration and payment of dividends shall be determined at the sole discretion of the Board. Pursuant to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends or other covenants on the Group's financial ratios that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

CORPORATE GOVERNANCE REPORT

Company's Constitutional Documents

With the approval of shareholders at the extraordinary general meeting of the Company held on 4 January 2024, the memorandum and articles of association of the Company were amended with effect from 5 January 2024 with the primary object to reflect the name change of the Company.

The latest version of the memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange.

Shareholders' Meeting

The general meetings of the Company provide the best opportunity for communication between the Board and the shareholders. The Board of Directors are available to answer questions at the shareholders' meetings. The Company's external auditor attends the annual general meeting and is available to answer questions relating to the conduct of its audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Shareholders' Rights

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the re-election of the retiring Directors. All votes of the shareholders at shareholders' meetings are taken by poll. Poll results are posted on the websites of the Company and the Stock Exchange following the shareholders' meetings.

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to article 64 of the Articles, any shareholders, at the date of deposit of the requisition, holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meetings by shareholders

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for shareholders of the Company to propose a person for election as a Director are posted on the website of the Company.

CORPORATE GOVERNANCE REPORT

Enquiries to the Board

Shareholders can direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited. The investment community may at any time make a request for the Company's information to the extent such information is publicly available. The Company's branch share registrar would provide a designated contact person and email addresses of the Company to enable them to make any query in respect of the Company.

Shareholders and potential investors are welcome to communicate with the Investor Relations Department by emailing to ir@osl.com. Shareholders may also put forward their written enquiries at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has established a robust risk management framework to ensure significant risks are identified, evaluated, managed and controlled.

The Group Internal Audit serves as the third line of defense within the internal control framework, playing a pivotal role in evaluating and strengthening the adequacy and effectiveness of the Group's internal control systems, risk management practices, and governance processes. The Group Internal Audit reports directly to the Audit Committee, ensuring independence and clear accountability.

By adopting a risk-based methodology, the Group Internal Audit formulates its annual audit plan, taking into consideration the Group's organization structure, management priorities, business nature and complexity, and overall operating environment. The annual audit plan is reviewed and approved by the Audit Committee. The risk-based approach facilitates the identification of high-risk areas and determines the scope, timing, and extent of internal audit activities, ensuring alignment with the Group's strategic objectives.

In accordance with the approved audit plan, the Group Internal Audit conducts independent reviews of various business units, functions, and operations, prioritizing its resources toward high-risk areas. The Head of Internal Audit directly reports audit findings and recommendations to the Audit Committee, providing independent assurance on the adequacy and effectiveness of the Group's internal controls. The Group Internal Audit monitors and follows up on identified issues to ensure the timely implementation of corrective actions.

The Group Internal Audit supported the Board, the Audit Committee and the Risk Management Committee in reviewing the effectiveness of risk management and internal control systems of the Group. The Audit Committee and the Risk Management Committee provided independent review on the effectiveness of the internal control and risk management systems of the Group, respectively, and provided recommendations to the Board.

The Board is responsible for and had reviewed the risk management and internal control systems for the Year through the Audit Committee, the Risk Management Committee, senior management of the Company and the internal audit function, and considered the control systems are effective and adequate. Such review covered (i) all material controls, including but not limited to financial, operational and compliance controls; (ii) risk management functions; and (iii) the adequacy of resources, qualifications and experience of staff in connection with the accounting and financial reporting function of the Group and their training programmes and relevant budget.

CORPORATE GOVERNANCE REPORT

The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure in operational systems and to provide reasonable, but not absolute, assurance against material misstatement or loss. The systems are designed to further safeguard the Group's assets, maintain appropriate accounting records and financial reporting, achieve efficiency of operations and ensure compliance with the Listing Rules and all other applicable laws and regulations.

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with applicable requirements of Securities & Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public.

The Company makes reference to the "Guidelines on Disclosure of Inside Information" issued by the SFC in June 2012 in handling and dissemination of inside information.

The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

The Group has been maintaining procedures in handling and dissemination of inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 19 to the consolidated financial statements on pages 158 to 160 of this annual report. During the Year, the Group was principally engaged in the digital assets and blockchain platform business in the Asia-Pacific region. On 4 November 2024, the Company, through its wholly owned subsidiary, entered into a share purchase agreement with four independent third parties to acquire 81.38% equity interests in OSL Japan, a crypto asset exchange service provider licensed by the FSA in Japan. The acquisition would be completed in two tranches (namely "Tranche 1" and "Tranche 2") upon the fulfilment of the respective completion conditions as set out in the agreement. On 29 November 2024, Tranche 1 acquisition was completed and the Group has acquired 51% equity interests in OSL Japan. On 17 January 2025, Tranche 2 acquisition was completed and the Group has acquired further 30.38% equity interests in OSL Japan, obtaining 81.38% equity interests in OSL Japan on the same date.

On 12 November 2023, the Group entered into the equity transfer agreement to sell its equity interest 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 services business, to an independent third party. The completion of 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 regulations. Such resolutions were passed subsequently on 17 January 2024. The disposal of Shanghai Jingwei was subsequently completed in March 2024. Details of which are set out in the Company's announcement and circular dated 13 November and 29 December 2023 respectively.

CHANGE OF COMPANY NAME

By a special resolution passed 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" with effect from 5 January 2024. The Certificate of Registration of Alteration of Name of Registered non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 24 January 2024 confirming the registration of the new English name "OSL Group Limited" also known as "OSL集團有限公司" in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

RESULTS AND DIVIDEND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 77 to 79.

The Board has resolved not to recommend a final dividend in respect of the Year to the holders of the ordinary shares of the Company (2023: Nil).

BUSINESS REVIEW

A review of the business of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group and an indication of likely future development in the Group's business are set out in the Chief Executive Officer's Statement and the Management Discussion and Analysis of this annual report. The review forms part of the Report of the Directors.

REPORT OF THE DIRECTORS

Detailed discussions on the Group's environmental policies, relationships with its key stakeholders, and compliance with relevant laws and regulations which have a significant impact on the Group are set out in the independent report entitled "Environmental, Social and Governance Report" published by the Group. The discussions form part of the Report of the Directors.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL, SHARE OPTION AND SHARE AWARD

Details of movements in the Company's share capital, share award and share options during the Year are set out in Notes 34, 39 and 40, respectively to the consolidated financial statements on page 177, pages 187 to 188 and pages 188 to 193, respectively in this annual report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in Note 35 to the consolidated financial statements and the consolidated statement of changes in equity on pages 82 to 83 of this annual report, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, distributable reserves of the Company amounted to approximately HK\$1,687.9 million (2023: approximately HK\$972.0 million).

FIVE YEAR FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group for the last five financial years is set out on pages 197 to 198 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the Year. Neither the Company nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the Year.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year ended 31 December 2024 and up to the date of this report are:

Non-Executive Director

Mr. Lee Kam Hung Lawrence (*Chairman*) (*appointed on 27 September 2024*)

Executive Directors

Mr. Cui Song (*Chief Executive Officer*)

(*appointed as Chief Executive Officer on 5 August 2024 and Executive Director on 1 January 2025*)

Mr. Tiu Ka Chun, Gary

Ms. Xu Kang (*appointed on 12 January 2024*)

Mr. Yang Chao (*appointed on 12 January 2024*)

Mr. Pan Zhiyong (*Chairman and Chief Executive Officer*)

(*appointed on 12 January 2024 and ceased to be Chief Executive Officer on 5 August 2024 and resigned as Executive Director on 27 September 2024*)

Ms. Jia Ruixin (*appointed on 30 August 2024 and resigned on 1 January 2025*)

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*)

In accordance with article 108 of the Articles, Mr. Tiu Ka Chun, Gary and Mr. Chau Shing Yim, David will retire from office as Director and being eligible, has offered himself for re-election as Director at the forthcoming annual general meeting.

In accordance with article 112 of the Articles, Mr. Lee Kam Hung Lawrence, Mr. Cui Song and Mr. Yang Huan shall retire at the annual general meeting and being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS CONFIRMATIONS OF INDEPENDENCE

The Company has received annual confirmations of independence from all independent non-executive Directors and considers them to be independent pursuant to Rule 3.13 of the Listing Rules. Under the terms of their appointment, the independent non-executive Directors are appointed for a specific term and are subject to retirement by rotation in accordance with the Articles.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY

Pursuant to the Company's Articles, every Director shall be indemnified and held harmless by the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or about the execution of their duty in their offices or in relation thereto.

The Company has taken out and maintained insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors of the Company. The level of coverage is renewed annually.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the Year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 36 to the consolidated financial statements, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantive part of the business of the Company were entered into or existed during the Year.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and other senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 22 to 24 of this annual report.

EMOLUMENT POLICY

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, and are related to 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 has adopted a share option scheme and a share award scheme as an incentive to Directors and eligible employees and consultants providing similar services, details of the share option scheme and share award scheme are set out in the Report of the Directors on pages 52 to 62 of the annual report.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Other than the share award scheme and the share option scheme of the Company as set out in Notes 39 and 40 to the consolidated financial statements respectively, and the Subscription Agreement as set out below, there were no other equity-linked agreements entered into by the Company during the year ended 31 December 2024 or subsisted as at 31 December 2024 that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares.

On 13 November 2023, the Company entered into the subscription agreement with the Subscriber, BGX, pursuant to which the Company has conditionally agreed to allot and issue, and BGX has conditionally agreed to subscribe for a total of 187,600,000 new shares at the subscription price of HK\$3.80 per new share. The subscription shares represent approximately 42.79% of the entire issued share capital of the Company as at 14 December 2023 and approximately 29.97% of the entire issued share capital of the Company as enlarged by the Subscription on completion of the subscription. The Subscription Agreement and the transaction contemplated under the Subscription Agreement was approved by the Company's shareholders pursuant to the extraordinary general meeting held on 4 January 2024.

The Company intends to apply the net proceeds from the Subscription for capital expenditures and general working capital of the Group. Details of which are set out in the Company's announcement and circular dated 14 November 2023 and 4 January 2024 respectively.

SHARE OPTION SCHEME OF THE COMPANY

2012 Share Option Scheme

The Company adopted the 2012 Share Option Scheme on 10 April 2012. The terms of the 2012 Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and the major terms were summarised as follows:

(a) Purpose of the 2012 Share Option Scheme

The purpose of the 2012 Share Option Scheme is to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group.

(b) Participants of the 2012 Share Option Scheme

The Board is authorised, at its absolute discretion and subject to the terms of the 2012 Share Option Scheme, to grant options to subscribe the shares to, inter alia, any employees (full-time or part-time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, clients, business partners or service providers of the Group.

(c) Total number of shares available for issue under the 2012 Share Option Scheme

No share options were available for grant under the 2012 Share Option Scheme mandate as at the date of this annual report.

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the 2012 Share Option Scheme, in any 12-month period shall not exceed 1% of the issued shares of the Company. Any further grant of options in excess of this limit must be separately approved by the Company's shareholders in a general meeting with such grantee and his/her close associates abstaining from voting.

REPORT OF THE DIRECTORS

Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option). Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the 2012 Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000, such further grant of options is required to be approved by shareholders at a general meeting of our Company, with voting to be taken by way of poll.

(e) Time of exercise of options

An option may be exercised by the grantee in accordance with the terms of the 2012 Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant and subject to the provisions of early termination thereof. The options gave the holder the rights to subscribe for ordinary shares in the Company.

The 2012 Share Option Scheme does not specify a minimum period but the Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.

(f) Payment on acceptance of option

An offer for the grant of options must be accepted within seven days after the date of offer and a nominal consideration of HK\$1.00 was payable by the grantee upon acceptance of an option. Options were lapsed in three months if the employee leaves the Group.

(g) The subscription price per Share

The subscription price of a share in respect of any particular option granted under the 2012 Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares on the date of grant of the option.

(h) Termination of the 2012 Share Option Scheme

The Company terminated the 2012 Share Option Scheme on 28 May 2021. 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.

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

REPORT OF THE DIRECTORS

During the year ended 31 December 2024, 300,000 share options were exercised and 15,005,500 share options were lapsed under the 2012 Share Option Scheme, hence 3,580,000 share options remained outstanding. The summary below sets out the details of options granted as at 31 December 2024 pursuant to the 2012 Share Option Scheme:

				Number of Share Options								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	Balance as at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31 December 2024	Closing price of shares before the date of grant HK\$		
(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	13.8	–	
(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	–	–	(13,300,000)	–	900,000			
(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)	–	–	13.8	–	
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)	(990,500)	–	1,700,000	7.99	10.70	
	27 January 2021	14.39	27 January 2021 – 22 August 2026 (Note 3)	1,010,000	–	–	(635,000)	–	375,000	13.8	–	
Other employees in aggregate				4,000,500	–	(300,000)	(1,625,500)	–	2,075,000			
(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	13.8	–	
Other consultants in aggregate				305,000	–	–	–	–	305,000			
Total				18,885,500	–	(300,000)	(15,005,500)	–	3,580,000			

REPORT OF THE DIRECTORS

Notes:

- 1 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
- 2 The exercise period for 1,700,000 options is 19.6% of the options are exercisable from 22 August 2021 to 23 August 2026, 19.6% of the options are exercisable from 22 August 2025 to 23 August 2026, 19.6% of the options are exercisable from 22 August 2023 to 23 August 2026 and 41.2% of the options are exercisable from 22 August 2025 to 23 August 2026.
- 3 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.
- 4 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.
- 5 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.
- 6 The vesting period of the share option is from the date of grant until the commencement of the exercise period.
- 7 All the above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.
- 8 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 resigned on 12 January 2024.

2021 Share Option Scheme

On 28 May 2021, the Company adopted the 2021 Share Option Scheme and the major terms of the 2021 Share Option Scheme were summarised as follows:

1. Purpose of the 2021 Share Option Scheme

The purpose of the 2021 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers of the Group and to promote the success of the business of the Group.

2. Participants of the 2021 Share Option Scheme

Pursuant to the 2021 Share Option Scheme, The Board is authorised, at its absolute discretion and subject to the terms of the 2021 Share Option Scheme, to grant options to subscribe the shares to, inter alia, any employee (full-time or part-time), Director, consultant or adviser of any member of the Group, or any substantial shareholder of any member of the Group.

3. Total number of shares available for issue under the 2021 Share Option Scheme

The total number of shares available for issue under the 2021 Share Option Scheme is 19,425,065, which represented approximately 3.1% of the issued shares of the Company as at the date of this annual report.

REPORT OF THE DIRECTORS

4. Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the 2021 Share Option Scheme, in any 12-month period shall not exceed 1% of the issued shares of the Company. Any further grant of options in excess of this limit must be separately approved by the Company's shareholders in a general meeting with such grantee and his/her close associates abstaining from voting.

Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option). Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the 2021 Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000, such further grant of options is required to be approved by shareholders at a general meeting of our Company, with voting to be taken by way of poll.

5. Time of exercise of options

An option may be exercised by the grantee in accordance with the terms of the 2021 Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant and subject to the provisions of early termination thereof. The options gave the holder the rights to subscribe for ordinary shares in the Company.

The 2021 Share Option Scheme does not specify a minimum period but the Board may in its absolute discretion set a minimum period (i.e. 12-month) for which an option must be held and performance targets must be achieved before an option can be exercised.

6. Payment on acceptance of option

An offer for the grant of options must be accepted within fourteen days after the date of offer and a nominal consideration of HK\$1.00 was payable by the grantee upon acceptance of an option. Options are lapsed in one month if the employee leaves the Group.

7. The subscription price per share

The subscription price of a share in respect of any particular option granted under the 2021 Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares on the date of grant of the option.

8. Duration of the 2021 Share Option Scheme

The 2021 Share Option Scheme will remain in force for a period of ten years commencing from the date on which the 2021 Share Option Scheme becomes unconditional (i.e. 28 May 2021) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Company's shareholders in general meeting.

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The number of share options available for grant under the 2021 Share Option Scheme mandate as at 31 December 2024 was 19,425,065 (31 December 2023: 19,425,065).

During the year ended 31 December 2024, the Company did not grant any share options under the 2021 Share Option Scheme and 4,955,000 share options were lapsed, while no share options were exercised or cancelled during the Year, hence 1,930,000 share options remained outstanding. The summary below sets out the details of options granted as at 31 December 2024 pursuant to the 2021 Share Option Scheme:

				Number of Share Options							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 year	Exercised during the year	Lapsed during the year	Cancelled during the year			
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	–	–	(450,000)	–	1,530,000	3.72	–
Other employees in aggregate				3,230,000	–	–	(1,700,000)	–	1,530,000		
(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	–	–	(200,000)	–	100,000	3.72	–
Consultants in aggregate				425,000	–	–	(325,000)	–	100,000		
Total				6,885,000	–	–	(4,955,000)	–	1,930,000		

REPORT OF THE DIRECTORS

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

Details of the movements in the share options of the Company during the Year are set out in Note 40 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE AWARD SCHEME OF THE COMPANY

The Company adopted the 2018 Share Award Plan (the “Plan”) on 21 August 2018. The Company shall comply with the relevant Listing Rules when granting the Awarded Shares. Under the transitional arrangements before the Share Award Scheme are amended to comply with the new Chapter 17 of the Listing Rules that became effective on 1 January 2023, if awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules. The principal terms of the Plan were summarised as follows:

(a) Purpose

The purpose of the Plan is to recognise and reward the contribution of 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.

(b) Eligible Participants

The eligible participants under the Plan shall include (a) any employee; (b) any Director or officer of any member of the Group; or (c) any consultant or advisor of any member of the Group, who the Board considers, at its sole discretion, to have contributed or will contribute to the Group.

(c) Total number of shares available for issue

The total number of shares available for issue under the Plan is 27,435,452, which represented approximately 4.38% of the issued shares of the Company as at the date of this annual report.

(d) The maximum entitlement of each participant under the Plan

The aggregate of the maximum number of Awarded Shares underlying all Awards (whether the Awards are vested or not) in any 12-month period awarded to a Selected Participant shall not exceed one per cent of the total number of shares from time to time.

The Plan shall be subject to the administration of the Board (or a committee from time to time authorised by the Board to manage the plan) and the Trustee in accordance with the rules of the plan and the Trust Deed.

The Board may, from time to time, at its sole discretion determine the number of Awarded Shares to be awarded to the selected participants. Any grant of the Awarded Shares to the connected persons (as defined in the Listing Rules) of the Company must be approved by a majority of the independent non-executive Directors (other than the independent non-executive Director who is the selected participants) and shall be subject to compliance with the applicable Listing Rules. No award may be made and no instruction may be given by the Board to the Trustee to subscribe unissued shares or acquire issued shares during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results.

REPORT OF THE DIRECTORS

(e) Vesting period

The Plan does not specify a minimum period but the Board may in its absolute discretion set a minimum period before the Awarded Shares are vested.

(f) Duration

The Plan shall terminate on the earlier of the tenth anniversary date of the adoption date, and such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

(g) Trustee

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 Plan. The Trustee will hold the shares ("Awarded Shares") on trust for the selected participants ("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 Group shall pay the Trustee service fee and reimburse its proper expenses incurred in the operation of the trust under the trust deed. The service fees to be paid to the Trustee are determined after considering the service fees to be charged by other independent trustee companies and on arm's length negotiations between the Group and the Trustee.

New shares have been allotted and issued by the Company to an independent 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 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.

(h) Plan Limit

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 maximum number of shares which can be granted shall be 21,922,659 shares, representing 3.5% of the shares in issue.

REPORT OF THE DIRECTORS

(i) Vesting & Lapse

Subject to the terms of the Plan and the fulfilment of all vesting conditions determined by the Board, the Trustee shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares and all the other distributions attributable to such Award to such Selected Participant.

In the event that prior to the vesting date the Selected Participant who is an eligible employee ceases to be an employee, the award shall automatically lapse and be cancelled forthwith and all the Awarded Shares and other distributions attributable thereto shall not vest on the relevant vesting date but shall become returned shares for the purposes of the plan.

In the event of a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the shareholders, and such offer becomes or is declared unconditional prior to the vesting of the Awarded Shares in the relevant Selected Participants, all unvested Awarded Shares shall immediately become vested on the date on which such offer becomes or is declared unconditional, and the Trustee shall as soon as practicable after its receipt of the Board's notice thereof, effect the transfer of the Awarded Shares and other distributions to the relevant Selected Participants.

The total number of Awarded Shares available for grant under the Plan as at 31 December 2024 was 21,922,659 (31 December 2023: 21,922,659).

The total number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the year divided by the weighted average number of shares in issue for the year was 0.02%.

During the year ended 31 December 2024, no new shares under its Plan were granted. (31 December 2023: Nil), while 150,000 shares were regranted (31 December 2023: 2,835,000).

The Group recognised a reversal of share based payment of approximately HK\$2,717,000 (31 December 2023: an expense of HK\$1,052,000) for the year ended 31 December 2024 in relation to share award granted by the Company.

