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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Madden Hugh Douglas (*Chief Executive Officer*)
Mr. Lo Ken Bon (*Deputy Chairman*)
Mr. Ko Chun Shun, Johnson
Mr. Chapman David James
Mr. Tiu Ka Chun, Gary

Independent Non-Executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Risk Management Committee

Mr. Lo Ken Bon (*Chairman*)
Mr. Chau Shing Yim, David
Mr. Tai Benedict
Mr. Sikora Marek (*Chief Risk Officer*)

AUTHORISED REPRESENTATIVES

Mr. Lo Ken Bon
Ms. Chau Wing Kei

COMPANY SECRETARY

Ms. Chau Wing Kei

PRINCIPAL BANKERS

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

INDEPENDENT AUDITOR

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

LEGAL ADVISOR

Baker & McKenzie

REGISTERED OFFICE

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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Causeway Bay, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

Unit 1704
Shanghai Times Square
No. 99 Middle Huaihai Road, Huangpu District
Shanghai, China

CORPORATE INFORMATION

SHARE REGISTRAR AND TRANSFER OFFICE

Principal Registrars

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

Hong Kong Branch Share Registrar and Transfer Office

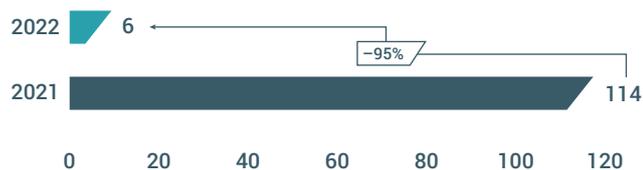
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

INVESTOR RELATIONS

Investor Relations Department
Telephone: (852) 3504 3200
Website: bc.group
Email: ir@bc.group

2022 INTERIM FINANCIAL HIGHLIGHTS

Overall Group IFRS Digital Asset Revenue¹ (HKD millions)



Overall Group Non-IFRS Digital Asset Revenue² (HKD millions)



Non-IFRS Prime Brokerage Business Revenue² (HKD millions)



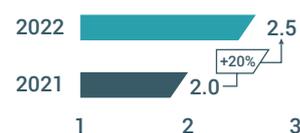
Exchange Revenue (HKD millions)



Service Fees from SaaS (HKD millions)



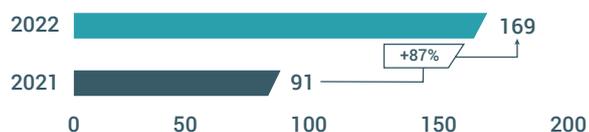
Other Digital Asset Income (HKD millions)



Total Digital Asset Trading Volume (HKD billions)



Brokerage Trading Volume (HKD billions)

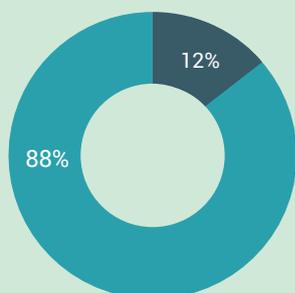


SaaS Trading Volume (HKD billions)



Client Mix by Trading Volumes

■ HNWI's
■ Institutions



Exchange Trading Volume (HKD billions)



¹ The decrease in digital asset revenue was mainly attributable to net loss of digital assets used in facilitation of prime brokerage business of approximately HK\$92.2 million and net fair value loss on digital assets of approximately HK\$7.1 million. Please refer to "Management Discussion and Analysis – Non-IFRS Measures" for details.

² Please refer to "Management Discussion and Analysis – Non-IFRS Measures".

2022 INTERIM BUSINESS HIGHLIGHTS

Platform Enhancement



BTC-Linked
STO Bond



Margin
Trading



Request
For Stream



Enterprise
APIs



Sub-
Accounts



Omnibus Account
Structure & Segregated
Accounts



Coin Universe Expansion

100% increase in tokens offered
on platform

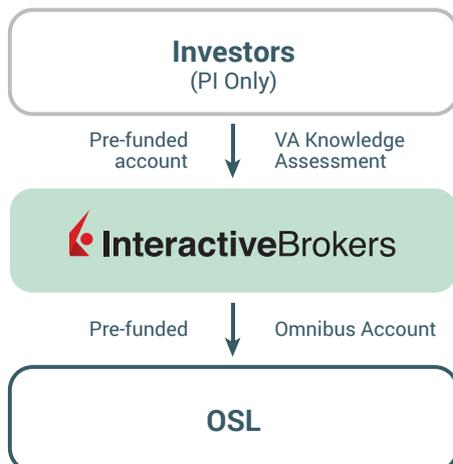
OSL Named Exclusive Digital Asset Provider for Interactive Brokers Hong Kong

Omnibus account structure for
Hong Kong-licensed banks and brokers

Interactive Brokers Taps OSL To Offer Digital Assets Services in Hong Kong



Nicholas Otieno Jun 10, 2022 04:30
2 Min Read



OSL Launched Hong Kong's First BTC-Linked STO Bond



First Type 1 SFC-licensed digital asset broker to distribute security tokens to professional investors in Hong Kong in a private STO



OSL provided end-to-end services for the STO:

- Book runner
- Placing agent
- Transfer agent
- Fiscal and paying agent
- Registrar
- Calculation agent
- Tokenization technology partner
- Trading venue



STO demonstrates innovative 'proof-of-concept' for investing in regulated digital assets

Participants included



CHIEF EXECUTIVE OFFICER'S STATEMENT

“ The Group remains focused in the immediate term on institutional onboarding of large financial firms and continuing to evolve its offerings to meet needs of this client segment with its suite of products and services. ”



Dear Shareholders and Partners,

Despite adverse economic conditions globally, the Group continued to enhance its leadership in the digital asset market and maintained a strong balance sheet in the first half of the year (the “**Period**” or “**1H2022**”).