REPORT OF THE DIRECTORS

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 31 December 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 Year HK\$
			Unvested as at 1 January 2024	Granted during the Year	Vested during the Year	Cancelled during the Year	Lapsed during the Year				
(i) Other employees	27 January 2021	(Note 1)	168,339	–	(79,339)	–	(89,000)	–	13.9	5.68	–
	8 October 2021	(Note 2)	55,702	–	(38,212)	–	–	17,490	12.9	5.68	–
	7 January 2022	(Note 4)	41,000	–	(20,500)	–	–	20,500	8.43	5.68	–
	7 April 2022	(Note 5)	1,350	–	(771)	–	–	579	6.85	5.68	–
	22 July 2022	(Note 6)	747,675	–	(275,519)	–	(235,000)	237,156	3.72	5.68	–
	10 Jan 2023	(Note 7)	47,918	–	(3,212)	–	(41,250)	3,456	3.1	5.68	–
	6 Apr 2023	(Note 8)	187,500	–	(62,500)	–	–	125,000	2.2	5.68	–
	25 May 2023	(Note 9)	2,350,000	–	(880,000)	–	(1,470,000)	–	2.57	5.18	–
	5 Nov 2024	(Note 10)	–	150,000	–	–	–	150,000	7.09	–	7.04
Other employees in aggregate			3,599,484	150,000	(1,360,053)	–	(1,835,250)	554,181			
(ii) Other consultants	22 July 2022	(Note 6)	136,512	–	(24,114)	–	(90,000)	22,398	–	5.68	–
Other consultants in aggregate			136,512	–	(24,114)	–	(90,000)	22,398			
Total			3,735,996	150,000	(1,384,167)	–	(1,925,250)	576,579			

Notes:

- The grant price is nil for all Awarded Shares.
- Among the 1,611,000 Awarded Shares, One-fourth of the Awarded Shares were vested on each of 4 September 2021, 4 September 2022, 4 September 2023 and 4 September 2024.
- In respect of 180,000 Awarded Shares, two-thirds of the Awarded Shares were vested on 4 September 2023 and one-third of the Awarded Shares were vested on 4 September 2024; and in respect of 380,000 Awarded Shares, one-fourth of the Awarded Shares were vested on each of 4 September 2022, 4 September 2023, 4 September 2024 and will be vested on 4 September 2025.
- Among the 80,000 Awarded Shares granted, 18,500 Awarded Shares were vested on 4 September 2022, 20,500 Awarded Shares were vested on each of 4 September 2023, 4 September 2024 and will be vested on 4 September 2025.
- Among the 140,000 Awarded Shares granted, 28,500 Awarded Shares were vested on 4 September 2022, 40,000 Awarded Shares were vested on 4 September 2023, 37,500 Awarded Shares were vested on 4 September 2024 and 34,000 Awarded Shares will be vested on 4 September 2025.
- The 3,330,000 Awarded Shares granted were/will be vested in four equal tranches on each of 4 September 2022, 4 September 2023, 4 September 2024 and 4 September 2025.
- Among 135,000 Awarded Shares granted, One-fourth of the Awarded Shares were/will be vested on each of 4 September 2023, 4 September 2024, 4 September 2025 and 4 September 2026.
- Among 350,000 Awarded Shares granted, in respect of 100,000 Awarded Shares, half of the Awarded Shares were vested on each of 4 September 2023 and 4 September 2024; In respect of 250,000 Awarded Shares, One-fourth of the Awarded Shares were/will be vested on each of 4 September 2023, 4 September 2024, 4 September 2025 and 4 September 2026.
- All the 2,350,000 KPI Awarded Shares were vested on 17 June 2024 or lapsed in June 2024 (vesting details subject to KPI assessment by EXCO for the KPI period 1 Jun 2023 to 31 May 2024)
- 150,000 units will be vested in full on 4 Sep 2025

REPORT OF THE DIRECTORS

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 31 December 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 (Note ii)
	Personal Interest	Family Interest	Corporate Interests	Total	Personal Interests	Family Interests	Total		
Mr. Tiu Ka Chun, Gary	285,000	–	–	285,000	600,000 (Note i)	–	600,000	885,000	0.14%
Mr. Chau Shing Yim, David	20,000	–	–	20,000	600,000 (Note i)	–	600,000	620,000	0.099%

Notes:

- (i) These represent the share options of the Company granted to the respective Directors under the Company's Share Option Scheme, details of which are disclosed in Note 40 to the Consolidated Financial Statements.
- (ii) As at 31 December 2024, the issued share capital is 626,353,184 Shares.

Save as disclosed above, on 31 December 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.

REPORT OF THE DIRECTORS

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 and in the share option disclosed in Note 40 to the consolidated financial statements, at no time during the Year 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 31 December 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	% of the
		shares interested (Note i)	issued share capital of the Company (Note ii)
BGX Group Holding Limited	Interest of controlled corporation	187,600,000 (L)	29.95%
Liu Shuai	Beneficial Owner	187,600,000 (L)	29.95%

Notes:

- (i) The letter "L" denotes the person's long position in the Shares.
- (ii) As at 31 December 2024, the issued share capital is 626,353,184 Shares.

MAJOR CLIENTS AND SUPPLIERS

The percentages of sales and purchases for the Year attributable to the Group's major clients and suppliers were as follows:

1. The aggregate amount of revenue and income attributable to the Group's five largest clients represented approximately 27.3% of the Group's total revenue and income. The amount of revenue and income from the Group's largest client represented approximately 20.8% of the Group's total revenue and income.
2. The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 39.1% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 12.8% of the Group's total purchases.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest clients and/or five largest suppliers.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the year ended 31 December 2024 are set out in Note 36 to the consolidated financial statements on pages 180 to 182 of this annual report.

Provision of Digital Asset Trading Services

The Group has balances due to the related parties totaling approximately HK\$161.4 million (the “Balances”) as at 31 December 2024 in respect of the provision of digital asset trading services by the Group.

The Balances represent fiat currencies and digital assets placed by the related parties with the Group as at 31 December 2024.

The provision of digital asset trading services with the related parties during the year ended 31 December 2024 are fully exempt from the connected transaction requirements under Rule 14A.97 and 14A.76 of the Listing Rules.

Interest payable to the Related Parties

The interest expenses incurred and interest payable to the related parties during the years ended 31 December 2024 and 2023 are fully exempt from the connected transaction requirements under Rule 14A.90 of the Listing Rules.

Key management Compensation

The remuneration for key management personnel (including amounts paid to Directors of the Company) is fully exempt from the connected transaction requirements under Rule 14A.95 of the Listing Rules.

Save as the aforesaid, the Directors consider that all other related party transactions disclosed in Note 36 to the consolidated financial statements did not fall under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) under Chapter 14A of the Listing Rules. The Company is therefore not required to comply with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, at 31 December 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.

CORPORATE GOVERNANCE

The Company committed to maintain a high standard of corporate governance practices. Information on the corporate governance practice of the Company is set out in the Corporate Governance Report of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements could lead to adverse impact on business operation and financial position of the Group. The Board as a whole is responsible to ensure the Group is in compliance with relevant laws and regulations that have a significant impact on the Company. To the best knowledge of the Board, the Group was unaware of any non-compliance with relevant laws and regulations during the year ended 31 December 2024.

REPORT OF THE DIRECTORS

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group fully understands that employees, customers and suppliers are key to our sustainable and stable development. We are committed to establishing a close relationship with our employees, enhancing cooperation with our suppliers and providing high-quality services to our customers so as to ensure the Group's sustainable development.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the amount of public float as required under the Listing Rules as at the latest practicable date prior to the issuance of this annual report.

EVENTS AFTER THE REPORTING PERIOD

1. Change of Executive Directors

As disclosed in the announcement of the Company dated 31 December 2024, in order to align with the Group's business expansion needs, (1) Mr. Cui Song, the Chief Executive Officer of the Group, was appointed as an Executive Director of the Company with effect from 1 January 2025, and (2) Ms. Jia Ruixin, the Executive Director of the Company and Head of Human Resources of the Group, ceased to serve as an Executive Director of the Company with effect from 1 January 2025.

2. Completion of the First Completion in relation to the Europe Acquisition

On 23 January 2025, OSL Lithuania Holding, UAB, a direct wholly-owned subsidiary of the Company, completed the acquisition of MTrinity UAB, a private limited liability company duly incorporated in Lithuania and MultiExchange Canada Limited, a limited liability company duly incorporated in Canada, in accordance with the amended and restated share purchase agreement dated 22 January 2025 in relation to the Europe Acquisition.

Details of which were set out in the Company's announcements dated 10 December 2024, 3 January 2025 and 23 January 2025.

3. Completion of Acquisition of A Licensed Crypto Asset Exchange Service Provider in Japan

On 17 January 2025, the Company completed Tranche 2 acquisition of CoinBest K.K. (name changed to OSL Japan Limited with effect from 6 February 2025), a crypto asset exchange service provider licensed by the FSA in Japan (the "Completion"). After the Completion, OSL Japan Limited became a 81.38% indirectly owned subsidiary of the Company.

Details of which were set out in the Company's announcements dated 4 November 2024 and 20 January 2025.

4. Appointment of Alternate Member of the Remuneration Committee

Mr. Cui Song, the Executive Director and Chief Executive Officer of the Company, was appointed as an alternate to Mr. Yang Chao, the Executive Director of the Company, as a member of the Remuneration Committee with effect from 25 March 2025. Details of which were set out in the Company's announcement dated 24 March 2025.

AUDIT COMMITTEE

The Audit Committee together with the management have reviewed the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2024.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers ("PwC") who will retire at the forthcoming annual general meeting of the Company. A resolution for reappointment of PwC will be proposed for shareholders' approval at the forthcoming annual general meeting.

On Behalf of the Board

OSL Group Limited

Cui Song

Executive Director and Chief Executive Officer

Hong Kong, 24 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OSL Group Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of OSL Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 77 to 196, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

EMPHASIS OF MATTER

We draw attention to Notes 3.1 and 3.2 to the consolidated financial statements, which describe the risks and uncertainties with respect to blockchain technology and the evolving nature of the digital asset markets. The continuing fast developing nature of digital asset markets including evolving regulations, custody and trading mechanisms, the dependency on information technology integrity and security such as data and cyber security, as well as valuation and volume volatility all subject the digital assets and blockchain platform business of the Group to unique risks. These conditions in our view are of such importance that they are fundamental to users' understanding of the Group's digital assets and blockchain platform business and the consolidated financial statements. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Accounting of digital asset transactions and balances with respect to the trading business
- Fair value measurement of financial assets at fair value through profit or loss for interests in unlisted preference shares of an entity
- Purchase price allocation for a business combination

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Accounting of digital asset transactions and balances with respect to the trading business</p> <p>Refer to Notes 2.2.1, 2.2.2, 2.2.3, 3.5, 4(a), 6, 20 and 30 to the consolidated financial statements.</p> <p>The Group's digital assets and blockchain platform business includes primarily over-the-counter ("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 ("OSL Platforms") for trades either between the Group and its counterparties or amongst the counterparties.</p> <p>Digital assets that the Group deals with are cryptographically secured assets for which encryption techniques are used to regulate the generation of units of currency. Supply and demand determine the value of digital assets which can be extremely volatile in this industry.</p>	<p>Our procedures on the Group's digital asset transactions and balances with respect to the trading business mainly included:</p> <ul style="list-style-type: none">• Understood, evaluated and tested the key controls, including automated and manual controls, and segregation of duties in the execution of these controls, in the following areas:<ul style="list-style-type: none">— information technology general controls over the accounting system and key operating systems and applications that are considered relevant to the financial statement reporting process;— onboarding of counterparties and liquidity providers;— wallet generation, management and security (including private keys and recovery seeds) from both physical and logical access control perspectives;— recording of prefunding, withdrawal, trading and settlement transactions of digital assets with counterparties and liquidity providers;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Technical complexity</i></p> <p>Digital assets are exchangeable directly between two parties, anywhere in the world, through decentralised networks that carry anonymous transactions. The anonymity of on-the-blockchain transactions creates complex technical challenges. For example, identifying parties involved in a digital asset transaction and determining whether access to a private key demonstrates ownership to the digital assets held in the associated public address on a blockchain. To address the challenges, the Group implemented internal controls over different business processes including, but not limited to, controls over the onboarding of customers (such as know your client and anti-money laundering checks) and the digital wallet lifecycle (including generation, management and security of all its public addresses and private keys).</p> <p>Moreover, the Group's digital assets trading involves a large volume of off-the-blockchain transactions mainly to exploit natural arbitrage opportunities from its trading on OTC and OSL Platforms, or to earn trading fee from its automated trading service.</p> <p>The Group maintains a number of self-developed or acquired information systems and implements different processes and internal controls to record different types of transactions (either on-the-blockchain or off-the-blockchain transactions) of the Group with its customers (or counterparties) and liquidity providers (i.e. other OTC operators and exchanges), and to reconcile the relevant transactions with applicable external data such as blockchain data and third party exchange account statements.</p>	<ul style="list-style-type: none"> – reconciliations of digital asset transactions and balances between trade records on internal operating and accounting systems with other external sources of data. • Obtained and reviewed the service organisations' auditor reports to understand and evaluate the competence, capabilities and objectivity of such auditors, their scope of work and findings with respect to the internal controls on access management, computer operations and change management for the infrastructures hosting certain key in-scope systems and systems hosted on cloud. • Understood and evaluated the accounting policies adopted by management for its digital assets trading business based on the contractual and business arrangements with respective counterparties and liquidity providers. • Performed substantive tests of details, on a sample basis, including the following: <ul style="list-style-type: none"> – checked digital asset trade transactions to the underlying trade orders and confirmations sent to the counterparties and liquidity providers and the relevant settlement evidence; – circularised independent audit confirmations to counterparties to confirm transactions for the year and account balances as at year end;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Accounting complexity</i></p> <p>IFRSs do not specifically address accounting for digital assets. Accordingly, for the preparation of the Group's consolidated financial statements, management needs to apply judgements in determining appropriate accounting policies based on the existing accounting framework and the facts and circumstances of the Group's digital assets and blockchain platform business.</p> <p>The Group's digital assets portfolio for trading mainly comprises cryptocurrencies and stablecoins. According to the business model of the Group's trading activities and the characteristics of each of the relevant digital assets, the Group's digital assets are accounted for either as inventories measured at fair value less costs to sell, or financial instruments measured at fair value on the consolidated statement of financial position. There are also digital assets held by the Group solely for the benefits and on behalf of its clients in segregated wallets where such holding is not recognised by the Group as its own assets.</p> <p>Contracts for trading of digital assets with the Group's counterparties and liquidity providers through its OTC and OSL Platforms are accounted for as financial instruments and measured at fair value through profit or loss as these contracts can, in practice, be settled net in cash; whereas trading fee from the automated trading service is recognised upon provision of the service.</p> <p>Furthermore, management applied judgement in determining the fair value measurement method to identify the relevant available markets, and to consider accessibility to and activity within those markets in order to identify the principal digital asset markets dealt with by the Group.</p> <p>During the year ended 31 December 2024, the Group recognised income from trading of digital assets (including net fair value gain/loss on digital assets) of HK\$262,581,000 and trading fee from automated trading service of HK\$7,494,000 respectively. The digital assets balance recognised under current assets for the Group's trading business amounted to HK\$655,678,000 as at year end.</p> <p>Due to the complexity and evolving nature of blockchains and technology associated with digital assets, the high reliance of the Group's business thereon, and the management judgements applied in accounting for the digital asset transactions and balances described above (which are material to the Group's consolidated financial statements), we considered these transactions and balances as key focus of our audit.</p>	<ul style="list-style-type: none"> — substantively tested the Group's access to the digital assets held in their wallets as at year end by ways such as verifying that the Group was able to cryptographically sign randomly generated messages using the private keys of their wallets and confirming control of the digital assets with other supportive evidence, and supplemented by post year end testing when determined necessary; — tested management's reconciliations of wallet balances as at year end between the operating system, accounting system and publicly sourced data on the blockchains. This included reconciling the wallet balances and transactions from the Group's books and records to data independently acquired by us; and — reviewed the appropriateness of management's assessment and determination of principal market for each of the relevant digital assets. Tested the fair value of digital asset balances, including those held on customer accounts, adopted by management to external data quoted in the principal exchange markets. <p>Based on the procedures performed, we found the digital asset transactions and balances related to the trading business recorded by management are supportable by available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Fair value measurement of financial assets at fair value through profit or loss for interests in unlisted preference shares of an entity</p> <p>Refer to Notes 3.5(a)(ii), 4(b) and 26 to the consolidated financial statements.</p> <p>As at 31 December 2024, the Group held interests in unlisted preference shares of an entity amounting to HK\$33,034,000, which were classified as financial assets at fair value through profit or loss. During the year, the Group recognised net fair value gain amounted to HK\$18,869,000 in the consolidated statement of profit or loss.</p> <p>Management involved an external valuer to determine the fair value of the unlisted financial instrument using market approach, as it does not have a quoted price in an active market. The valuation requires the use of key inputs, including the investee's revenue and the price/equity multiples of comparable companies, and key assumptions that are based on unobservable market data and inputs such as expected volatility and scenario probabilities.</p> <p>We focused on this area because the fair value measurement of this financial instrument, whose magnitude is material to the consolidated financial statements, require significant judgement in determining the appropriate valuation methodology as well as the selection of assumptions appropriate to the circumstances.</p>	<p>Our procedures in relation to management's valuation of these financial instruments included:</p> <ul style="list-style-type: none"> understood and evaluated the management's controls and processes of performing valuation of the financial instruments and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; assessed the competence, capabilities and objectivity of the external valuer by considering their professional qualification, experience and relationship with the Group; involved our internal valuation expert to critically assess the reasonableness of the valuation methodologies adopted by management by referencing to market practices, and also their selection of parameters and data as key assumptions in determining the valuation; challenged the integrity of the data inputs based on our independent market research and the investee's historical financial information as relevant. We also checked the mathematical accuracy of the underlying calculations; and evaluated management's sensitivity analysis on the key assumptions to the potential change on fair value and considered the appropriateness of the relevant disclosures. <p>Based on the results of the procedures performed, we found management's judgement and assumptions applied in respect of the fair value measurement of the investment were supportable by the available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Purchase price allocation for a business combination</p> <p>Refer to Notes 4(c) and 13 to the consolidated financial statements.</p> <p>In late November 2024, the Group completed an acquisition of 51% equity interest in an entity operating licensed crypto asset exchange service in Japan. For the purposes of the acquisition accounting, the Group involved an external valuer to perform valuation for the fair values of the identifiable assets acquired and liabilities assumed of the acquiree at the acquisition date. Based on the valuation results, management performed a purchase price allocation and recognised identifiable assets and liabilities based on their fair values totalling HK\$52,815,000, which included an intangible asset attributable to the business license of the acquiree of HK\$34,450,000, and a goodwill amounting to HK\$41,288,000, being the excess of consideration transferred over the fair value of identified net assets acquired on the acquisition date.</p> <p>The valuation required the use of management judgements in identifying whether there are any intangible assets acquired and also determining valuation methodologies and selecting assumptions appropriate to the circumstances. The key assumptions used in the valuation include unobservable market data such as compound annual growth rate on revenue, pre-tax discount rate, terminal growth rate, equity value-to-forward-sales multiples, control premium and discounts for lack of marketability.</p> <p>The acquisition is a material transaction to the Group during the year and its accounting involved the use of judgements and assumptions as described above, hence this is an area of our audit focus.</p>	<p>Our procedures in relation to the purchase price allocation of the business combination included:</p> <ul style="list-style-type: none"> assessed the competence, capabilities and objectivity of the external valuer by considering their professional qualification, experience and relationship with the Group; assessed management's identification of the acquiree's identifiable assets acquired and liabilities assumed at the date of acquisition based on information such as sale and purchase agreement and acquiree's financial information and nature of their operations; involved our internal valuation expert to assess the reasonableness of the valuation methodologies adopted by management and also their selection of parameters and data as key assumptions in determining the valuation with reference to market practices and comparing with market information as appropriate; and assessed the appropriateness of the key assumptions used in the valuation with the involvement of our internal valuation expert. We compared these assumptions with the relevant historical data of the acquiree and market data with our independent market research results where applicable, and we also checked the mathematical accuracy of the underlying calculations. <p>Based on the results of the procedures performed, we found management's judgements and assumptions applied in accounting for the business combination were supportable by the available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report (consisting of the OSL Group Limited Annual Report 2024 and Environmental, Social and Governance Report 2024) other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Wai Ching.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (Re-presented) (Note 2.1(c))
Continuing operations			
Income from digital assets and blockchain platform business	6	374,747	209,837
Other income	7	98	198
Other gains/(losses), net	7	32,659	(27,669)
Impairment loss on property, plant and equipment	17	–	(8,187)
Fee and commission expenses		(9,691)	(20,535)
Staff costs	9	(195,943)	(185,282)
IT costs		(33,029)	(44,574)
Depreciation and amortisation	17, 18	(24,505)	(38,964)
Other operating expenses	8	(96,955)	(106,882)
Provision for impairment loss on financial assets and contract assets, net	8	–	(5,008)
Operating profit/(loss)		47,381	(227,066)
Finance income	10	18,010	6,521
Finance costs	10	(2,378)	(7,598)
Finance income/(costs), net	10	15,632	(1,077)
Share of net post-tax loss of an associate accounted for using the equity method	25	(7,062)	(23,704)
Profit/(loss) before income tax		55,951	(251,847)
Income tax (expense)/credit	12	(1,105)	2,058
Profit/(loss) from continuing operations		54,846	(249,789)
Discontinued operations			
Loss from discontinued operations	14	(8,152)	(15,857)
Profit/(loss) for the year		46,694	(265,646)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year		46,694	(265,646)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Currency translation differences on translation of operations with a functional currency different from the Company's presentation currency		(2,122)	(1,129)
Reclassification to profit or loss on dissolution of discontinued operation		–	901
Reclassification of profit or loss on disposal of a subsidiary in discontinued operations		8,254	–
Items that will not be reclassified to profit or loss:			
Revaluation gain on intangible assets	18	114,711	–
Currency translation difference on translation of operations with a functional currency different from the Company's presentation currency		484	–
Other comprehensive income/(loss) for the year		121,327	(228)
Total comprehensive income/(loss) for the year		168,021	(265,874)
Profit/(loss) for the year attributable to:			
Owners of the Company			
– Profit/(loss) from continuing operations		55,907	(249,591)
– Loss from discontinued operations	14	(8,254)	(14,271)
		47,653	(263,862)
Non-controlling interests			
– Loss from continuing operations		(1,061)	(198)
– Profit/(loss) from discontinued operations		102	(1,586)
		46,694	(265,646)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company			
— Income/(loss) from continuing operations		168,496	(247,994)
— Loss from discontinued operations		—	(15,852)
		168,496	(263,846)
Non-controlling interests			
— Loss from continuing operations		(523)	(184)
— Income/(loss) from discontinued operations		48	(1,844)
		168,021	(265,874)
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the owners of the Company			
Basic (HK\$ per share)	16	0.09	(0.58)
Diluted (HK\$ per share)	16	0.09	(0.58)
Earnings/(loss) per share for profit/(loss) from continuing and discontinued operations attributable to the owners of the Company			
Basic (HK\$ per share)	16	0.08	(0.61)
Diluted (HK\$ per share)	16	0.08	(0.61)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment	17	21,117	10,059
Intangible assets	18	288,750	37,646
Prepayments, deposits and other receivables	22	6,473	–
Investment accounted for using equity method	25	15,743	15,520
Financial assets at fair value through profit or loss	26	33,058	14,334
Total non-current assets		365,141	77,559
Current assets			
Digital assets	20	655,678	823,700
Contract assets	33	–	308
Trade receivables	21	5,272	3,114
Prepayments, deposits and other receivables	22	25,238	34,610
Restricted bank balance	23(b)	149	–
Cash held on behalf of licensed entities' customers	24	176,997	191,006
Cash and cash equivalents	23(a)	635,262	218,657
		1,498,596	1,271,395
Assets classified as held for sales	14(ii)	–	91,832
Total current assets		1,498,596	1,363,227
Total assets		1,863,737	1,440,786
Liabilities			
Non-current liabilities			
Provision	28	4,091	–
Lease liabilities	29	6,755	–
Total non-current liabilities		10,846	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Current liabilities			
Trade payables	27	273	5,061
Contract liabilities	33	6,869	9,813
Accruals, other payables and provision	28	69,285	65,515
Liabilities due to customers	30	439,929	883,779
Lease liabilities	29	11,739	17,348
Borrowings	31	40,326	–
Current income tax liabilities		104	135
		568,525	981,651
Liabilities directly associated with assets classified as held for sales	14(ii)	–	64,045
Total current liabilities		568,525	1,045,696
Total liabilities		579,371	1,045,696
Equity			
Equity attributable to the owners of the Company			
Share capital	34	6,264	4,385
Other reserves	35	3,216,378	2,388,653
Accumulated losses		(1,929,774)	(1,981,294)
		1,292,868	411,744
Non-controlling interests	19	(8,502)	(16,654)
Total equity		1,284,366	395,090

The consolidated financial statements on pages 77 to 196 were approved by the Board of Directors on 24 March 2025 and were signed on its behalf.

Yang Chao
Director

Tiu Ka Chun, Gary
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Attributable to the owners of the Company				Non-controlling interests HK\$'000 (Note 19)	Total equity HK\$'000
		Share capital HK\$'000	Other reserves HK\$'000 (Note 35)	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2023		4,385	2,388,866	(1,721,148)	672,103	(12,804)	659,299
Loss for the year		–	–	(263,862)	(263,862)	(1,784)	(265,646)
Other comprehensive loss:							
Currency translation differences		–	(885)	–	(885)	(244)	(1,129)
Reclassification to profit or loss on dissolution of subsidiaries in discontinued operation		–	901	–	901	–	901
Total comprehensive loss		–	16	(263,862)	(263,846)	(2,028)	(265,874)
Equity-settled share-based payments under share option scheme	40	–	2,435	–	2,435	–	2,435
Equity-settled share-based payments under share award scheme	39	–	1,052	–	1,052	–	1,052
Transfer of statutory reserve upon deregistration of subsidiaries		–	(5,717)	5,717	–	–	–
Transfer to statutory reserve		–	2,001	(2,001)	–	–	–
Dividend paid by a subsidiary to non-controlling interests		–	–	–	–	(1,822)	(1,822)
At 31 December 2023		4,385	2,388,653	(1,981,294)	411,744	(16,654)	395,090

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Attributable to the owners of the Company				Non-controlling interests HK\$'000 (Note 19)	Total equity HK\$'000
		Share capital HK\$'000	Other reserves HK\$'000 (Note 35)	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2024		4,385	2,388,653	(1,981,294)	411,744	(16,654)	395,090
Profit for the year		–	–	47,653	47,653	(959)	46,694
Other comprehensive income/(loss):							
Currency translation differences		–	(2,122)	–	(2,122)	484	(1,638)
Revaluation gain on intangible assets	18	–	114,711	–	114,711	–	114,711
Reclassification to profit or loss on disposal of a subsidiary in discontinued operations		–	8,254	–	8,254	–	8,254
Total comprehensive income		–	120,843	47,653	168,496	(475)	168,021
Issuance of new shares	34	1,876	709,886	–	711,762	–	711,762
Exercise of share options	34	3	2,393	–	2,396	–	2,396
Equity-settled share-based payments under share option scheme	40	–	934	–	934	–	934
Equity-settled share-based payments under share award scheme	39	–	(2,717)	–	(2,717)	–	(2,717)
Acquisition of a subsidiary		–	253	–	253	11,135	11,388
Derecognition of non-controlling interest upon disposal of a subsidiary		–	–	–	–	(2,508)	(2,508)
Transfer of statutory reserve upon deregistration of subsidiaries		–	(3,867)	3,867	–	–	–
At 31 December 2024		6,264	3,216,378	(1,929,774)	1,292,868	(8,502)	1,284,366

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash used in operations	37(a)	(318,444)	(683,329)
Income tax paid		(1,316)	(3,075)
Net cash used in operating activities		(319,760)	(686,404)
Cash flows from investing activities			
Interest received		17,201	5,912
Proceeds from disposal of property, plant and equipment	37(c)	106	393
Disposal of a subsidiary, net of cash disposed		(9,432)	–
Acquisition of a subsidiary, net of cash acquired		(1,631)	–
Addition of property, plant and equipment		(3,054)	–
Net cash generated from investing activities		3,190	6,305
Cash flows from financing activities			
Interest paid		(1,734)	(14,280)
Repayment of borrowings	37(b)	–	(21,196)
Principal element of lease liabilities	37(b)	(16,520)	(45,462)
Proceeds from issuance of new shares		711,762	–
Proceeds from exercise of share options		2,396	–
Net cash generated from/(used in) financing activities		695,904	(80,938)
Net increase/(decrease) in cash and cash equivalents		379,334	(761,037)
Cash and cash equivalents at the beginning of the year		251,902	1,009,157
Effects of exchange rate changes on cash and cash equivalents		4,026	3,782
Cash and cash equivalents at the end of the year		635,262	251,902

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of OSL Group Limited (the “Company”) is investment holding. During the year, the Company and its subsidiaries (collectively, the “Group”) were principally engaged in the digital assets and blockchain platform business in the Asia-Pacific region.

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 consolidated financial statements are presented in thousands of Hong Kong Dollars (HK\$’000), unless otherwise stated. The consolidated financial statements were approved and authorised for issue by the Board of Directors (the “Board”) on 24 March 2025.

1.1 Acquisition of OSL Japan Limited (formerly known as CoinBest K.K.) (“OSL Japan”)

On 4 November 2024, the Company, through its wholly owned subsidiary, entered into a share purchase agreement with four independent third parties to acquire 81.38% equity interests in OSL Japan, a crypto asset exchange service provider licensed by the Financial Services Agency (“FSA”) in Japan, at a total consideration of approximately USD10,830,000 (equivalent to approximately HK\$84,472,000). The acquisition would be completed in two tranches (namely “Tranche 1” and “Tranche 2”) upon the fulfilment of the respective completion conditions as set out in the agreement.

On 29 November 2024, Tranche 1 acquisition was completed, with the Group acquiring 51% equity interests and obtaining control in OSL Japan upon completion. The consideration paid for Tranche 1 acquisition amounted to approximately USD6,787,000 (equivalent to approximately HK\$52,815,000), of which USD6,462,000 (equivalent to approximately HK\$50,285,000) was settled by digital assets and the remaining USD325,000 (equivalent to approximately HK\$2,530,000) was settled in cash.

On 17 January 2025, Tranche 2 acquisition has been completed and the Group has acquired further 30.38% equity interests in OSL Japan. Tranche 2 was completed at a consideration of USD4,043,000 (equivalent to approximately HK\$31,468,000), of which USD3,849,000 (equivalent to approximately HK\$29,961,000) was settled by digital assets and the remaining USD194,000 (equivalent to approximately HK\$1,507,000) was settled by cash. The Group acquired 81.38% equity interests in OSL Japan in total upon the completion of Tranche 1 and Tranche 2 acquisition.

Financial information relating to the Tranche 1 acquisition is set out in Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION *(Continued)*

1.2 Discontinued operations of the business park area management segment

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 which represented the Group's business park area management service, to an independent third party. The completion of such transaction was conditional upon the passing of the requisite resolutions by the shareholder 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 business park area management businesses are reported as discontinued operations in the Group's consolidated financial statements for the years ended 31 December 2024 and 2023.

In accordance with International Financial Reporting Standard ("IFRS") 5 "Non-current Assets Held for Sale and Discontinued Operations", the financial results of the segment for the years ended 31 December 2024 and 2023 were presented as a loss for discontinued operations in the Group's consolidated statement of profit or loss and other comprehensive income.

Financial information relating to the discontinued operations is set out in Note 14.

2 SUMMARY OF ACCOUNTING POLICIES

This note provides a list of accounting policies adopted in the preparation of these consolidated financial statements. Those policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards and Hong Kong Companies Ordinance ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and the disclosure requirements of HKCO Cap. 622. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for digital assets, digital assets borrowed from the non-controlling interest, liabilities due to customers, and 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 their carrying amount and fair value less costs to sell.

(c) Change in presentation of the consolidated statement of profit or loss and other comprehensive income

The Group previously presented the analysis of profit or loss items recognised in the consolidated statement of profit or loss and other comprehensive income 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 consolidated financial statements 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 re-presented.

(d) Amendments to standards adopted by the Group

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

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(e) New standards and amendments to standards not yet adopted

Certain new standards and 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	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures ¹	1 January 2027

The Group's management assessed that these new standards and amendments to standards that are not yet effective would not be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Summary of material accounting policies

2.2.1 Digital assets

(a) *Digital assets presented on the consolidated statement of financial position*

Digital assets held for trading

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 assets trading services through its proprietary platforms and the provision of technology solutions to others.

Digital assets held in the Group's digital asset wallets primarily comprise digital assets that are prefunded by and traded with, but not yet withdrawn by counterparties (or "customers") under relevant service agreements. They also include the Group's proprietary digital assets sourced from liquidity providers and third party exchanges, as well as digital assets held in the Group's wallets on customer accounts to whom the Group provides services in relation to its proprietary platforms and technology solutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.1 Digital assets *(Continued)*

(a) **Digital assets presented on the consolidated statement of financial position** *(Continued)*

Digital assets held for trading (Continued)

Based on the respective rights and obligations of the Group and its customers under relevant service agreements, digital assets still held by the Group in designated customer accounts are recorded as assets of the Group (see below for the measurement) with a corresponding liability due to the customer recorded (under “digital asset liabilities due to customers” measured at fair value through profit or loss in current liabilities). Upon a customer’s request to withdraw digital assets, the Group transfers the digital assets from its wallets to the customer’s wallet and the related asset and liability due to the customer is derecognised.

Digital assets borrowed from the non-controlling interest are recorded as assets of the Group (see below for the measurement) which can be used in the Group’s digital asset trading business, with a corresponding liability due to the non-controlling interest recorded (under “borrowings” measured at fair value through profit or loss in non-current or current liabilities). Upon maturity of the financing arrangements, the Group transfers the digital assets from its own wallets to the counterparty’s wallet and the related digital assets and liability due to the counterparty is derecognised. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Group’s digital asset portfolio for trading mainly comprise cryptocurrencies and stablecoins whose measurement are as follows:

- Since the Group actively trades cryptocurrencies, purchasing them with a view to their resale in the near future, and generating a profit from the fluctuations of price, the Group applies the guidance in IAS 2 “Inventories” for commodity broker-traders and measures the digital assets at fair value less costs to sell. The Group considers there are no significant “costs to sell” digital assets and hence measurement of digital assets is based on their fair values with changes in fair values recognised in profit or loss in the period of the changes.
- The Group has assessed the terms and conditions attached to stablecoins to determine whether they meet the definition of financial instruments. Certain stablecoins that are classified as financial instruments are measured at fair values with changes in fair value recognised in profit or loss in the period of the changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.1 Digital assets *(Continued)*

(a) **Digital assets presented on the consolidated statement of financial position** *(Continued)*

Digital assets not held for trading

For digital assets that are held by or receivable by the Group for the purpose of long-term capital appreciation, they are considered to be intangible assets with indefinite useful life given there is no foreseeable limit to the period over which the relevant digital asset is expected to generate net cash inflows for the Group. They are initially recognised at cost and subsequently measured by applying the revaluation model as permitted by IAS 38 "Intangible assets" to measure the digital assets at a revalued amount, being their respective fair value at the date of the revaluation less any subsequent accumulated impairment losses. For the purpose of revaluation, fair value is measured by reference to the quoted price of the digital asset in an active market. Revaluation is carried out on a monthly basis such that the carrying amount does not differ materially from its fair value at the end of the reporting period.

If the carrying amount of a digital asset is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If the carrying amount of a digital asset is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance in the revaluation reserve in respect to that digital asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

The cumulative revaluation reserve included in equity may be transferred directly to retained earnings when the surplus is realised. The whole surplus may be realised on the disposal or retirement of the digital asset. The transfer from revaluation reserve to retained earnings is not made through profit or loss.

See Note 3.5 for estimation of fair value in respect of the digital assets and digital asset liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.1 Digital assets *(Continued)*

(b) Digital assets not presented on the consolidated statement of financial position

Digital assets received from and held on behalf of clients by OSL Digital Securities Limited ("OSL DS"), a wholly-owned subsidiary of the Company and a Hong Kong Securities and Futures Commission ("SFC") licensed corporation, are safekeeping in segregated client wallets. Based on the respective rights and obligations of OSL DS and its clients under the relevant service agreements, digital assets held by OSL DS are recognised off the consolidated statement of financial position on the basis that (1) OSL DS is not entitled to any benefit of income from the holding of the digital assets on the client's behalf; (2) the digital assets are held in segregated wallets separate from OSL DS' or the Group's own wallets; and (3) OSL DS is legally restrained from transferring or transacting with the client's digital assets other than as instructed by the clients.

2.2.2 Contracts for trading of digital assets

In the ordinary course of the Group's digital assets trading business which includes primarily OTC trading business to trade digital assets with corporate and individual customers, and the provision of automated digital assets trading services through its proprietary platforms, the Group enters into relevant service agreements with each of the customers for buying and selling of digital assets. As the relevant service agreements can, in practice, be settled net in cash, the Group accounts for the contracts (including the trade confirmations for respective trades) as financial instruments and designates them as measured at fair value through profit or loss.

Although the relevant service agreements entered into between the Group and each of the customers are financial instruments, it is nevertheless also a contract with customers, which may result in physical delivery of digital assets to customers. On the date of physical delivery, gross proceeds from these contracts give rise to revenue under IFRS 15 "Revenue from Contracts with Customers" with the related digital asset, measured at fair value less cost to sell basis, being recognised as cost of revenue. However, the Group has made an accounting policy decision to account for the contracts purely within IFRS 9 "Financial Instruments" and views the delivery of digital assets to customers as settlement of financial instruments. Consequently, the Group does not present "revenue from contracts with customers" or related cost of revenue. Should the Group elect to present these separately, the gross amounts of revenue from contracts with customers or related cost of revenue would be of the same amount given the relevant service agreements and the digital assets are measured on a fair value basis.

Accordingly, the Group presents trading income from digital assets trading business that primarily represent trading margin arising from trading various digital assets and net gain or loss from remeasurement of digital assets to the extent it is not offset by remeasurement of digital asset liabilities due to customers arising from the relevant service agreements.

The Group is exposed to net trading gains or losses from holding digital assets for trading up to the point when a trade (to buy or sell digital assets) with customer is concluded with fixed terms of trade with respect to the type, unit and price of digital assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenues are recognised when goods are transferred or services are rendered to the customer.

Depending on the terms of the contract and the laws that apply to the contract, service may be provided over time or at a point in time. Service is provided over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- time-based measure of progress; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

When determining the transaction price to be allocated from different performance obligations, the Group first determines the service fees that the Group entitles in the contract period and adjusts the transaction price for variable considerations and significant financing component, if any. The Group includes in the transaction price some of all of an amount of variable considerations only to the extent that it is highly probable that a significant reversal in amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

If contracts involve the provision of multiple services, the transaction price will be allocated from each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

A contract asset is the Group's right to consideration in exchange for the services that the Group has transferred to a customer. In addition, incremental costs incurred to obtain a new contract, if recoverable, are capitalised as contract cost and subsequently amortised when the related revenue is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.3 Revenue recognition *(Continued)*

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

A contract liability is the Group's obligation to render the services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders the service to the customer. Contract liabilities mainly included the advance payments received from the provision of initial set up and customisation services for the customers using the Group's proprietary digital asset exchange platform.

The following sets out the accounting policies for the principal revenue streams of the Group.

Service fee from SaaS and related income

The Group licenses its proprietary digital asset exchange platform and related technology solutions as Software-as-a-Service ("SaaS") to certain white label customers. Under the SaaS arrangements, white label customers operate their own exchange platform to facilitate trades among the end users of the platform. Service fees derived by the Group from the SaaS arrangements are typically determined based on a base fee and the transaction volume of the platforms licensed by the white label customers and are recognised over the service period.

The Group also provides consultancy services to its white label customers. These consultancy service fees are determined based on a fixed fee and are recognised over the service period.

Income from custodian and related services

The Group derives custodian service fee and account maintenance fee when it provides secured storage of digital asset service to certain third parties in connection with its provision of digital assets trading services through certain of its proprietary platforms. Under this type of arrangement, the Group holds digital assets deposited by the third parties in segregated wallets managed by the Group.

Custodian service and account maintenance fees are calculated and accrued on a monthly basis and are recognised over time as services are rendered.

Trading fee from automated trading service

The Group provides automated digital assets trading services through its proprietary platforms to its customers under the arrangements of relevant service agreements. Under the arrangements, customers trade among themselves on the platforms where the Group merely provides facilitation services to match their trade orders. Trading fee is derived by calculating a fixed mark-up percentage on each trade transaction amount and are recognised at the time when each trade transaction is completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.3 Revenue recognition *(Continued)*

Income from sales of intellectual property

The Group develops and sells intellectual property in relation to digital assets exchange platform.

Revenue is recognised when control over the intellectual property has been transferred to the customer. The intellectual properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. When the Group sells intellectual property in exchange of non-cash consideration, for example in terms of equity interests of the counterparty, the related revenue is measured at fair value. The consideration is due when legal title has been transferred.

Others – Referral fee income

The Group earns referral fees by providing referral services to a third party, based on a percentage of the transaction amount, as agreed in the referral agreement. Referral fees are recognised as revenue over time, as the Group has an enforceable right to payment for performance completed to date. The referral fee is calculated based on certain agreed-upon terms, which typically consider the amount of investment or transactions facilitated through the referral.

2.2.4 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Post-employment obligations

The Group operates various defined contribution pension plans. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Some group companies also contribute on a monthly basis to defined contribution housing, medical and other benefit plans organised by the local governments based on the relevant laws and regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.4 Employee benefits *(Continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised upon the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

2.2.5 Share-based payments

The Company operates a number of share-based payment schemes (in the form of share awards and share options) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under such schemes, employees (including directors), consultants for providing similar services as if they were employees and services providers of the Group may receive equity instruments as remuneration for their services rendered ("equity-settled transactions").

Share options

The fair value of the share options granted to employees and consultants for providing similar services as if they were employees in exchange for the grant of the options is recognised as an expense with a corresponding increase in share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions (e.g. the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.5 Share-based payments *(Continued)*

Share awards

Under the share award scheme, shares issued by the trustee (see Note 39 for more details) to employees and consultants for providing similar services as if they were employees for no cash consideration either vest immediately on grant date or over a vesting period depending on the conditions of each of the relevant grant.

When share awards are vested immediately, on that date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity in the share-based payment reserve.

The fair value of deferred shares granted to employees and consultants for providing similar services as if they were employees for nil consideration is recognised as an expense over the relevant service period, being the year to which the award relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

Share-based payments to non-employees

Equity-settled share-based payments to parties other than employees and consultants for providing similar services as if they were employees is recognised as an expense with a corresponding increase in share-based payment reserve when the Group obtains the goods or as the services are received.

For equity-settled share-based payments to parties other than employees and consultants for providing similar services as if they were employees to the Group, there shall be a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. That fair value shall be measured at the date the Group obtains the goods or the counterparty renders service. If the Group rebuts this presumption because it cannot estimate reliably the fair value of the goods or services received, the Group shall measure the goods or services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the services.

When transactions measured by reference to the fair value of the equity instruments granted, the Group shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.5 Share-based payments *(Continued)*

Share-based payments to non-employees *(Continued)*

For non-market vesting conditions, the Group shall recognise amounts for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the Group shall revise the estimate to equal the number of equity instruments that ultimately vested.

Measurement in separate financial statements

The grant by the Company of its equity instruments to the employees, consultants for providing similar services as if they were employees and other non-employee services of subsidiary undertakings in the Group is treated as an amount due from the subsidiary undertakings, with a corresponding credit to equity in the Company's separate financial statements, measured with reference to the recognition of respective share-based payment expenses as described above.

2.2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.6 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.7 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Acquired intangible assets

Separately acquired intangible assets are initially recognised at cost. Intangible assets acquired in a business combination is recognised at fair value at the acquisition date. Subsequently, intangible assets with finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation expense is charged to profit or loss. Intangible assets with indefinite useful lives are not amortised.

(c) Internally developed software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.7 Intangible assets *(Continued)*

(d) Research and development

Development expenditures that do not meet the criteria (c) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(e) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software and domain	3–8 years
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(f) Digital assets not held for trading

For digital assets that are held by or receivable by the Group for the purpose of long-term capital appreciation, they are considered to be intangible assets with indefinite useful life. Details of the accounting policy are set out under Note 2.2.1(a).

2.2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.9 Investments and other financial assets and liabilities

Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.9 Investments and other financial assets and liabilities *(Continued)*

Financial assets *(Continued)*

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into amortised cost and fair value through profit or loss categories.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses), net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in "other gains/(losses), net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other gains/(losses), net" in the consolidated statement of profit or loss and other comprehensive income as applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.9 Investments and other financial assets and liabilities *(Continued)*

Financial assets *(Continued)*

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables arising from trading of digital assets in the OTC market and other receivables, general approach is applied. For trade receivables and contract assets other than those mentioned above, the Group applies the simplified approach permitted by IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 3.3(b), Note 21, Note 22 and Note 33 for further details.

Financial liabilities

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

For liabilities measured at fair value, gains and losses will be recorded in profit or loss.

At initial recognition, the Group shall measure a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Subsequently, all financial liabilities will be measured at amortised cost, except for financial liabilities at fair value through profit or loss, including derivatives, which shall be subsequently measured at fair value.

In addition, the Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Summary of material accounting policies *(Continued)*

2.2.10 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and Note 3.3(b) for a description of the Group's impairment policies.

2.2.11 Cash and cash balances

(a) *Cash and cash equivalents*

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(b) *Cash held on behalf of licensed entities' customers*

OSL DS, through its associated entity under a trust arrangement, maintains segregated bank accounts to hold cash on behalf of its customers arising from its normal course of business. Based on the relevant service agreement with its clients, 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 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 service agreement and the laws and regulations relevant to OSL DS as a licensed corporation and its associated entity in Hong Kong.

OSL Japan also maintains segregated bank accounts to hold cash on behalf of its customers arising from its normal course of business. The relevant service agreement with clients does not refrain OSL Japan from retaining bank interest income derived from the fiat currency that it receives from or holds for the clients. Accordingly, the client fiat currency received and held at the segregated bank accounts is presented on the Group's consolidated statement of financial position under current assets, with a corresponding fiat liability due to customers under current liabilities. The use of cash held on behalf of clients is restricted and governed by the relevant service agreement as a licensed corporation in Japan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies

2.3.1 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (c) below), initially being recognised at cost including cash consideration and other non-monetary item measured at the fair value on initial recognition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.1 Principles of consolidation *(Continued)*

(c) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.2.8.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ("CODM") of the Group has been identified as the executive directors of the Company who assess the financial performance and position of the Group and make strategic decisions.

The Group principally engaged in the digital assets and blockchain platform. For the purpose of internal reporting and management's operation review, the CODM reviews the consolidated results of operations when making decisions about allocating resources and assesses the performance of the Group as a whole. The CODM considered that the Group's businesses are operated and managed as one single segment and no separate segment information was presented for the years ended 31 December 2024 and 2023.

2.3.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for a separate asset derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.5 Property, plant and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives at the following rates per annum:

Office furniture and equipment	20–33% per annum
Motor vehicles	25% per annum
Leasehold improvement	25% per annum or over the lease terms
Right-of-use assets	over the lease terms
Mining machine	25% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.3.6 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.6 Non-current assets held for sale and discontinued operations *(Continued)*

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of or abandon such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal (limited to the cumulative impairment loss previously recognised), of the assets or disposal groups constituting the discontinued operation.

2.3.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.3.8 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.9 Current and deferred income tax *(Continued)*

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.3.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.11 Borrowings

Borrowings

Borrowings comprise financing arrangements denominated in fiat currency and digital assets.

Fiat currency loans are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the fiat currency loans using the effective interest method.

Digital assets borrowed from the non-controlling interest are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at fair value, which align with the fact that digital asset inventories are non-financial assets measured at fair value less costs to sell.

Borrowings (both fiat currency and digital asset borrowings) are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.12 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.3.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.3.14 Leases

The Group as lessee

(a) Lease assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangement takes the legal form of a lease.

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Lease payments are allocated between the principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.14 Leases *(Continued)*

The Group as lessee *(Continued)*

(a) Lease assets *(Continued)*

Assets leased by the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Summary of other accounting policies *(Continued)*

2.3.14 Leases *(Continued)*

The Group as lessee (Continued)

(b) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(c) Residual value guarantees

To optimise lease costs during the contract period, the Group may provide residual value guarantees in relation to property and equipment leases.

3 RISK DISCLOSURES

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

3.1 Business development and the associated risks in 2024

The Group's digital assets and blockchain platform business includes OTC and iRFQ trading business for trading digital assets, the provision of digital assets custody and SaaS services and the provision of automated digital assets trading services through its proprietary platforms.

Management considers the risks and uncertainties associated with the digital assets and blockchain platform business largely related to information technology, safekeeping of digital assets, fluctuation of asset prices, compliance, and the ever-evolving nature of the markets. As the industry continues to evolve, the Group has been implementing an operational infrastructure to support business development and growth. The infrastructure includes identifying physical locations, expanding IT infrastructure and maintaining control and support functions with an emphasis on laws and regulations, compliance, risk, financial reporting and operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.2 Risk management of the digital assets and blockchain platform business

(i) Regulatory risk in relevant jurisdictions

The Group's digital assets trading businesses currently operate in Hong Kong, Australia and Japan.

In Hong Kong, OSL DS, a wholly owned subsidiary of the Group, continues to operate regulated brokerage and automated trading services under licenses under the Securities and Futures Ordinance for Types 1 and 7 Regulated Activities granted by the SFC in December 2020 and the license to conduct to operate a Virtual Asset Trading Platform under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance granted by the SFC in April 2024.

In Australia, OSL AU Ltd is licensed as a Digital Currency Exchange registered under the AUSTRAC, and conducts OTC trading services primarily for institutional clients.

In November 2024, the Group acquired a majority interest in OSL Japan, a crypto-asset exchange service provider registered with the FSA and Kanto Financial Bureau in Japan. OSL Japan offers OTC trading services to retail and institutional clients.

The Group's digital assets trading businesses are and will continue to be subject to the stringent regulatory compliance requirements in each relevant jurisdiction in which the Group may operate. This includes, but not limited to, Anti-Money Laundering ("AML") requirements for systems and controls, requirements for minimum capital and liquid assets, business continuity, client asset protection, periodic reporting as well as financial and compliance audits.

The Group continues to explore opportunities for further expansion of its business presence in other jurisdictions, including jurisdictions which may require the Group or its subsidiaries to apply for and hold further regulatory recognitions.

To manage the enhanced risks and compliance frameworks associated with licensing, the Group continues to be supported by a strong team of experienced legal, risk, technology and compliance professionals, who are responsible for oversight of all business activities with respect to prevailing and potential regulatory frameworks applicable to the Group.

As a consequence of associated expenses on operational resources, system requirements, staffing requirements and capital costs associated with operating licensed or regulated digital assets businesses, the operating costs of the Group may increase. However, the Group believes that regulated and compliant businesses represent the current and future direction of the digital assets industry as it develops and matures to meet the needs of traditional financial institutions and increasing regulatory oversight.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.2 Risk management of the digital assets and blockchain platform business *(Continued)*

(ii) Price risk of digital assets

The Group holds digital assets in order to facilitate and support the settlement process of the digital assets trading business as well as for long term investment purpose. Price volatility of digital assets may cause significant impact to the Group's performance. To manage the price risk, the level of digital assets holdings by the Group is determined based on volatility, position holding, market capitalization and liquidity, as reviewed by the senior management periodically. Additionally, for supporting the trading business, the Group has implemented policies for the review and assessment of each type of digital assets that may be admitted for trading; such reviews and assessments take into account various characteristics, such as the assets underlying technology infrastructure, transparency of provenance, ability to monitor for AML and Counter-Financing of Terrorism risks, liquidity and price volatility.

The Group also holds digital assets that are not yet withdrawn by customers out of their accounts under the terms of its contracts with such customers. These digital assets are mostly held in the Group's wallets which support rapid settlement of traded transactions, thereby minimising settlement risk for the Group. Unless required to do otherwise by applicable laws, regulations or conditions of license relating to any licensed entities of the Group, digital assets held in customers' accounts correspond to a liability due to the customers with both the digital assets and liability to customers recorded at fair value on the consolidated statement of financial position taking into account relevant service arrangements with the customers. Alternatively, where licensed entities of the Group are required to hold customers' assets on trust for the customers, such assets constitute trust assets, and are not accounted for as assets of the Group, and do not give rise to liabilities to the relevant customers and they are not recognised on the consolidated statement of financial position taking into account relevant service arrangements with the customers. Therefore, in either case, the Group has no price volatility exposure from these holdings.

(iii) Risks related to safekeeping of assets

The Group maintains digital assets in both "hot" (connected to the Internet) and "cold" (not connected to the Internet) wallets. "Hot" wallets are more susceptible to cyber-attacks or potential theft due to the fact they are connected to the public internet.

To mitigate such risks, the Group has implemented guidelines and risk control protocols to adjust the level of digital assets maintained in "hot" wallets required to facilitate settlement. The Group has developed a proprietary digital assets wallet solution with comprehensive security controls and risk mitigation processes in place. Control procedures cover wallet generation, day-to-day wallet management and security, as well as monitoring and safeguarding of the Group's "hot" and "cold" wallets and public and private keys. In 2024, the Group continued to maintain insurance cover from third-party insurance providers covering both its "hot" and "cold" wallets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.2 Risk management of the digital assets and blockchain platform business *(Continued)*

(iv) Risks related to source of funds and anti-money laundering

Digital assets are exchangeable directly between parties through decentralised networks that allow anonymous transactions; such transactions create complex technical challenges with respect to issues such as identification of parties involved and asset ownership.

To mitigate such risks, the Group has implemented policies and procedures for AML, Know-Your-Customer ("KYC"), and Know-Your-Business ("KYB") that are initiated during the client onboarding process and are applied by way of continuous monitoring, review and reporting. In designing these policies and procedures, the Group has considered industry best-practice, respective regulatory requirements and Financial Action Task Force ("FATF") recommendations and guidance as the industry moves towards regulation.

(v) Technology leakage risk

The Group's key competitive edge is aided by its proprietary blockchain technology and the safeguarding of Intellectual Property. A breach in these assets poses risks to the Group's market position and strategic goals. To mitigate this risk, the Group enforces controls on the dissemination of its intellectual property, restricting access to all levels of the organisation. The Group conduct regular penetration testing and phishing awareness training, alongside implementing measures for network security and physical safeguarding of data. These practices are documented in our policies and are subject to periodic audits to ensure compliance with industry standards.

(vi) Information security risks

Both the Group and client information are maintained on proprietary data infrastructure in conjunction with cloud service providers; such infrastructure is connected to the public internet and therefore subject to potential risk of cyber-attacks.

To mitigate such risks, the Group's dedicated security team employs robust security measures, including advance encryption protocols, regular vulnerability assessments and strict access controls to safeguard sensitive data. The Group also conducts periodic employee training programmes to promote awareness and adherence to security best practices.

(vii) New product risk

Prior to the deployment and release of new products and businesses to the Group's clients, every such new activity passes through a rigorous review process. The Group's New Product Committee reviews each proposal against business capability, impact on balance sheet as well as analyses the suite of risks that are typically inherent in such activities; particular attention is paid to operational risk, legal risk, regulatory risk, market risk, credit risk, liquidity risk and ESG risk. Approval to proceed with a proposed business or product will only be forthcoming once the Group's New Product Committee is satisfied that all necessary controls and support function processes are fully implemented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.2 Risk management of the digital assets and blockchain platform business *(Continued)*

(viii) Credit risk

In connection with the operation of the Group's digital asset trading business, the Group may enter into pre-funding arrangements, extended settlement arrangements, or digital asset borrowing agreements with trading clients and non-controlling interests (including third party digital assets trading platforms and exchanges), which may expose the Group to credit risk. Credit risk in this context is the risk of non-payment, non-repayment, non-performance or default by a counterparty in respect of its obligations to the Group in relation to the relevant digital asset transactions.

The Group's Risk Committee is responsible for managing the Group's credit risk exposure in connection with its digital assets trading businesses. To mitigate or reduce such credit risks, controls such as trading limits, settlements limits, collateral requirements and other counterparty limits are set and monitored by the Risk Department in accordance with policies and procedures approved by the Group's Risk Committee.

(ix) Business continuity

The Group operates its technology stack with remote data centre sites and has implemented business continuity and disaster recovery plans. The disaster recovery capability has been implemented to ensure resilience against external and internal threats, allowing business activities to continue during catastrophes and crises, such as disruption of utilities or denial of physical access to business offices.

The Group regularly reviews Business Continuity Plan ("BCP") requirements for each business and support function in order to maintain a comprehensive physical disaster recovery capability.

If a significant incident or crisis impacts the Group's staff safety or its ability to operate, the Crisis Management Team will take control of all activities, including formal implementation of the Group's BCP, incident remediation actions as well as internal and external communication.

(x) Operational risk

Operational risk covers a spectrum of potential incidents and actions that can affect both the Group and its counterparties and that may cause safety or health impairment of staff, financial loss, reputational damage, regulatory sanctions or loss of business capability. Such losses may arise from process weaknesses, lack of staff training, technology failures, honest errors or malicious actions by internal or external actors.

The Group's Operational Risk Committee is the central oversight and management function for all operational risk actions and related control activities. The Group's Risk Department specifically employs operational risk personnel who are empowered to test and challenge businesses and support functions so as to improve and enhance both controls and process flows. In addition, regular reviews of all departments are performed by way of Risk Control Self Assessments; such analyses form a component of business risk management as well as support independent oversight of operational risks within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.2 Risk management of the digital assets and blockchain platform business *(Continued)*

(xi) Performance risk

The Group provides a range of technology services under its SaaS offering to third party clients to operate their own digital assets services. Such services are governed under service contracts which may provide for various remedies for customers against the Group in the event of non-performance or performance which fall short of agreed standards, as well as breach of other contractual obligations relating to the provision of such services.

The Group may be exposed to contractual claims by customers as a result of any such non-performance or breach, and the factors which contribute to operational, business continuity, information security, technology leakage risks discussed above may also result in performance risks to the Group under such customer contractual relationships.

The Group mitigates such risks by implementing strict internal contract review procedures to ensure contractual performance undertakings are properly reviewed and assessed, potential contractual liabilities are proportionately limited against the commercial values of contractual engagements, and the scope of services and performance are properly defined against the technical capabilities of the Group.

(xii) Investment risk

For any potential long term investments, a review is performed by the appropriate business sponsor, together with the legal team, to identify and analyse the risk associated with the investment and thorough review of the agreement. The investment proposals will then be presented to the Senior Management, Executive Committee or the Board depending on the transaction amount and the nature of the transaction for approval. Ongoing monitoring of the investment performance is performed by business heads and different functional departments, with escalation to the Senior Management, Executive Committee or the Board as needed on a case-by-case basis.

(xiii) Liquidity risk

Liquidity risk is broadly classified into two categories, one is funding liquidity risk and the other, market liquidity risk. Funding Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. Market liquidity risk is associated with the Group's inability to execute transactions at prevailing market prices due to insufficient market depth or disruptions.

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirement. The Group meets its day to day working capital requirements, capital expenditure and financial obligations through cash inflow from operating activities and the facilities obtained from banks and other lenders. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under available credit lines. The Group manages market liquidity risk by maintaining a sufficient set of liquidity providers used for hedging purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk, price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the executive directors of the Group. The executive directors identify and evaluate financial risks in close cooperation with the operating units of the Group.

(a) **Market risk**

(i) *Foreign exchange risk*

The Group mainly operates in Hong Kong, Japan and Singapore. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency that is not the functional currency of the individual group companies and net investments in foreign operations.

As at 31 December 2024 and 2023, most of the financial assets and liabilities of the Group's subsidiaries are denominated in their respective functional currencies.

There are certain United States dollar ("USD") and HK\$ denominated financial assets and liabilities held by the Group's subsidiaries with HK\$ and USD functional currency respectively. Since HK\$ are pegged to the USD, management considers the foreign exchange risk arising from such financial assets and liabilities to the Group is not significant. Hence, the directors consider the Group does not have any material foreign exchange risk exposure. No sensitivity analysis is presented.

(ii) *Cash flow and fair value interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. In the opinion of the directors, the expected change in fair values as a result of change in market interest rates will not be significant as the Group does not have assets and liabilities that bear fixed interest rates as at 31 December 2024 and 2023, thus no sensitivity analysis is presented.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's assets and liabilities, which bear variable interest rates mainly include bank deposits. Management manages the interest rate risk exposure through regular review to determine the funding strategy as appropriate to its current business profile.

At 31 December 2024, if interest rates had been 100 (2023: 100) basis points higher/lower with all other variables held constant, the profit before income tax would have been HK\$6,317,000 higher/lower (2023: loss before income tax would have been HK\$1,139,000 lower/higher), mainly as a result of higher/lower interest income on floating rate short term bank deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables, contract assets, deposits and other receivables, cash held on behalf of licensed entities' customers and cash and cash equivalents included in the consolidated statement of financial position, which represent the Group's maximum exposure to credit risk in relation to its financial assets.

The management has credit policies in place to monitor the exposures to these credit risks on an ongoing basis.

For trade receivables and contract assets, the Group has credit policy to monitor the level of credit risk. In general, the credit rating and credit period for each customer or debtor are regularly assessed, based on the customer's financial condition, their capacity to obtain guarantee from third parties, their historical credit records and other factors such as current market condition. The Group applies the simplified approach, which permits the use of the lifetime expected loss provision, to provide for expected credit losses provision for trade receivables and contract assets arising from revenue accounted under IFRS 15, which are related to certain digital assets and blockchain platform business activities. For trade receivables arising from trading of digital assets in the OTC market and other receivables, general approach is applied.

Trade receivables and contract assets

(i) Trade receivables (trading of digital assets in the OTC market)

For the trading of digital assets in the OTC market, majority of the counterparties are required to prefund their accounts prior to the 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.

Management makes individual assessment on expected credit losses of the trade receivables from these liquidity providers and counterparties based on their credit profile, historical settlement records, past experience as well as forward looking factors. During the year ended 31 December 2024, there was no provision made for the trade receivables related to counterparties (2023: the trade receivables related to certain counterparties of HK\$1,000 had been provided for). Receivable balances as at 31 December 2024 were fully settled subsequently (2023: same). The directors believed that there was no material credit risk in the trade receivables and the expected credit loss is close to zero as at 31 December 2024 (2023: except for the provisions made, directors believe that there was no material risk in the remaining balance).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

(ii) Trade receivables and contract assets (SaaS arrangement and other services)

Management makes individual assessment on expected credit losses of the trade receivables from the white label customers under the SaaS arrangement. During the year ended 31 December 2024, there was no provision made for trade receivables and contract assets related to white label customers (2023: HK\$1,405,000 and HK\$3,822,000 provisions were made respectively).

The directors believed that there was no material credit risk in the trade receivables and contract assets balances and the expected credit loss is close to zero as at 31 December 2024 (2023: except for the provisions made, directors believe that there was no material risk in the remaining balance).

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and failure to make contractual payments when the debts are long past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses in the consolidated statement of profit or loss and other comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

Deposits and other receivables

For deposits and other receivables, management makes individual impairment assessments of deposits and other receivables periodically based on historical settlement records, past experience as well as forward looking factors. The directors believed that there was no material credit risk in the balances of deposits and other receivables and the expected credit loss is close to zero as at 31 December 2024 (2023: same).

Cash and cash balances (including cash held on behalf of licensed entities' customers)

To manage the risk arising from cash and cash balances, the Group transacts with reputable financial institutions, which are high credit-quality banks or other financial institutions where certain level of deposits are insured by the relevant regulators. The expected credit loss is close to zero as at 31 December 2024 (2023: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(c) Price risk

Exposure

Digital assets that the Group deals within its trading activities are digital assets such as Bitcoin ("BTC"), Ethereum ("ETH"), Ripple, USD Coin, Tether and Bitcoin Cash which can be traded in a number of public exchanges.

The Group's exposure to price risk arises from digital assets and digital asset liabilities which are both measured on fair value basis (Note 18, Note 20, Note 30 and Note 31). In particular, the Group's operating result may depend upon the market price of BTC and ETH, as well as other digital assets. Digital asset prices have fluctuated significantly from time to time. There is no assurance that digital asset prices will reflect historical trends.

The price risk of digital assets arising from digital assets and blockchain platform business is partially offset by remeasurement of digital asset liabilities and digital assets borrowed from the non-controlling interest, representing the obligations to deliver digital assets held by the Group in the customers' accounts to the customers or the obligation to return digital assets borrowed to the lender under the respective trading and lending arrangements with the Group.

To manage its price risk arising from trading of and investment in digital assets, the level of digital assets holdings by the Group is determined based on volatility, position holding, market cap and liquidity, as reviewed by the senior management periodically.

As disclosed in Note 20, the Group has proprietary digital assets of HK\$590,712,000 (2023: HK\$184,564,000) and 5% (2023: 27%) of the balances are stablecoins, which are asset-backed with fair values approximate USD1 per unit with limited price risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES (Continued)

3.3 Financial risk management (Continued)

Financial risk factors (Continued)

(c) Price risk (Continued)

Sensitivity

At 31 December 2024, if the prices of digital assets held by the Group for trading purpose had increased/decreased by 7.5% (2023: 7.9%) (being a reasonably expected change determined based on net average monthly price movements and the Group's balances in different types of digital assets) in the principal markets with other variables held constant, the profit/loss before income tax arising from changes in fair values of the assets and liabilities (excluding stablecoins) listed in the table below would have been higher or lower as follows:

Fair value changed by 7.5% (2024 average price movement):

	Profit before income tax from continuing operations 2024 HK\$'000	Loss before income tax from continuing operations 2023 HK\$'000
Increase in fair value:		
Digital assets held for trading purpose	45,979 higher	61,783 lower
Digital asset liabilities due to customers	16,926 lower	47,939 higher
Digital assets borrowed from the non-controlling interest	3,025 lower	N/A
Decrease in fair value:		
Digital assets held for trading purpose	45,979 lower	61,783 higher
Digital asset liabilities due to customers	16,926 higher	47,939 lower
Digital assets borrowed from the non-controlling interest	3,025 higher	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES (Continued)

3.3 Financial risk management (Continued)

Financial risk factors (Continued)

(c) Price risk (Continued)

Sensitivity (Continued)

Fair value changed by 7.9% (2023 average price movement):

	Loss before income tax from continuing operations 2023 HK\$'000

Increase in fair value:

Digital assets held for trading purpose	65,388 lower
Digital asset liabilities due to customers	50,737 higher

Decrease in fair value:

Digital assets held for trading purpose	65,388 higher
Digital asset liabilities due to customers	50,737 lower

At 31 December 2024, if the prices of digital assets held by the Group not for trading purpose had increased/decreased by 2% (2023: N/A) (being a reasonably expected change determined based on net average monthly price movements and the Group's balances in the relevant types of digital assets) in the principal markets with other variables held constant, the other comprehensive income arising from changes in fair values of the assets listed in the table below would have been higher or lower as follows:

Fair value changed by 2% (2024 average price movement):

	Other comprehensive income 2024 HK\$'000	Other comprehensive income 2023 HK\$'000
Increase in fair value:		
Digital assets held not for trading purpose	3,909 higher	N/A
Decrease in fair value:		
Digital assets held not for trading purpose	3,909 lower	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.3 Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(c) **Price risk** *(Continued)*

Sensitivity (Continued)

Among the balances, 5% of digital assets (2023: 15%) and 11% of digital asset liabilities due to customers (2023: 12%) are stablecoins, which are asset-backed with fair values approximate USD1 per unit with limited price risk.

(d) **Liquidity risk**

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirement. The Group meets its day to day working capital requirements, capital expenditure and financial obligations through cash inflow from operating activities and the facilities obtained from banks and other lenders. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

The directors closely monitor the Group's liquidity position and financial performance to ensure it has sufficient cash flow to meet the operational need. These measures include raising additional capital; extending existing loan facilities; and obtaining additional financing from banks and other leaders, if considered necessary.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each financial reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying amounts, as the impact of discounting is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES (Continued)

3.3 Financial risk management (Continued)

Financial risk factors (Continued)

(d) Liquidity risk (Continued)

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 December 2024					
Lease liabilities	–	12,410	6,516	393	19,319
Trade payables	–	273	–	–	273
Liabilities due to customers	190,872	–	–	–	190,872
Accruals, other payables and deposits received (excluding employee benefits and other tax payables)	–	42,935	–	–	42,935
	190,872	55,618	6,516	393	253,399

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 December 2023					
Lease liabilities	–	19,083	–	–	19,083
Trade payables	–	5,061	–	–	5,061
Liabilities due to customers	244,643	–	–	–	244,643
Accruals, other payables and deposits received (excluding employee benefits and other tax payables)	–	40,491	–	–	40,491
	244,643	64,635	–	–	309,278

Note:

As at 31 December 2024, the Group had liabilities due to customers of HK\$249,057,000 (2023: HK\$639,136,000) and digital assets borrowed from the non-controlling interest of HK\$40,326,000 (2023: Nil). These liabilities would be settled by digital assets and would not result in cash flow movement upon settlement. These liabilities are repayable on demand subject to the counterparties' and the non-controlling interest's requests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain or adjust the capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares. The Group's overall strategy remains unchanged from prior year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The gearing ratio as at 31 December 2024 was 31% (2023: 73%).

The business plans of the Group mainly depend on maintaining sufficient funding to meet its expenditure requirements. The Group currently relies on funding from a variety of sources including loans from third parties and related parties as well as equity financing. Should the Group be unable to obtain sufficient funding, both existing operations of the Group and its development plans could be impacted.

Furthermore, OSL DS, a licensed corporation (as referred to in Note 3.2(i)) and its associated entity, OSL Custody Service Limited (formerly known as BC Business Management Services (HK) Limited) are subject to minimum paid-up capital and liquid capital requirements under the Securities and Futures Ordinance.

In response to the above, the Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations and relevant regulatory requirements of the group entities and seek to diversify its funding sources as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.5 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 consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

(i) Fair value hierarchy

Recurring fair value measurements

At 31 December 2024

Financial assets

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Unlisted preference shares	26	–	–	33,034	33,034
Unlisted ordinary shares	26	–	–	24	24
Digital assets (those met definition of financial instruments)	38	15,985	–	–	15,985
		15,985	–	33,058	49,043

Financial liabilities

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Liabilities due to customers					
– Fiat currency liabilities	30	190,872	–	–	190,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES *(Continued)*

3.5 Fair value estimation *(Continued)*

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

(i) Fair value hierarchy *(Continued)*

Recurring fair value measurements (Continued)

At 31 December 2023

Financial assets

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Unlisted preference shares	26	–	–	14,334	14,334
Digital assets (those met definition of financial instruments)	38	82,050	–	–	82,050
		82,050	–	14,334	96,384

Financial liabilities

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Liabilities due to customers					
– Fiat currency liabilities	30	244,643	–	–	244,643

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES (Continued)

3.5 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

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

The following table presents the changes in level 3 items for years ended 31 December 2024 and 31 December 2023:

Financial assets

	Unlisted preference shares		Unlisted ordinary shares		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Opening balance at 1 January	14,334	50,400	–	–	14,334	50,400
Addition through acquisition of a subsidiary	–	–	26	–	26	–
Change in fair value	18,869	(36,199)	–	–	18,869	(36,199)
Exchange difference	(169)	133	(2)	–	(171)	133
Closing balance at 31 December	33,034	14,334	24	–	33,058	14,334

(iii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Financial instruments	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs		
	31 December 2024 HK\$'000	31 December 2023 HK\$'000			31 December 2024	31 December 2023	Relationship of unobservable inputs to fair value
(1) Unlisted preference shares	33,034	14,334	Level 3	Market approach and the key inputs include expected volatility and probability of liquidation scenario (2023: same)	Expected volatility: 95% Liquidation probability: 50%	Expected volatility: 99% Liquidation probability: 50%	2024 and 2023: The higher the expected volatility, the lower the fair value. The higher the liquidation probability, the higher the fair value.
(2) Unlisted preference shares	–	–	Level 3	Asset-based approach and the key input is the underlying net asset value of the investee (2023: same)	Net asset value: Nil	Net asset value: Nil	2024 and 2023: The higher the net asset value, the higher the fair value
(3) Unlisted ordinary shares	24	N/A	Level 3	Asset-based approach and the key input is the underlying net asset value of the investee (2023: N/A)	Net asset value: Japanese Yen ("JPY") JPY490,000 (equivalent to approximately HK\$24,000)	N/A	The higher the net asset value, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES (Continued)

3.5 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 consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its digital assets and digital asset liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.5(a).

Recurring fair value measurements

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2024					
Digital assets					
Digital assets (included those classified as intangible assets and excluded those met definition of financial instruments)	18, 20	823,661	123	–	823,784
Digital asset liabilities					
Liabilities due to customers					
Digital asset liabilities	30	248,959	98	–	249,057
Digital assets borrowed from the non-controlling interest	31	40,326	–	–	40,326
At 31 December 2023					
Digital assets					
Digital assets (excluded those met definition of financial instruments)	20	739,254	2,396	–	741,650
Digital asset liabilities					
Liabilities due to customers					
Digital asset liabilities	30	636,740	2,396	–	639,136

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 RISK DISCLOSURES (Continued)

3.5 Fair value estimation (Continued)

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

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 2 fair value measurements:

Digital assets	Fair value as at			Valuation techniques and key inputs	Significant unobservable inputs		
	31 December 2024 HK\$'000	31 December 2023 HK\$'000	Fair value hierarchy		31 December 2024	31 December 2023	Relationship of unobservable inputs to fair value
Digital assets	123	2,396	Level 2	The digital asset is quoted in unit of another digital asset with quoted prices in active markets. Price of the digital assets at level 2 fair value is referenced to quoted price of another digital asset.	Quoted price of USDT	Quoted price of BTC	2024 and 2023: Changes in price of BTC would change the price of these digital assets measured at level 2 fair value proportionately.
Digital asset liabilities	98	2,396	Level 2	The digital asset is quoted in unit of another digital asset with quoted prices in active markets. Price of the digital assets at level 2 fair value is referenced to quoted price of another digital asset with quoted prices in active markets.	Quoted price of USDT	Quoted price of BTC	2024 and 2023: Changes in price of BTC would change the price of these digital assets measured at level 2 fair value proportionately.

Note:

As at 31 December 2024 and 2023, the digital assets (included those classified as intangible assets), digital asset liabilities due to customers and digital assets borrowed from the non-controlling interest are measured at level 1 or level 2 fair value. The determination of fair value hierarchy level for their valuation 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 types of digital assets are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Accounting of digital assets transactions and balances

IFRSs do not specifically address accounting for digital assets. Accordingly, for the preparation of the Group's consolidated financial statements, management needs to apply judgement in determining appropriate accounting policies based on the existing accounting framework and the facts and circumstances of the Group's digital assets and blockchain platform business.

The Group's digital assets portfolio held for trading or for long-term investment purposes mainly comprises cryptocurrencies and stablecoins. According to the business model of the Group's activities and the characteristics of each of the relevant digital assets, the Group's digital assets are accounted for either as inventories measured at fair value less costs to sell, financial instruments measured at fair value or intangible assets measured by applying the revaluation model on the consolidated statement of financial position. There are also digital assets held by the Group solely for the benefits of its clients in segregated wallets where such holding is not recognised by the Group as its own assets. On the other hand, contracts for trading of digital assets with the Group's counterparties and liquidity providers through its OTC and proprietary platforms are accounted for as financial instruments and measured at fair value through profit or loss as these contracts can, in practice, be settled net in cash whereas service fees from Software as a Service arrangements which may be determined based on the transaction volume of the platforms licensed by the White label customers are recognised over time when the platform technology and related services are provided.

Furthermore, in determining fair values, management needs to apply judgement to identify the relevant available markets, and to consider accessibility to and activity within those markets in order to identify the principal digital asset markets for the Group.

(b) Fair value of non-listed financial assets

As disclosed in Notes 2.2.9 and 3.5(a), the Group recognised certain equity instruments at fair value at recognition date as well as at each subsequent recording date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets.

(c) Business combination

The Group accounts for business combination by using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions and valuation judgements. The most significant variables in these valuations are compound annual growth rate on revenue, pre-tax discount rate, terminal growth rate, equity value-to-forward-sales multiples, control premium and discounts for lack of marketability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(d) Provision for impairment of property, plant and equipment (including right-of-use assets) and intangible assets

Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired. Property, plant and equipment (including right-of-use assets) and intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When there are indications for impairment, the recoverable amounts of property, plant and equipment (including right-of-use assets) and intangible assets will be determined based on the higher of its value in use or its fair value less costs of disposal, taking into account latest market information and past experience. These calculations and valuations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset or cash-generating unit's values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows estimated to be derived from an asset or cash-generating unit; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate, or the key assumptions applied in assessing the fair value less costs of disposal of the related asset or cash-generating unit. Changing the management assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's consolidated financial position and results of operations.

(e) Impairment allowances for trade receivables, contract assets and other receivables

The loss allowances for trade receivables, contract assets and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer to Note 3.3(b) for more details.

(f) Share-based payments

Judgement is exercised in the assessment of the fair value of the share-based payments to employees and non-employees. In making its judgement, management considers the nature of services received and a wide range of factors such as the share price of the Company and other market performance conditions and non-vesting conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
From continuing operations		
Recognised over time:		
Custodian services and related income (Note 6)	9,560	6,370
Service fee from SaaS and related income (Note 6)	91,640	17,796
Others (Note 6)	3,472	–
Recognised at a point of time:		
Trading fee from automated trading service (Note 6)	7,494	9,416
Income from sales of intellectual property (Notes 6 and 25)	–	28,659

6 SEGMENT INFORMATION AND INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

The 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 businesses. 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 for the years ended 31 December 2023 and 2024. For the purpose of internal reporting and management's operation review, the CODM considered that the Group's businesses are currently operated and managed as one single segment, which is digital assets and blockchain platform business, and no separate segment information was presented for the years ended 31 December 2023 and 2024.

	2024 HK\$'000	2023 HK\$'000
From continuing operations		
Trading of digital assets (Note (a))	263,061	144,755
Net fair value (loss)/gain on digital assets (Note (a))	(480)	2,841
Trading fee from automated trading service (Note 5)	7,494	9,416
Custodian services and related income (Note 5)	9,560	6,370
Service fee from SaaS and related income (Note 5)	91,640	17,796
Income from sales of intellectual property (Note (b)) (Notes 5 and 25)	–	28,659
Others (Note 5)	3,472	–
	374,747	209,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 SEGMENT INFORMATION AND INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS (Continued)

Notes:

- (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 the relevant service agreements. 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.
- (b) The Group develops and sells the intellectual property in relation to digital assets exchange platform. During the year ended 31 December 2023, the Group delivered the digital assets exchange platform to an associate (Note 25).

Information about major clients

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

	2024 HK\$'000	2023 HK\$'000
Customer A	78,016	N/A

7 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024 HK\$'000	2023 HK\$'000
From continuing operations		
Other income		
Singapore Government grants (Note (a))	98	140
Hong Kong SAR Government grants (Note (b))	–	58
Total	98	198

Notes:

- (a) The amount mainly represented HK\$98,000 in respect of the Corporate Income Tax Rebate Cash Grant and Progressive Wage Credit Scheme (2023: The amount mainly represented cash subsidies in respect of the Job Growth Incentive Payout, Central Provident Fund Transition Offset and Progressive Wage Credit Scheme) for which the conditions of the grants have been fully satisfied as at the end of the year (2023: same).
- (b) The amount mainly represented cash subsidies in respect of the Reimbursement of Maternity Leave Pay granted by the Labour Department of Hong Kong and for which the conditions of the grant have been fully satisfied as at end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 OTHER INCOME AND OTHER GAINS/(LOSSES), NET *(Continued)*

	2024 HK\$'000	2023 HK\$'000 (Re-presented) (Note 2.1(c))
Other gains/(losses), net		
Exchange losses, net	(1,645)	(1,547)
Gain on deemed disposal of partial interest in an associate <i>(Note 25)</i>	7,285	9,505
Fair value changes of financial assets at fair value through profit or loss <i>(Note 3.5(a)(iii))</i>	18,869	(36,199)
Gain on lease modification	7,215	–
Others	935	572
Total	32,659	(27,669)

8 OTHER OPERATING EXPENSES AND PROVISION FOR IMPAIRMENT LOSS ON FINANCIAL ASSETS AND CONTRACT ASSETS, NET

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Auditor's remuneration		
– Audit services	13,263	12,124
– Non-audit services	2,978	7,844
Consultancy fee (including share-based payments)	14,720	6,515
Expense relating to short-term leases <i>(Note 29(b))</i>	5,576	11,248
Management fee	2,506	3,604
General insurance	17,087	14,243
Legal and professional fees	16,244	5,807
Operational outsourcing	7,386	8,025
Marketing costs	6,228	639
Provision for impairment losses on financial assets, net <i>(Note 21)</i>	–	1,186
Provision for impairment of contract assets <i>(Note 33)</i>	–	3,822
Travelling expenses	4,309	3,980
Repair and maintenance	123	3,206
Contribution in a web 3.0 AI project	–	2,000
Cost relating to provision of SaaS	–	1,029
Cost relating to sales of intellectual property to an associate	–	16,565
Others	6,535	10,053
Total	96,955	111,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK\$'000	2023 HK\$'000
Salaries, bonuses, allowances and other benefits in kind	192,891	179,045
Pension costs — defined contribution plans	4,907	6,380
Share-based payments to employees	(1,855)	3,497
	195,943	188,922
Less: staff costs mainly capitalised as the following development costs		
— Cost to fulfil revenue contracts	—	(3,640)
	195,943	185,282

During the year ended 31 December 2024, the Group did not operate defined benefit plan (2023: same).

(a) Pensions — defined contribution plans

As at 31 December 2024, there were no forfeited contributions available to offset future retirement benefit obligations of the Group (2023: same).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2023: four) directors whose emoluments are reflected in the analysis shown in Note 11. The emoluments payable to the remaining two individuals (2023: the emoluments payable to the remaining individual) during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and other benefits in kind	4,828	2,796
Pension scheme contributions	36	18
Share-based payments to employees	382	774
Bonuses	2,519	946
	7,765	4,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$4,500,001 to HK\$5,000,000	–	1
	2	1

10 FINANCE INCOME/(COSTS), NET

	2024 HK\$'000	2023 HK\$'000
From continuing operations		
Finance income		
Interest income from bank deposits	16,937	5,485
Imputed interest income from rental deposits	809	1,036
Interest income from financial products	264	–
	18,010	6,521
Finance costs		
Interest expense on borrowings	–	(2,474)
Interest expense on lease liabilities (Note 29(b))	(2,304)	(5,054)
Interest expense on digital assets borrowed from counterparties or the non-controlling interest	–	(70)
Interest expense on digital assets borrowed from a shareholder of the Company (Note (a))	(74)	–
	(2,378)	(7,598)
Finance income/(costs), net	15,632	(1,077)

Note:

- (a) The interest expense for the year ended 31 December 2024 represents digital assets borrowed from a shareholder of the Company. The borrowing was unsecured, interest-bearing at 3.8% per annum, and repayable on demand. As at 31 December 2024, all such borrowings from the shareholder of the Company have been fully settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 BENEFITS AND INTERESTS OF DIRECTORS

(a) The remuneration of all directors for the years ended 31 December 2024 and 2023 is set out below:

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Share-based compensation HK\$'000	Total HK\$'000
Year ended 31 December 2024					
<i>Executive directors:</i>					
<i>(Notes (i), (v), (vi) and (vii))</i>					
Mr. Chapman David James	–	1,277	8	–	1,285
Ms. Jia Ruixin	–	532	6	–	538
Mr. Ko Chun Shun Johnson	800	–	–	–	800
Mr. Lo Ken Bon	–	116	2	–	118
Mr. Madden Hugh Douglas	–	569	3	–	572
Mr. Pan Zhiyong	–	2,427	14	–	2,441
Mr. Tiu Ka Chun Gary	–	2,737	17	162	2,916
Ms. Xu Kang	–	1,936	14	–	1,950
Mr. Yang Chao	–	3,292	12	–	3,304
<i>Non-executive directors:</i>					
<i>(Notes (ii), (iii), (iv) and (vi))</i>					
Mr. Chau Shing Yim, David	693	–	–	–	693
Mr. Chia Kee Loong Lawrence	40	–	–	–	40
Mr. Lee Kam Hung Lawrence	595	–	–	–	595
Mr. Tai Benedict	40	–	–	–	40
Mr. Xu Biao	679	–	–	–	679
Mr. Yang Huan	377	–	–	–	377
Mr. Yang Yu	213	–	–	–	213
	3,437	12,886	76	162	16,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) The remuneration of all directors for the years ended 31 December 2024 and 2023 is set out below: (Continued)

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Share-based compensation HK\$'000	Total HK\$'000
Year ended 31 December 2023					
<i>Executive directors: (Notes (i) and (v))</i>					
Mr. Lo Ken Bon	–	3,600	18	789	4,407
Mr. Ko Chun Shun, Johnson	1,200	–	–	789	1,989
Mr. Madden Hugh Douglas	–	3,600	18	789	4,407
Mr. Chapman David James	–	3,600	18	789	4,407
Mr. Tiu Ka Chun, Gary	–	3,780	18	516	4,314
<i>Non-executive directors: (Note (ii))</i>					
Mr. Chia Kee Loong, Lawrence	480	–	–	157	637
Mr. Chau Shing Yim, David	480	–	–	157	637
Mr. Tai Benedict	480	–	–	157	637
	2,640	14,580	72	4,143	21,435

Notes:

- (i) With effect from 12 January 2024, Mr. Lo Ken Bon, Mr. Madden Hugh Douglas and Mr. Chapman David James have resigned as executive directors of the Company. Mr. Pan Zhiyong, Ms. Xu Kang and Mr. Yang Chao have been appointed as executive directors of the Company.
- (ii) With effect from 12 January 2024, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict have resigned as non-executive directors of the Company. Dr. Yang Yu and Mr. Xu Biao have been appointed as non-executive directors of the Company.
- (iii) With effect from 19 April 2024, Dr. Yang Yu has resigned as non-executive director of the Company.
- (iv) With effect from 17 June 2024, Mr. Yang Huan has been appointed as non-executive director of the Company.
- (v) With effect from 30 August 2024, Mr. Ko Chun Shun Johnson has resigned as executive director of the Company and Ms. Jia Ruixin has been appointed as executive director of the Company.
- (vi) With effect from 27 September 2024, Mr. Pan Zhiyong has resigned as executive director of the Company and Mr. Lee Kam Hung Lawrence has been appointed as non-executive director of the Company.
- (vii) With effect from 1 January 2025, Ms. Jia Ruixin has resigned as executive director of the Company and Mr. Cui Song has been appointed as executive director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' emoluments

None of the directors has waived any of their emoluments in respect of the years ended 31 December 2024 and 2023.

(c) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the years ended 31 December 2024 and 2023.

(d) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 31 December 2024 and 2023.

(e) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2024 and 2023, no consideration was paid by the Company to third parties for making available directors' services.

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 December 2024 and 2023, there were no other loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

(g) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 36, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the years ended 31 December 2024 and 2023 or at any time during the years ended 31 December 2024 and 2023.

12 INCOME TAX (EXPENSE)/CREDIT

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates, which mainly include Hong Kong, Singapore and Japan.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the year ended 31 December 2024 (2023: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX (EXPENSE)/CREDIT *(Continued)*

The amount of income tax (charged)/credited to the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Current income tax:		
Overseas corporate income tax credit/(expense)	107	(323)
Deferred income tax (<i>Note 32</i>)	–	2,381
Withholding tax expense in Singapore	(1,212)	–
Income tax (expense)/credit from continuing operations	(1,105)	2,058
Discontinued operations		
Current income tax expense:		
PRC corporate income tax	(103)	(3,458)
Deferred income tax credit	–	2,330
Income tax expense from discontinued operations	(103)	(1,128)
Total income tax (expense)/credit from continuing and discontinued operations	(1,208)	930

The income tax (expense)/credit for the year can be reconciled to the Group's (profit)/loss before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
(Profit)/loss from continuing operations before income tax	(55,951)	251,847
Add: Loss from discontinued operations before income tax	8,049	14,729
Less: Share of net post-tax loss of an associate accounted for using the equity method	(7,062)	(23,704)
Tax calculated at a rate of 16.5% (2023: 16.5%)	(54,964)	242,872
Tax effect of different tax rates of subsidiaries operated in other jurisdictions	(9,069)	40,074
Expenses not deductible for tax purposes	7,586	(400)
Income not subject to tax	(11,657)	(12,872)
Withholding tax expense	9,358	2,964
Utilisation of previously unrecognised tax losses	(1,212)	–
Tax losses for which no deferred income tax assets were recognised	22,525	–
	(18,739)	(28,836)
Income tax (expense)/credit	(1,208)	930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 ACQUISITION OF A SUBSIDIARY

On 4 November 2024, the Company, through its wholly owned subsidiary, entered into a share purchase agreement with four independent third parties to acquire 81.38% equity interests in OSL Japan, a crypto asset exchange service provider licensed by the FSA in Japan, at a total consideration of USD10,830,000 (equivalent to HK\$84,472,000). The acquisition would be completed in two tranches (namely "Tranche 1" and "Tranche 2") upon the fulfilment of the respective completion conditions as set out in the agreement.

On 29 November 2024, Tranche 1 acquisition was completed, with the Group acquiring 51% equity interests and obtaining control in OSL Japan upon completion. The consideration paid for Tranche 1 acquisition amounted to approximately USD6,787,000 (equivalent to approximately HK\$52,815,000), of which USD6,462,000 (equivalent to approximately HK\$50,285,000) was settled by digital assets and the remaining USD325,000 (equivalent to approximately HK\$2,530,000) was settled in cash.

The following table summarises the consideration paid for the acquisition of OSL Japan, the fair value of assets acquired and liabilities assumed on the acquisition date.

	HK\$'000
Consideration settled by cash	2,530
Consideration settled by digital assets	50,285
Total consideration	52,815
The assets and liabilities as a result of the acquisition are as follows:	
Property, plant and equipment	3,747
Intangible assets	34,450
Financial assets at fair value through profit and loss	26
Trade and other receivables	3,662
Digital assets	58,049
Cash at bank	1,326
Accruals and other payables	(5,837)
Lease liabilities	(2,228)
Liabilities due to customers	(29,011)
Digital assets borrowed from the non-controlling interest	(41,522)
Net identifiable assets acquired	22,662
Less: Non-controlling interests	(11,135)
Goodwill (included in intangible assets)	41,288
Net assets acquired	52,815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 ACQUISITION OF A SUBSIDIARY *(Continued)*

(1) Acquired receivables

The fair value of acquired trade and other receivables is HK\$3,662,000. The fair value of acquired trade and other receivables approximates the gross contractual amount with no material loss allowance made upon the acquisition.

(2) Goodwill on acquisition

The Group recognised goodwill of approximately HK\$41,288,000 in the consolidated statement of financial position, which was primarily attributable to the consideration that was mutually agreed between the parties, with reference to the carrying amount of the identifiable net assets of approximately HK\$22,662,000 as at the date of Tranche 1 completion. Goodwill is primarily attributable to the assembled workforce and anticipated synergy of the acquired business with the Group's existing digital assets and blockchain platform business.

(3) Non-controlling interest

The Group has chosen to recognise the non-controlling interest at the proportion of net identifiable assets acquired shared by the non-controlling interest.

(4) Acquired intangible assets

The fair value of acquired intangible assets amounted to HK\$34,450,000 represented the license of operating the crypto asset exchange by the acquired entity, with indefinite useful life.

(5) Income from digital assets transaction services and net loss contribution

The acquired business contributed income from digital assets transaction services, including net fair value loss on digital assets, at a loss of HK\$526,000 and net loss of HK\$2,129,000 to the Group for the period from 29 November 2024 (the acquisition date) to 31 December 2024.

If the acquisition had occurred on 1 January 2024, consolidated pro-forma income from digital assets and blockchain platform business and net profit for the year ended 31 December 2024 would have been HK\$374,429,000 and HK\$46,281,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged on the assumption that the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2024, together with the consequential tax effects.

(6) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in OSL Japan, the Group elected to recognise the non-controlling interests at their proportionate share of the acquired net identifiable assets. See Note 2.3.1 for the Group's accounting policies for business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DISCONTINUED OPERATIONS

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\$24,600,000). 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 regulations.

Such resolution was passed subsequently on 17 January 2024. The disposal was completed in March 2024. Consequently, the entire business park area management business is reported as discontinued operations during the years ended 31 December 2023 and 2024. The respective assets and liabilities of Shanghai Jingwei were classified as held for sale as at 31 December 2023.

(i) 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 years ended 31 December 2024 and 2023 is as below:

	2024 HK\$'000	2023 HK\$'000
Discontinued operations		
Statement of profit or loss of the discontinued operations:		
Revenue	3,361	41,917
Cost of revenue	(1,186)	(20,413)
Other gains, net	–	112
Administrative and other operating expenses	(504)	(4,818)
Finance income	–	427
Finance costs	(550)	(6,364)
Impairment losses on goodwill and other intangible assets	–	(20,257)
Impairment losses on property, plant and equipment	–	(5,333)
Loss on disposal of discontinued operations	(9,170)	–
Loss before tax from discontinued operations	(8,049)	(14,729)
Income tax expense	(103)	(1,128)
Loss from discontinued operations	(8,152)	(15,857)
Less: (profit)/loss from discontinued operations (attributable to non-controlling interests)	(102)	1,586
Loss from discontinued operations (attributable to the owners of the Company)	(8,254)	(14,271)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DISCONTINUED OPERATIONS (Continued)

(i) Financial performance and cash flow information of the business park area management segment (Continued)

	2024 HK\$'000	2023 HK\$'000
Discontinued operations		
Statement of cash flows of the discontinued operations		
Net cash (used in)/generated from operating activities	(8,152)	36,479
Net cash used in investing activities	–	(24,748)
Net cash (outflows)/inflows	(8,152)	11,731

(ii) Assets and liabilities of the business park area management segment classified as held for sale

Assets and liabilities of the business park area management segment classified as held for sale as at 31 December 2023:

	2023 HK\$'000
Assets classified as held for sale	
Property, plant and equipment	23,958
Prepayments, deposits and other receivables	28,667
Deferred income tax assets	5,962
Cash and cash equivalents	33,245
	91,832
Liabilities directly associated with assets classified as held for sale	
Accruals, deposits received and other payables	12,900
Trade payables	914
Contract liabilities	95
Lease liabilities	43,504
Current income tax liabilities	6,632
	64,045
Net assets classified as held for sale	27,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 DIVIDENDS

The directors did not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

16 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

For continuing and discontinued operations

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

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year attributable to the owners of the Company	47,653	(263,862)
Add: Loss for the year from discontinued operations	8,254	14,271
Profit/(loss) for the year from continuing operations attributable to the owners of the Company for the purpose of basic earnings/(loss) per share	55,907	(249,591)
	2024	2023
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/loss per share	616,800,245	433,282,326
	2024 HK\$	2023 HK\$
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the owners of the Company Basic (per share)	0.09	(0.58)
Earnings/(loss) per share for profit/(loss) from continuing and discontinued operations attributable to the owners of the Company Basic (per share)	0.08	(0.61)

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year (2023: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 EARNINGS/(LOSS) PER SHARE *(Continued)*

(b) Diluted earnings/(loss) per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. For the years ended 31 December 2024 and 2023, the Company has two categories of potentially dilutive ordinary shares, share options and share awards.

(i) Share awards

Share awards under the Group's share award scheme are included in the calculation of diluted earnings per share assuming that all outstanding awards will vest. The awards are not included in the determination of basic earnings per share. Further information about the share awards is provided in Note 39.

(ii) Share options

Share options granted are considered to be potential ordinary shares. They will be included in the determination of diluted earnings per share to the extent to which they are dilutive. The share options have not been included in the determination of basic earnings per share. Details relating to the share options are set out in Note 40. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the year). The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 EARNINGS/(LOSS) PER SHARE *(Continued)*

(b) Diluted earnings/(loss) per share *(Continued)*

For the year ended 31 December 2024, the calculation of diluted earnings per share was based on the profit attributable to the owners of the Company and the adjusted weighted average number of ordinary shares outstanding assuming the exercise of all potentially dilutive ordinary shares, which was calculated as follows:

	2024
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	616,800,245
Adjustment for calculation of diluted earnings per share:	
Share options	–
Share awards	1,227,384
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	618,027,629
Earnings per share for profit from continuing operations attributable to the owners of the Company	
Diluted earnings per share (HK\$ per share)	0.09
Earnings per share for profit from continuing and discontinued operations attributable to the owners of the Company	
Diluted earnings per share (HK\$ per share)	0.08

For the year ended 31 December 2023, 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 CONSOLIDATED FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Office furniture and equipment HK\$'000	Motor vehicles HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 January 2023					
Cost	39,280	20,553	888	256,841	317,562
Accumulated depreciation	(29,558)	(15,463)	(876)	(179,399)	(225,296)
Net book amount	9,722	5,090	12	77,442	92,266
Year ended 31 December 2023					
Opening net book amount	9,722	5,090	12	77,442	92,266
Depreciation					
– From continuing operations	(5,578)	(2,828)	–	(21,069)	(29,475)
– From discontinued operations	(1,030)	–	(12)	(13,458)	(14,500)
Disposals	–	(340)	–	–	(340)
Impairment					
– From continuing operations	(361)	(108)	–	(7,718)	(8,187)
– From discontinued operations	–	–	–	(5,333)	(5,333)
Transfer to assets classified as held for sale (<i>Note 14</i>)	(2,109)	–	–	(21,849)	(23,958)
Currency translation differences	(28)	52	–	(438)	(414)
Closing net book amount	616	1,866	–	7,577	10,059
At 31 December 2023					
Cost	26,817	17,495	884	64,731	109,927
Accumulated depreciation	(26,201)	(15,629)	(884)	(57,154)	(99,868)
Net book amount	616	1,866	–	7,577	10,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvement HK\$'000	Office furniture and equipment HK\$'000	Motor vehicles HK\$'000	Right-of-use assets HK\$'000	Mining machine HK\$'000	Total HK\$'000
Year ended 31 December 2024						
Opening net book amount	616	1,866	–	7,577	–	10,059
Acquisition of a subsidiary (Note 13)	–	427	–	2,330	990	3,747
Additions	923	2,019	–	20,369	–	23,311
Depreciation						
– From continuing operations	(604)	(1,443)	–	(13,557)	–	(15,604)
Disposals	–	(114)	–	–	–	(114)
Currency translation differences	(12)	(41)	–	(179)	(50)	(282)
Closing net book amount	923	2,714	–	16,540	940	21,117
At 31 December 2024						
Cost	27,192	20,212	834	87,824	940	137,002
Accumulated depreciation	(26,269)	(17,498)	(834)	(71,284)	–	(115,885)
Net book amount	923	2,714	–	16,540	940	21,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Goodwill HK\$'000	Computer software and domain HK\$'000	Acquired lease with favorable terms HK\$'000	License HK\$'000	Digital assets HK\$'000	Total HK\$'000
At 1 January 2023						
Cost	10,511	77,822	46,713	–	–	135,046
Accumulated amortisation and impairment	–	(30,687)	(31,565)	–	–	(62,252)
Net book amount	10,511	47,135	15,148	–	–	72,794
Year ended 31 December 2023						
Opening net book amount	10,511	47,135	15,148	–	–	72,794
Amortisation						
– From continuing operations	–	(9,489)	–	–	–	(9,489)
– From discontinued operations	–	–	(4,964)	–	–	(4,964)
Impairment						
– From discontinued operations (Note 14)	(10,330)	–	(9,927)	–	–	(20,257)
Currency translation differences	(181)	–	(257)	–	–	(438)
Closing net book amount	–	37,646	–	–	–	37,646
At 31 December 2023						
Cost	–	77,822	–	–	–	77,822
Accumulated amortisation and impairment	–	(40,176)	–	–	–	(40,176)
Net book amount	–	37,646	–	–	–	37,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (Continued)

	Goodwill HK\$'000	Computer software and domain HK\$'000	Acquired lease with favorable terms HK\$'000	License HK\$'000	Digital assets HK\$'000	Total HK\$'000
Year ended 31 December 2024						
Opening net book amount	–	37,646	–	–	–	37,646
Acquisition of a subsidiary (Note 13)	41,288	–	–	34,450	–	75,738
Addition	–	–	–	–	70,353	70,353
Revaluation gain on intangible assets	–	–	–	–	114,711	114,711
Amortisation						
– From continuing operations	–	(8,901)	–	–	–	(8,901)
Currency translation differences	96	–	–	80	(973)	(797)
Closing net book amount	41,384	28,745	–	34,530	184,091	288,750
At 31 December 2024						
Cost	41,384	77,821	–	34,530	184,091	337,826
Accumulated amortisation and impairment	–	(49,076)	–	–	–	(49,076)
Net book amount	41,384	28,745	–	34,530	184,091	288,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS *(Continued)*

(a) Goodwill and indefinite life license

Goodwill related to business park

In 2023, goodwill was allocated to the cash generating unit ("CGU") of the provision of operation and management services in the business park area. On 12 November 2023, the Group entered into a sales and purchase agreement with an independent third party to dispose its equity interest in Shanghai Jingwei at a consideration of RMB23,000,000 (equivalent to approximately HK\$24,600,000), which approximates to the net tangible assets held by Shanghai Jingwei. As a result of the transaction, the Group recognised impairment for goodwill amounting to HK\$10,330,000 for the year ended 31 December 2023. The balance has been fully impaired and has no financial impact during the year and as at 31 December 2024.

Goodwill and license with indefinite life related to OSL Japan

As at 31 December 2024, goodwill and a license with an indefinite useful life were recognised in connection with the acquisition of OSL Japan, which was completed on 29 November 2024 (Note 13). The recoverable amount of the CGU was determined based on the higher of fair value less cost less costs of disposal ("FVL COD") based on market approach and value-in-use ("VIU") calculation.

Goodwill and intangible assets with an indefinite useful life are not amortised but are subject to an annual impairment test or more frequent testing if events or changes in circumstances indicate that they might be impaired.

As at 31 December 2024, management assessed the recoverable amount of the CGU by performing an impairment test. The recoverable amount was determined using FVL COD, which involved significant judgement and the application of valuation techniques. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

Key assumptions included the selection of comparable companies, equity value-to-forward-sales multiples ("EV/S multiple"), and adjustments such as discounts for lack of marketability ("DLOM").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS *(Continued)*

(a) Goodwill and indefinite life license *(Continued)*

Goodwill and license with indefinite life related to OSL Japan *(Continued)*

Management's approach and the key assumptions used to determine the CGU's FVLCO were as follows:

Assumption	Value assigned to key assumption	Approach used to determine values
FY2026 revenue estimate (JPY million)	350	Estimated based on the investee's historical financial information and on industry benchmarks
EV/S multiple	9.03x	With reference to market data
Control premium	26%	With reference to market data
DLOM	25%	Black-Scholes model

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows respectively, with other assumptions remain unchanged:

	2024	
	From	To
Revenue (JPY million)	350	333
EV/S multiple (multiples)	9.03	8.58
Control premium (%)	26	19
DLOM (%)	25	32

The directors assessed the recoverable amount of the CGU and determined that no impairment loss was recognised for the year ended 31 December 2024 as the recoverable amount exceeded the carrying amount.

(b) Acquired lease with favorable terms

The acquired lease with favorable terms arose from the acquisition of Shanghai Jingwei which was completed on 1 October 2016. Upon the disposal transaction described in Note 14, the balance was fully impaired as at 31 December 2023.

(c) Digital assets

Digital assets classified as intangible assets represent digital assets held by the Group for the purpose of long-term capital appreciation. They are considered as intangible assets with indefinite useful life and measured by applying the revaluation model (Note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2024 and 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

	Place of incorporation/ establishment and principal place of operations	Issued/registered and paid-up share capital	Ownership interest held by the Group		
Name			2024	2023	Principal activities
Directly owned:					
BC Technology Holdings Limited	BVI	Ordinary share of 1, USD1	100%	100%	Investment holding
OS Holdings Limited ("OSHL")	BVI	Ordinary shares of 300,000, USD300,000	91%	91%	Investment holding
BC Business Management Services Limited	BVI	Ordinary share of 1, USD1	100%	100%	Investment holding
Indirectly owned:					
BC Technology (Hong Kong) Limited	Hong Kong	Ordinary share of 1, HK\$1	100%	100%	Provision of corporate treasury and technical services for the Group
OS Limited	Hong Kong	Ordinary share of 1, HK\$1	91%	91%	Provision of digital assets and blockchain platform business (Note (a))
OSL MarketPlace (HK) Limited (formerly known as BC MarketPlace (HK) Limited)	Hong Kong	Ordinary share of 1, HK\$1	100%	100%	Provision of digital assets and blockchain platform business
OSL SG Pte. Limited	Singapore	Ordinary share of 63,950,000, SGD63,950,000	100%	100%	Provision of digital assets and blockchain platform business
OSL Digital Securities Limited	Hong Kong	Ordinary shares of 414,040,000, HK\$414,040,000	100%	100%	Provision of regulated brokerage and automated trading service for digital assets under SFC's licensing regime
OSL Digital Limited	BVI/Latin America and North America	Ordinary share of 1, USD1	100%	100%	Provision of digital assets and blockchain platform business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and principal place of operations	Issued/registered and paid-up share capital	Ownership interest held by the Group		Principal activities
			2024	2023	
OSL Custody Services Limited (formerly known as BC Business Management Services (HK) Limited)	Hong Kong	Ordinary share of 1, HK\$1	100%	100%	Provision of safekeeping service for client assets for OSL DS
BC Wealth Management Limited	BVI	Ordinary share of 1, USD1	100%	100%	Investment holding
OSL Japan Limited	Japan	Ordinary shares of 3,014,863, JPY90,000,040	51%	N/A	Provision of regulated digital assets and blockchain platform business under FSA's licensing regime
鯨致管理諮詢(深圳)有限公司	Mainland China (limited liability company under the laws of the PRC)	Registered capital of RMB100,000	100%	N/A	Provision of corporate management and technical services

Notes:

- (a) OS Limited has ceased its provision of digital asset and blockchain platform business during the year ended 31 December 2021. Since then, it has not involved in any digital assets and blockchain platform business transactions with customers. OS Limited still owns digital assets that are prefunded by and traded with counterparties in prior years, but not yet withdrawn by counterparties under the relevant service agreements with respective counterparties after the cessation of digital assets and blockchain platform business. These digital assets will be held by OS Limited till the closure of related client accounts.
- (b) Shanghai Jingwei, a partially owned subsidiary of the Company as to 90% interests during the year ended 31 December 2023, had material non-controlling interests as at 31 December 2023. The summarised financial information is not presented here since the entire business of Shanghai Jingwei is reported as discontinued operations since the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 SUBSIDIARIES (Continued)

Notes: (Continued)

- (c) OSL Japan and OSHL, partially owned subsidiaries of the Company as to 51% and 91% interests respectively, have material non-controlling interests. Summarised financial information in relation to the non-controlling interests of OSL Japan and OSHL before intra-group elimination are presented below:

	OSL Japan		OSHL		Total	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Summarised statement of comprehensive income						
Revenue/trading income/(loss)	(526)	–	1,205	6	679	6
Loss for the year	(2,129)	–	(180)	(2,080)	(2,309)	(2,080)
Total comprehensive (loss)/income	(1,331)	–	1,355	(2,223)	24	(2,223)
Loss allocated to non-controlling interests	(1,044)	–	(17)	(198)	(1,061)	(198)
Total comprehensive loss allocated to non-controlling interests	(652)	–	129	(212)	(523)	(212)
Summarised cash flows						
Cash inflows/(outflows) from operating activities	668	–	(21)	(5,995)	647	(5,995)
Cash outflows from financing activities	(87)	–	–	–	(87)	–
Net cash inflows/(outflows)	581	–	(21)	(5,995)	560	(5,995)
Summarised statement of financial position						
Current assets	54,427	–	156,833	85,506	211,260	85,506
Non-current assets	39,246	–	–	4	39,246	4
Current liabilities	(70,893)	–	(356,225)	(290,257)	(427,118)	(290,257)
Non-current liabilities	(1,311)	–	–	–	(1,311)	–
Net assets/(liabilities)	21,469	–	(199,392)	(204,747)	(177,923)	(204,747)
Accumulated non-controlling interests	10,520	–	(19,022)	(19,151)	(8,502)	(19,151)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 DIGITAL ASSETS

	2024 HK\$'000	2023 HK\$'000
Digital assets:		
Held in own wallets of the Group	839,115	822,627
Digital assets held on exchange institutions (Note)	654	1,073
	839,769	823,700
Represented by:		
Current portion — for trading purpose	655,678	823,700
Non-current portion — not for trading purpose (Note 18)	184,091	—
	839,769	823,700

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

Among the digital asset balance, it included digital assets held by the Group in designated customer accounts under various contractual arrangements totaling approximately HK\$249,057,000 (2023: HK\$639,136,000) (Note 30), of which HK\$27,476,000 (2023: Nil) represents digital assets received from and held on behalf of clients by OSL Japan, a partially owned subsidiary, which were safekept in wallets of OSL Japan and OSL Japan is not entitled to any benefit of income from such holding on behalf of its clients and OSL Japan is legally refrained from transferring or transacting with the client's digital assets other than as instructed by the clients. The digital asset balance also included the Group's proprietary digital assets of approximately HK\$590,712,000 (2023: HK\$184,564,000), of which HK\$184,091,000 (2023: Nil) were held for long-term capital appreciation.

Net fair value loss of approximately HK\$480,000 (2023: gain of approximately HK\$2,841,000) from remeasurement of digital assets held for trading purpose at 31 December 2024, to the extent it is not offset by remeasurement of digital asset liabilities due to customers at the same date, is presented as part of the "income from digital assets and blockchain platform business" in the consolidated statement of profit or loss and other comprehensive income (Note 6).

Revaluation gain of approximately HK\$114,711,000 (2023: Nil) from revaluation of digital assets held for long-term capital appreciation at 31 December 2024 is presented as part of the "revaluation gain on intangible assets" in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 DIGITAL ASSETS *(Continued)*

As at 31 December 2024, there were certain digital assets with fair value of approximately HK\$5,004,094,000 (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, and 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 relevant service agreements, 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.

The classification and measurement of digital assets as described above follow the group accounting policy as set out in Note 2.2.1.

21 TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables from digital assets and blockchain platform business	6,678	4,520
Less: loss allowance	(1,406)	(1,406)
Trade receivables	5,272	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 31 December, the ageing analysis of the Group's trade receivables, based on trade date and invoice date, were as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	4,686	2,373
31–90 days	586	493
91–180 days	–	248
	5,272	3,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 TRADE RECEIVABLES *(Continued)*

The below table reconciled the impairment loss allowance which is related to trade receivables:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	1,406	2,632
Reversal of the provision for impairment of trade receivables in relation to digital assets and blockchain platform business <i>(Note 8)</i>		
– From continuing operations	–	(220)
Provision for impairment of trade receivables in relation to digital assets and blockchain platform business <i>(Note 8)</i>		
– From continuing operations	–	1,406
Write-off of provision for impairment		
– From continuing operations	–	(2,422)
Currency translation differences	–	10
At the end of the year	1,406	1,406

Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in Note 3.3.

The carrying amounts of trade receivables approximate their fair values and are denominated in USD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Non-current		
Rental and other deposits	6,473	–
Current		
Prepayments	15,569	13,883
Other receivables (<i>Note (a)</i>)	8,846	7,102
Deposits	823	13,625
	25,238	34,610
Less: provision for impairment loss (<i>Note (b)</i>)	–	–
Current, net	25,238	34,610
Total	31,711	34,610

Notes:

- (a) As at 31 December 2024, the balance mainly represented VAT receivables of HK\$1,205,000 paid by Mainland China's subsidiaries to offset VAT payables in the future (2023: HK\$1,005,000).
- (b) The below table reconciled the provision for impairment loss on prepayments, deposits and other receivables:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	–	2,958
Written off during the year	–	(2,958)
At the end of the year	–	–

The Group recognised the provision for impairment loss based on the accounting policy stated in Note 2.2.9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	22,264	25,308
USD	1,832	2,479
Renminbi ("RMB")	4,695	5,811
JPY	2,485	–
Others	435	1,012
	31,711	34,610

23 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCE

(a) Cash and cash equivalents

	2024 HK\$'000	2023 HK\$'000
Cash at bank	635,209	218,602
Cash on hand	53	55
Total	635,262	218,657
Maximum exposure to credit risk	635,209	218,602

The cash and cash equivalents of approximately HK\$10,534,000 (2023: approximately HK\$14,169,000) are located in Mainland China. RMB is not a freely convertible currency and the remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Certain cash at banks earns interest at floating rates based on daily bank deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCE *(Continued)*

(a) Cash and cash equivalents *(Continued)*

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	29,639	24,475
USD	583,103	165,751
RMB	10,677	14,170
Others	11,843	14,261
	635,262	218,657

As at 31 December 2024, included in the cash and cash equivalents balance is a total of approximately HK\$13,875,000 (2023: approximately HK\$53,637,000) (Note 30) related to fiat currency due to customers for non-licensed entity business.

(b) Restricted bank balance

Restricted bank balance of approximately HK\$149,000 (2023: Nil), denominated in JPY, represents cash deposit required by the financial institution in accordance with the Payment Service Act issued by the National Diet, the national legislature of Japan, in relation to the provision of crypto asset exchange services in Japan.

24 CASH HELD ON BEHALF OF LICENSED ENTITIES' 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 relevant service agreements, 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 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 relevant service agreements and the laws and regulations relevant to OSL DS as a licensed corporation and its associated entity in Hong Kong.

OSL Japan also maintains segregated bank accounts to hold cash on behalf of its customers arising from its normal course of business. OSL Japan does not pay interest to the clients for the fiat currency that it receives from or holds for the clients. Accordingly, the client fiat currency received and held at the segregated bank accounts is presented on the Group's consolidated statement of financial position under current assets, with a corresponding fiat liability due to customers under current liabilities. The use of cash held on behalf of clients is restricted and governed by the relevant service agreements as a licensed corporation in Japan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	2024 HK\$'000	2023 HK\$'000
Movements in the investment in an associate are as follows:		
At 1 January	15,520	22,550
Additions		
– Contract liabilities	–	7,169
Gain on deemed disposal of partial interest in an associate (Note 7)	7,285	9,505
Share of net post-tax loss of an associate accounted for using the equity method	(7,062)	(23,704)
At 31 December	15,743	15,520

The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of establishment is also its principal place of business.

Name of entity	Place of business/ country of establishment	% of effective Interest As at 31 December		Nature of the relationship	Measurement method	Carrying amount As at 31 December	
		2024	2023			2024	2023
						HK\$'000	HK\$'000
Zodia Markets Holdings Limited	United Kingdom	16.04%	19.54%	Associate	Equity method	15,743	15,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD *(Continued)*

On 2 June 2021, the Group entered into agreements with an independent third party to setting up a limited liability company incorporated in the United Kingdom, namely Zodia Markets Holdings Limited ("Zodia").

The Group was committed to subscribe for a total of 4,998 ordinary shares of Zodia, settled by way of (i) cash injection of USD3,500,000 (equivalent to approximately HK\$27,300,000) in two instalments and (ii) assignment of an intellectual property to Zodia by the second subscription date as defined in the agreements. The costs for developing the intellectual property were recognised as contract liabilities.

On the same date, the Group completed the first subscription by injecting USD1,750,000 in cash (equivalent to approximately HK\$13,609,000) to Zodia to subscribe for 2,499 ordinary shares, which represents 24.99% equity interest in Zodia.

On 4 July 2022, the Group completed the second subscription by injecting USD1,750,000 in cash (equivalent to approximately HK\$13,768,000) to Zodia to subscribe for an additional 2,499 ordinary shares on a pro-rata basis with another shareholder. Total shareholding in Zodia remained at 24.99% as at the end of the year ended 31 December 2022.

In March 2023, the Group entered into an extension arrangement with Zodia on the delivery of the intellectual property from the original delivery date to 30 June 2023. The Group delivered the intellectual property to Zodia on 13 July 2023, with a revenue of USD3,663,000 (equivalent to approximately HK\$28,659,000) (Notes 5 and 6). The Group recorded a net income from transfer of intellectual property after considering the costs of USD2,115,000 (equivalent to approximately HK\$16,565,000) (Note 8) for developing the intellectual property.

Investment in an associate is initially recognised at cost including cash consideration and contract liabilities for the obligation to transfer the intellectual property to Zodia and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss. The contract liabilities were derecognised and revenue was recognised when the control of the intellectual property was transferred to Zodia during the year ended 31 December 2023.

On 21 October 2023, the other shareholder of Zodia injected USD8,000,000 in cash (equivalent to approximately HK\$62,597,000) to Zodia to subscribe for an additional 5,580 ordinary shares. Total shareholding in Zodia of the Group was then diluted to 19.54% and as a result of this transaction, the Group recorded a gain on deemed disposal of partial interest in an associate of HK\$9,505,000 (Note 7).

On 24 May 2024, the other shareholder of Zodia injected USD8,000,000 in cash (equivalent to approximately HK\$62,551,000) to Zodia to subscribe for an additional 5,580 ordinary shares. Total shareholding in Zodia of the Group was then diluted to 16.04% and as a result of this transaction, the Group recorded a gain on deemed disposal of partial interest in an associate of HK\$7,285,000 (Note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD *(Continued)*

Summarised consolidated financial information for associate

Set out below are the summarised financial information for the associate that is accounted for using the equity method.

	Zodia	
	2024 HK\$'000	2023 HK\$'000
Current		
Total current assets	354,684	78,396
Total current liabilities	(279,552)	(25,622)
Non-current		
Total non-current assets	43,251	37,841
Total non-current liabilities	(10,951)	–
Net assets	107,432	90,615
Income from trading for the year	65,463	815
Loss for the year	(45,780)	(89,117)
Other comprehensive loss for the year	(234)	(1,701)
Total comprehensive loss for the year	(46,014)	(90,818)
Reconciliation to carrying amounts		
Opening net assets	90,615	118,649
Share capital	44	44
Loss for the year	(46,014)	(90,818)
Other reserves	62,787	62,740
Closing net assets	107,432	90,615
Direct equity interest held	16.04%	19.54%
Share of net asset value held by the Group	17,232	17,706
Unrealised profit arising from the transfer of intellectual property	(1,393)	(2,170)
Exchange difference	(96)	(16)
Carrying amount	15,743	15,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Unlisted preference shares (Notes (a),(b))	33,034	14,334
Unlisted ordinary shares	24	–
	33,058	14,334

All financial assets measured at fair value through profit or loss are classified as non-current assets.

Notes:

- (a) On 17 May 2021, the Group entered into an agreement with an independent third party ("Issuer A"), in relation to a convertible note with interest rate of 2% per annum in an aggregate principal amount of USD3,000,000 (equivalent to approximately HK\$23,339,000). Issuer A is an unlisted company and is principally engaged in the operation of an auction market or exchange market for digital assets, including cryptocurrencies, utility tokens, asset tokens, security tokens and similar digital instruments.

On 17 November 2021, the Group exercised the conversion right to fully convert the convertible note into 9,440 preference shares of Issuer A at the conversion price of USD317.79 per share, which represent 5.60% of shareholding in Issuer A.

The unlisted preference shares was classified as a financial asset at fair value through profit or loss and was measured at fair value subsequently with fair value changes being charged or credited to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, the fair value of the unlisted preference shares was USD4,253,000 (equivalent to approximately HK\$33,034,000) (2023: USD1,835,000 (equivalent to approximately HK\$14,334,000)).

- (b) On 22 March 2021, the Group entered into an agreement with an independent third party ("Issuer B"), in relation to a convertible note with coupon rate of 5% per annum in an aggregate principal amount of USD200,000 (equivalent to approximately HK\$1,556,000) with a due date on 22 March 2022. Issuer B is an unlisted company and is principally engaged in providing access to climate-related products and services using blockchain technology. On 22 March 2022, the Group exercised the conversion right to fully convert the convertible note into 2,697 preference shares of Issuer B at the conversion price of USD77.63 per share.

The unlisted preference shares was classified as a financial asset at fair value through profit or loss and was measured at fair value subsequently with fair value changes being charged or credited to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, the fair value of the unlisted preference shares was written down to nil (2023: Nil).

For the methods and assumptions used in determining the fair value of the above instruments, please refer to Note 3.5(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 TRADE PAYABLES

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

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

	2024 HK\$'000	2023 HK\$'000
0-30 days	273	5,061

The carrying amounts of trade payables approximate their fair values and are denominated in USD.

28 ACCRUALS, OTHER PAYABLES AND PROVISION

	2024 HK\$'000	2023 HK\$'000
Non-current		
Provision for reinstatement costs	4,091	–
Current		
Other payables and accruals (Note (i))	69,285	59,641
Interest payables related to other borrowings	–	147
Provision for reinstatement costs	–	5,727
	69,285	65,515
	73,376	65,515

The carrying amounts of accruals and other payables approximate their fair values and are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
RMB	12,112	8,451
USD	16,137	7,872
HK\$	42,808	46,449
JPY	1,726	–
Others	593	2,743
	73,376	65,515

Notes:

- (i) As at 31 December 2024, the balance mainly included accrued directors' fee, salaries and bonuses of HK\$25,069,000 (2023: HK\$18,508,000), accrued professional fee of HK\$20,125,000 (2023: HK\$21,859,000), other tax payables of HK\$1,281,000 (2023: HK\$789,000) and accrued software expenses of HK\$7,245,000 (2023: HK\$4,629,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

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

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets (Note)		
Properties	16,540	7,577
Lease liabilities (Note)		
Non-current	6,755	–
Current	11,739	17,348
	18,494	17,348

Note: Included in the line item “property, plant and equipment” and “lease liabilities” in the consolidated statement of financial position.

During the year ended 31 December 2024, there are addition to the right-of-use assets of HK\$20,369,000 (2023: Nil) and acquisition from a subsidiary of HK\$2,330,000 (2023: Nil).

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024 HK\$'000	2023 HK\$'000
From continuing operations		
Depreciation charge of right-of-use assets		
Properties	13,557	21,069
From continuing operations		
Interest expense on lease liabilities (Note 10)	2,304	5,054
Expense relating to short-term leases (Note 8)	5,576	11,248
Gain on lease modification	7,215	–

Notes:

- (i) The total cash outflows for leases during the year ended 31 December 2024 was HK\$23,830,000 (2023: HK\$68,128,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 LIABILITIES DUE TO CUSTOMERS

	2024 HK\$'000	2023 HK\$'000
Liabilities due to customers		
– Fiat currency liabilities		
– Customers under licensed entities	176,997	191,006
– Others	13,875	53,637
– Digital asset liabilities	249,057	639,136
	439,929	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 relevant service agreements 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 as disclosed in Note 20.

The liabilities are measured at fair value through profit or loss with changes in fair values recognised in the consolidated statement of profit or loss and other comprehensive income in the period of the changes as part of the "income from digital assets and blockchain platform business".

31 BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Digital assets borrowed from the non-controlling interest	40,326	–

As at 31 December 2024, certain digital assets amounted to approximately HK\$40,326,000 were provided by the non-controlling interest of the Group to OSL Japan to support its operation. The borrowings were unsecured, interest-free and repayable on demand.

The Group also had unutilised facilities in digital assets amounted to USD49,900,000 (equivalent to approximately HK\$387,543,000) as at 31 December 2024, which was provided by a shareholder of the Company (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred income tax assets	9,922	6,094
Deferred income tax liabilities	(9,922)	(6,094)

The movement in gross deferred income tax assets and liabilities during the years ended 31 December 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Leases under IFRS 16 HK\$'000	Provision HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2023	6,009	1,400	—	7,409
Credited to profit or loss				
— From continuing operations	—	—	6,094	6,094
— From discontinued operations	(1,393)	—	—	(1,393)
Transfer to assets classified as held for sale (<i>Note 14</i>)	(4,570)	(1,392)	—	(5,962)
Currency translation difference	(46)	(8)	—	(54)
At 31 December 2023 and 1 January 2024	—	—	6,094	6,094
Credited to profit or loss				
— From continuing operations	—	433	3,635	4,068
Currency translation difference	—	—	(240)	(240)
At 31 December 2024	—	433	9,489	9,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 DEFERRED INCOME TAX *(Continued)*

The movement of deferred income tax liabilities during the year is as follows:

Deferred income tax liabilities

	Accumulated depreciation of property, plant and equipment HK\$'000	Fair value surplus in respect of business combination HK\$'000	Total HK\$'000
At 1 January 2023	(2,381)	(3,788)	(6,169)
Credited to profit or loss			
– From continuing operations	(3,713)	–	(3,713)
– From discontinued operations	–	3,723	3,723
Currency translation differences	–	65	65
At 31 December 2023 and 1 January 2024	(6,094)	–	(6,094)
Credited/(charged) to profit or loss			
– From continuing operations	1,036	(5,104)	(4,068)
Currency translation difference	–	240	240
At 31 December 2024	(5,058)	(4,864)	(9,922)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK\$1,543,194,000 (2023: HK\$1,606,000,000) that can be carried forward against future taxable income. These tax losses have not been recognised due to uncertainty of future realisation. Such tax losses have no expiry date, except for the tax losses amounted to HK\$26,982,000 and HK\$3,911,000 which will be expired within 5 years and 9 years, respectively (2023: except for the tax losses amounted to HK\$6,197,000 which will be expired within 5 years).

As at 31 December 2024 and 2023, no deferred income tax liabilities have been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in Mainland China. The unremitted earnings are to be used for reinvestment. The income tax liabilities are not recognised where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 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:

	2024 HK\$'000	2023 HK\$'000
Contract assets from digital assets and blockchain platform business	3,822	4,130
Less: loss allowance	(3,822)	(3,822)
Total contract assets	–	308
Contract liabilities	6,869	9,813

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

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	3,822	31
– From continuing operations		
Provision for impairment of contract assets in relation to digital assets and blockchain platform business (Note 8)	–	3,822
Write-off of provision for impairment	–	(31)
At the end of the year	3,822	3,822

(a) 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 year.

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– From continuing operation	2,681	22,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 CONTRACT ASSETS AND LIABILITIES (Continued)

(b) Unsatisfied long-term SaaS contracts

The following table shows unsatisfied performance obligations resulting from SaaS contracts:

	2024 HK\$'000	2023 HK\$'000
Aggregate amount of the transaction price allocated to SaaS contracts that are partially or fully unsatisfied as at 31 December	21,571	57,050

Management expects that the transaction price allocated to the unsatisfied performance obligations as at 31 December 2024 will be recognised as revenue when the related services are provided over the next year (2023: 1 to 2 years).

(c) Assets recognised from costs to fulfil revenue contracts

	2024 HK\$'000	2023 HK\$'000
Amortisation recognised as cost of providing services during the year	–	1,029

34 SHARE CAPITAL

	2024		2023	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each at 1 January 2023 and 31 December 2023 and 2024	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
At the beginning of the year	438,453,184	4,385	438,453,184	4,385
Issuance of new shares (Note a)	187,600,000	1,876	–	–
Exercise of share options (Note b)	300,000	3	–	–
At the end of the year	626,353,184	6,264	438,453,184	4,385

Notes:

- On 12 January 2024, the Company issued 187,600,000 new shares to a subscriber, namely BGX Group Holding Limited. Total net proceeds of HK\$711,762,000 were raised.
- During the year ended 31 December 2024, 300,000 shares options were exercised (Note 40) by employees providing services to the Group. HK\$3,000, was credited to share capital and HK\$3,301,000 was credited to share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 OTHER RESERVES

The breakdown of other reserves and the movements during the year are shown as follows:

	Share premium HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Share-based payments reserve HK\$'000	Total HK\$'000
At 1 January 2023	2,252,951	3,724	(10,639)	17,219	125,611	2,388,866
Currency translation difference	–	–	(885)	–	–	(885)
Reclassification to profit or loss on dissolution of subsidiaries in discontinued operation	–	–	901	–	–	901
Equity-settled share-based payments under share option scheme (Note 40)	–	–	–	–	2,435	2,435
Equity-settled share-based payments under share award scheme (Note 39)	–	–	–	–	1,052	1,052
Share awards vested (Note 39)	9,562	–	–	–	(9,562)	–
Transfer of statutory reserve upon deregistration of a subsidiary	–	–	–	(5,717)	–	(5,717)
Transfer to statutory reserve	–	–	–	2,001	–	2,001
At 31 December 2023	2,262,513	3,724	(10,623)	13,503	119,536	2,388,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 OTHER RESERVES (Continued)

	Share premium HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Statutory reserve HK\$'000	Share-based payments reserve HK\$'000	Total HK\$'000
At 1 January 2024	2,262,513	3,724	(10,623)	–	13,503	119,536	2,388,653
Currency translation difference	–	–	(2,122)	–	–	–	(2,122)
Revaluation gain on intangible assets	–	–	–	114,711	–	–	114,711
Reclassification to profit or loss on dissolution of subsidiaries in discontinued operation	–	–	8,254	–	–	–	8,254
Issuance of new shares (Note 34)	709,886	–	–	–	–	–	709,886
Exercise of share options (Note 34)	3,301	–	–	–	–	(908)	2,393
Equity-settled share-based payments under share option scheme (Note 40)	–	–	–	–	–	934	934
Equity-settled share-based payments under share award scheme (Note 39)	–	–	–	–	–	(2,717)	(2,717)
Share awards vested (Note 39)	5,221	–	–	–	–	(5,221)	–
Acquisition of a subsidiary	–	–	253	–	–	–	253
Transfer of statutory reserve upon disposal of a subsidiary	–	–	–	–	(3,867)	–	(3,867)
At 31 December 2024	2,980,921	3,724	(4,238)	114,711	9,636	111,624	3,216,378

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

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

	Year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Income from digital assets trading with Mr. Chapman David James and his close family member	51	27
Income from digital assets trading with Mr. Madden Hugh Douglas	34	2
Income from digital assets trading with Mr. Lo Ken Bon and his close family member	44	–
Income from digital assets trading with a related company of Mr. Madden Hugh Douglas	12	–
Income from digital assets trading with Mr. Ko Chun Shun, Johnson's close family members	858	26
Income from digital assets trading with a related company of Mr. Ko Chun Shun, Johnson (Note (ii))	49	19
Income from digital assets trading with a related company of Mr. Chapman David James (Note (iii))	–	47
Income from SaaS service with an associate (Note (iv))	6,102	9,252
Finance costs paid to a shareholder of the Company	74	–
	7,224	9,373

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 relevant service agreements and other relevant agreements.
- (ii) The former executive director of the Company, Mr. Ko Chun Shun Johnson, is the sole owner of the related company.
- (iii) 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 Group recognised service fee from SaaS by licensing its propriety digital asset exchange platform and related technology as SaaS to Zodia.
- (v) Mr. Chapman David James, Mr. Madden Hugh Douglas, Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson are former executive directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

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

	2024 HK\$'000	2023 HK\$'000
Fiat currency and digital asset liabilities		
Amounts due to Mr. Chapman David James and his close family member (Note (i))	11	1,377
Amount due to Mr. Madden Hugh Douglas (Note (i))	20	548
Amounts due to Mr. Lo Ken Bon and his close family member (Note (i))	–	2,831
Amounts due to close family members of Mr. Ko Chun Shun, Johnson (Note (i))	19,428	10,852
Amount due to Mr. Chia Kee Loong, Lawrence (Note (i))	–	2
Amount due to a related company of Mr. Ko Chun Shun, Johnson (Notes (i) and (ii))	16,928	12,968
Amount due to a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas (Notes (i) and (iii))	–	1,283
Amount due to a related company of Mr. Chapman David James (Notes (i) and (iv))	–	249
Amount due to a related company of Mr. Madden Hugh Douglas (Notes (i) and (v))	–	24,460
Amount due from an associate	–	228
Amount due to a shareholder of the Company	124,976	–
	161,363	54,798
Interest payable		
Amount due to a related company of Mr. Ko Chun Shun, Johnson	–	147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

- (i) The above former executive directors/independent non-executive directors/close members of the former executive directors/related companies are regarded as counterparties which the Group has a contractual relationship with them governed by the relevant service agreements in the ordinary course of the Group's digital assets trading business.

Based on the respective rights and obligations of the Group and its counterparties under the relevant service agreements, 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 relevant service agreements, fiat held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers.

Refer to Note 30 to the consolidated financial statements for details.

- (ii) The related company is a counterparty of the Group's digital assets trading business governed by the relevant service agreements. The former 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 assets trading business governed by the relevant service agreements. 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 assets trading business governed by the relevant service agreements. 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 assets trading business governed by the relevant service agreements. The former executive director of the Company, Mr. Madden Hugh Douglas, is also the director of the related company.

(c) Key management compensation

Remuneration for key management personnel of the Group, including amounts paid to the executive directors as disclosed in Note 11 to the consolidated financial statements, and other senior management is as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, bonuses, allowances and benefits in kinds	19,126	19,340
Pension scheme contributions	175	199
Share-based compensation	491	4,826
	19,792	24,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before income tax to cash used in operations:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before income tax		
Continuing operations	55,951	(251,847)
Discontinued operations (<i>Note 14</i>)	(8,049)	(14,729)
Profit/(loss) before income tax, from continuing and discontinued operations	47,902	(266,576)
Adjustments for:		
Amortisation of intangible assets (<i>Note 18</i>)	8,901	14,453
Depreciation of property, plant and equipment (<i>Note 17</i>)	15,604	43,975
Finance income (<i>Notes 10 and 14</i>)	(18,010)	(6,948)
Finance costs (<i>Notes 10 and 14</i>)	2,928	13,962
Loss/(gain) on disposal of property, plant and equipment	8	(53)
Gain on deemed disposal of partial interest in an associate (<i>Note 25</i>)	(7,285)	(9,505)
Gain on lease modification (<i>Note 7</i>)	(7,215)	–
Loss on disposal of a subsidiary in discontinued operations	9,170	–
Recognition of SaaS income from initial set-up fee	(1,135)	(1,387)
Fair value changes of financial assets at fair value through profit or loss (<i>Note 7</i>)	(18,869)	36,199
Net fair value loss/(gain) on digital assets (<i>Note 6</i>)	480	(2,841)
Provision for impairment of contract assets, net (<i>Note 33</i>)	–	3,822
Provision for impairment of trade receivables, net (<i>Note 21</i>)	–	1,406
Share-based payment expenses	(1,783)	3,487
Share of net post-tax loss of an associate accounted for using the equity method (<i>Note 25</i>)	7,062	23,704
Impairment losses on property, plant and equipment (<i>Note 17</i>)	–	13,520
Impairment losses on goodwill and other intangible assets (<i>Note 18</i>)	–	20,257
Other operating expenses not settled by cash	2,815	–
Operating profits/(losses) before working capital changes	40,573	(112,525)
Change in trade receivables	(2,160)	17,417
Change in prepayments, deposits and other receivables	6,883	8,183
Change in digital assets	(233,412)	51,311
Change in contract assets	–	12,831
Change in contract liabilities	(1,502)	(24,493)
Change in trade payables	(4,794)	(16,459)
Change in accruals, other payables and deposits received	3,116	1,110
Change in liabilities due to customers	(127,148)	(620,704)
Cash used in operations	(318,444)	(683,329)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	Borrowings	Lease liabilities (Note 29)	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	32,895	106,854	139,749
Cash flows:			
— outflow from financing activities	(21,196)	(45,462)	(66,658)
Repayment of digital assets borrowed from counterparties	(11,699)	—	(11,699)
Transfer to assets classified as held for sale (Note 14)	—	(43,504)	(43,504)
Currency translation differences	—	(540)	(540)
At 31 December 2023	—	17,348	17,348

	Borrowings (Note 31)	Lease liabilities (Note 29)	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	—	17,348	17,348
Cash flows:			
— outflow from financing activities	—	(16,520)	(16,520)
Addition of lease liabilities	—	22,727	22,727
Acquisition of a subsidiary (Note 13)	41,522	2,228	43,750
Revaluation of digital assets borrowed from the non-controlling interest	1,196	—	1,196
Lease modification	—	(7,103)	(7,103)
Currency translation differences	(2,392)	(186)	(2,578)
At 31 December 2024	40,326	18,494	58,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

- (c) In the consolidated statement of cash flows, proceeds from the disposal of property, plant and equipment comprise:

	2024 HK\$'000	2023 HK\$'000
Net book value (Note 17)	114	340
(Loss)/gain on disposal of property, plant and equipment – From continuing operations	(8)	53
Proceeds from the disposal of property, plant and equipment	106	393

- (d) Non-cash transactions

The Group entered into the following major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- (i) During the year, the non-cash working capital changes of digital assets and liabilities as follows:

	2024 HK\$'000	2023 HK\$'000
Digital assets held on customers' accounts	(407,555)	(241,652)
Digital assets borrowed from counterparties	–	11,747
Purchase of intangible assets	(70,353)	–
Acquisition of a subsidiary, net of digital assets acquired	7,764	–
Finance costs settled by digital assets	(74)	–
Other operating expenses settled by digital assets	(2,815)	–

- (ii) As at 31 December 2023, interest expense of HK\$147,000 was outstanding as they were due upon the maturity of the loan agreements and the balances were net off with the working capital changes of other payables. There is no movement during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 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:

	2024 HK\$'000	2023 HK\$'000
Financial assets at amortised cost		
Trade receivables (Note 21)	5,272	3,114
Deposits and other receivables (excluding other tax receivables) (Note 22)	14,937	19,722
Restricted bank balance (Note 23(b))	149	–
Cash held on behalf of licensed entities' customers (Note 24)	176,997	191,006
Cash and cash equivalents (Note 23(a))	635,262	218,657
	832,617	432,499
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss (Note 26)	33,058	14,334
Digital assets (those met definition of financial instruments)	15,985	82,050
	49,043	96,384
Financial liabilities measured at amortised cost		
Trade payables (Note 27)	273	5,061
Accruals, other payables and deposits received (excluding employee benefits payables and other tax payables) (Note 28)	42,935	40,491
Lease liabilities (Note 29)	18,494	17,348
	61,702	62,900
Financial liabilities at fair value through profit or loss		
Liabilities due to customers (Note 30)	439,929	883,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 SHARE AWARD SCHEME

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 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.

During the year ended 31 December 2024, 150,000 Awarded shares were regranted (2023: 2,835,000 Awarded shares were regranted) to the Trustee. Out of 150,000 Awarded shares, there was no Awarded shares vested as of 31 December 2024 (2023: Out of 2,835,000 Awarded shares, 84,401 Awarded shares were vested as of 31 December 2023). These awarded shares shall vest within two to three years from the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 SHARE AWARD SCHEME *(Continued)*

Award type	Outstanding at 1 January 2023	Issued during the year	Forfeited during the year	Regrant during the year	Vested during the year	Outstanding at 31 December 2023
Share award grant	3,968,819	–	(1,804,030)	2,835,000	(1,263,793)	3,735,996

Award type	Outstanding at 1 January 2024	Issued during the year	Forfeited during the year	Regrant during the year	Vested during the year	Outstanding at 31 December 2024
Share award grant	3,735,996	–	(1,925,250)	150,000	(1,384,167)	576,579

The fair value of the share awards was calculated based on the market price of the Group's shares at the respective grant date. The Group recognised a reversal of share based payment of approximately HK\$2,717,000 (2023: an expense of approximately HK\$1,052,000 was recognised) for the year ended 31 December 2024 in relation to share awards granted by the Company.

During the year ended 31 December 2024, the vesting condition of 1,384,167 (2023: 1,263,793) Awarded shares was satisfied, and HK\$5,221,000 (2023: HK\$9,562,000) was transferred from share-based payments reserve to share premium in the consolidated statement of changes in equity.

40 SHARE OPTION SCHEME

On 10 April 2012, the Group has adopted the share option scheme (the "2012 Share Option Scheme"). The 2012 Share Option Scheme is for a period of ten years commencing from 10 April 2012 whereby the directors at its absolute discretion grant any employee and director of the Group, to take up options to subscribe for shares of the Company. The terms and conditions of the grant were determined by the directors at the time of grant. The exercisable period of an option shall not exceed a period of ten years from the offer date. The options gave the holder the rights to subscribe for ordinary shares in the Company. A nominal consideration of HK\$1.00 was payable by the grantee upon acceptance of an option. Options were lapsed in three months if the employee leaves the Group.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 SHARE OPTION SCHEME (Continued)

On 22 August 2018, 10 December 2018, 18 January 2019, 15 January 2020, 12 June 2020, 13 August 2020, 27 January 2021, 8 October 2021 and 22 July 2022, the Company offered to grant a total of 16,715,556 share options (the “2018 Share Option 1”), 433,333 share options (the “2018 Share Option 2”), 2,851,111 share options (the “2019 Share Option”), 1,700,000 share options (the “2020 Share Option 1”), 21,300,000 share options (the “2020 Share Option 2”), 1,838,500 share options (the “2020 Share Option 3”) and 3,500,000 share options (the “2021 Share Option 1”) respectively under the 2012 Share Option Scheme, and 1,500,000 share options (the “2021 Share Option 2”) and 17,730,000 share options (the “2022 Share Option 1”) under the 2021 Share Option Scheme, to certain directors and eligible employees of the Group pursuant to the Scheme. The details of these share options are summarised as follows:

	% 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. During the year ended 31 December 2021, the Group modified the terms, conditions and revised the number of share options to be vested in respective vesting date.

	% of the total share options	Vesting period	2020 Share Option 3 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 CONSOLIDATED FINANCIAL STATEMENTS

40 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 CONSOLIDATED FINANCIAL STATEMENTS

40 SHARE OPTION SCHEME (Continued)

	% of the total share options		2022 Share Option 1	
			Vesting period	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 2027to 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 SHARE OPTION SCHEME (Continued)

The Company has used the Black-Scholes model for assessing the fair value of the share options granted. The following table lists the assumptions adopted in the calculation of the fair value at the grant date for the 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 and 2022 Share Option 1:

	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.

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 tables disclose movements of the Company's share options held by employees, consultants for providing similar services as if they were employees and directors during the years ended 31 December 2024 and 2023:

Option type	Outstanding at 1 January 2023	Issued during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2023
2018 Share Option 1	10,551,537	—	—	(10,551,537)	—
2019 Share Option	674,000	—	—	(674,000)	—
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	—	—	(9,245,000)	6,885,000
Total	49,142,037	—	—	(23,371,537)	25,770,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 SHARE OPTION SCHEME *(Continued)*

Option type	Outstanding at 1 January 2024	Issued during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2024
2020 Share Option 2	17,190,500	–	(300,000)	(14,290,500)	2,600,000
2021 Share Option 1	1,695,000	–	–	(715,000)	980,000
2022 Share Option 1	6,885,000	–	–	(4,955,000)	1,930,000
Total	25,770,500	–	(300,000)	(19,960,500)	5,510,000

The Group recognised an expense of approximately HK\$934,000 (2023: HK\$2,435,000) for the year ended 31 December 2024 in relation to share options granted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Assets			
Non-current asset			
Investments in subsidiaries		1,637,377	1,233,636
Current assets			
Prepayments and other receivables		2,844	4,611
Amounts due from subsidiaries		319,303	29,720
Cash and cash equivalents		1,601	5,845
Total current assets		323,748	40,176
Total assets		1,961,125	1,273,812
Liabilities			
Current liabilities			
Other payables and accruals		5,280	18,869
Amounts due to subsidiaries		150,107	159,051
Total liabilities		155,387	177,920
Equity attributable to the owners of the Company			
Share capital		6,264	4,385
Other reserves	41(b)	3,092,545	2,382,049
Accumulated losses	41(b)	(1,293,071)	(1,290,542)
Total equity		1,805,738	1,095,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	Share premium (Note i) HK\$'000	Share-based payments reserve (Note ii) HK\$'000	Accumulated losses (Note iii) HK\$'000	Total HK\$'000
At 1 January 2023	2,252,951	125,611	(1,284,047)	1,094,515
Loss for the year	—	—	(6,495)	(6,495)
Total comprehensive loss	—	—	(6,495)	(6,495)
Equity-settled share-based payment under share option scheme	—	2,435	—	2,435
Equity-settled share-based payments under share award scheme	—	1,052	—	1,052
Share awards vested	9,562	(9,562)	—	—
At 31 December 2023	2,262,513	119,536	(1,290,542)	1,091,507
	Share premium (Note i) HK\$'000	Share-based payments reserve (Note ii) HK\$'000	Accumulated losses (Note iii) HK\$'000	Total HK\$'000
At 1 January 2024	2,262,513	119,536	(1,290,542)	1,091,507
Loss for the year	—	—	(2,529)	(2,529)
Total comprehensive income	—	—	(2,529)	(2,529)
Equity-settled share-based payment under share option scheme	—	934	—	934
Equity-settled share-based payments under share award scheme	—	(2,717)	—	(2,717)
Share awards vested	5,221	(5,221)	—	—
Issuance of new shares	709,886	—	—	709,886
Exercise of share options	3,301	(908)	—	2,393
At 31 December 2024	2,980,921	111,624	(1,293,071)	1,799,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company *(Continued)*

Notes:

- (i) Share premium represents amount subscribed for share capital in excess of par value.
- (ii) It represents the reserve for share options granted and the shares allotted under the share award scheme.
- (iii) It represents cumulative net gains and losses recognised in profit or loss.

42 SUBSEQUENT EVENTS

On 22 January 2025, the Company, through its direct wholly-owned subsidiary, entered into an amended and restated share purchase agreement with an independent third party to acquire 100% equity interests in MTrinity UAB, a private limited liability company duly incorporated in Lithuania, and MultiExchange Canada Limited, a limited liability company duly incorporated in Canada.

Save as disclosed above and elsewhere in the consolidated financial statements, there are no other events subsequent to 31 December 2024 for which IFRS Accounting Standards require adjustment or disclosure in these consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000 (Restated) (Note 1.1 to the consolidated financial statements)	2021 HK\$'000 (Restated)	2020 HK\$'000 (Restated) (Note)
Revenue	–	–	–	46,663	73,580
Income from digital assets and blockchain platform business	374,747	209,837	71,480	277,675	170,157
Profit/(loss) before tax from continuing operations	55,951	(251,847)	(559,613)	(359,132)	(291,558)
Income tax (expense)/credit	(1,105)	2,058	(496)	(1,455)	(2,036)
Profit/(loss) for the year from continuing operations	54,846	(249,789)	(560,109)	(360,587)	(293,594)
(Loss)/profit for the year from discontinued operations	(8,152)	(15,857)	10,141	(8,656)	2,389
Profit/(loss) for the year	46,694	(265,646)	(549,968)	(369,243)	(291,205)
Total comprehensive income/(loss) for the year	168,021	(265,874)	(558,100)	(358,856)	(277,775)
Profit/(loss) for the year attributable to:					
Owners of the Company	47,653	(263,862)	(541,038)	(375,675)	(278,745)
Non-controlling interests	(959)	(1,784)	(8,930)	6,432	(12,460)
	46,694	(265,646)	(549,968)	(369,243)	(291,205)
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company	168,496	(263,846)	(548,670)	(365,514)	(265,875)
Non-controlling interests	(475)	(2,028)	(9,430)	6,658	(11,900)
	168,021	(265,874)	(558,100)	(358,856)	(277,775)

FIVE YEAR FINANCIAL SUMMARY

SUMMARY OF ASSETS AND LIABILITIES

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000 (Restated) (Note)
Total non-current assets	365,141	77,559	263,298	313,604	264,291
Total current assets	1,498,596	1,363,227	2,251,001	4,965,155	3,775,487
Total current liabilities	568,525	1,045,696	1,767,449	3,949,913	3,622,583
Net current assets	930,071	317,531	483,552	1,015,242	152,904
Non-current liabilities	10,846	—	87,551	137,703	256,808
Net assets	1,284,366	395,090	659,299	1,191,143	160,387
Capital and reserves					
Total equity attributable to owners of the Company	1,292,868	411,744	672,103	1,194,517	169,059
Non-controlling interests	(8,502)	(16,654)	(12,804)	(3,374)	(8,672)
Total equity	1,284,366	395,090	659,299	1,191,143	160,387

Note:

The selected items of assets and liabilities of the Group as at 31 December 2020 are translated into the current presentation currency of the Group of HK\$ using exchange rate prevailing at the end of the year. The selected items of income and expenses for the year ended 31 December 2020 are translated at the average exchange rates for the year.