During the Period, the OSL digital asset platform business experienced growth, with overall digital asset platform volume increasing 79% year-over-year (“**YoY**”), and service fees from OSL SaaS increasing 332% YoY.

More broadly, the Period also saw a marked shift in both capital markets and digital assets, with reduced access to cheap capital and the onset of a so-called crypto winter catalyzed by the collapse of the Terra/Luna digital asset ecosystem and subsequent failure of highly leveraged crypto funds. The Group maintained zero exposure to the Terra/Luna digital assets or any of the funds that collapsed.

The OSL platform, however, experienced some impact as a result of a less enthusiastic investment market for crypto company infrastructure projects and downward pressure on digital asset prices in 1H2022. At the same time, direct competitors with higher-risk and regulatory approaches began to exit several key markets, creating an opportunity for the OSL digital asset business to continue to scale.

This change in the competitive landscape became one of shoring up balance sheets while more overextended firms began to exit. OSL reacted quickly, consolidating and refining its focus to its core competency – institutional and professional clients.

The Group reduced its monthly cost base by approximately 40% starting from the end of June and simplified its business model into two pillars – the digital asset **Markets** (exchange, brokerage and custody) business, and the digital asset **SaaS** business.

OSL Markets has steadily and successfully closed institutional deals with its unique profile in digital assets for regulated clients, including signing Interactive Brokers in Hong Kong in June. In July, OSL became the first SFC-licensed digital asset broker to sell security tokens to professional investors with its private security token placement in Hong Kong. Continued market share accretion is expected to follow the ongoing entry of regulated asset managers into the digital asset market in Hong Kong, Singapore and beyond.

OSL’s digital asset SaaS business also continued to see key banking client wins during and after the Period. Of particular note is that OSL refined the go-to-market-approach of its SaaS product in 1H2022. The Group now offers the digital asset platform as a *core product platform* for all regulated financial institutions – which allows institutions to support the new asset class natively within legacy infrastructure.

The success of this new core product platform value proposition is presenting the firm with a large sales pipeline. The Group has publicly shared its ambition to form strong distribution and delivery partnerships with traditional banking technology players to properly take advantage of this global opportunity.

In addition, markets and regulations around digital assets have evolved exactly as the Group anticipated, with large regulated asset managers now entering the market, and regulators seeking to ensure consumer protection and market integrity of the digital asset markets to match more traditional asset classes.

This continues to align with OSL's strategy and positioning, and given the less ebullient investment markets, now is a time to continue strengthening its position as the leading firm servicing the institutional client segment in digital assets.

Strategic Outlook

The Group remains focused in the immediate term on institutional onboarding of large financial firms and continuing to evolve its offerings to meet needs of this client segment with its suite of products and services. Features that exemplify OSL's unique value proposition are, for example, the OSL enterprise API and OSL's ability to offer institutional clients segregated accounts on the platform. These are a few of the many products and services in OSL's institutional toolkit that are not offered by mass retail players. The offerings in the institutional toolkit also help create highly sticky relationships as clients become reliant on OSL's differentiated value-add services once onboarded.

With OSL's digital asset Markets offering, as well as its unique digital asset SaaS core product platform, the Group is confident that the company will continue to scale as the digital asset sector becomes further integrated into the global financial services ecosystem. As a result, OSL will target a much larger addressable market with its digital asset core product platform and, over time, through strategic distribution partnerships.

By 2025, it's the Group's objective for OSL to be the **global platform of choice** in the new era of digital asset financial services through both its Markets business and its core product platform SaaS offering.

Separately, the Group has continued to engage in blockchain carbon-related initiatives. Almost every institutional client that OSL speaks to in a business development capacity wants to see new carbon markets on the blockchain. The Group sees this as an important aspect of its ESG and asset servicing business and as a result conducted a three-year forward looking offset at the beginning of the year using tokenized carbon credits.

Furthermore, and according to our financial model, we do not anticipate a need for capital investment unless undertaken for a growth opportunity or a strategic partnership.

Acknowledgements

I would like to personally thank all counterparties, shareholders, staff and our Board of Directors for their continued support and collaboration as we enable institutional adoption of the digital asset class, and set the global standard for performance, security and compliance.



Madden Hugh Douglas

Chief Executive Officer
BC Technology Group Limited

Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of BC Technology Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for 1H2022, together with the comparative figures for the corresponding period in 2021.

BUSINESS OVERVIEW

As a result of downward pressure on digital asset prices in 1H2022, the Group’s income from its OSL digital assets and blockchain platform business declined by approximately HK\$108.3 million to HK\$5.6 million. The decrease in income was mainly attributable to net loss of digital assets used in facilitation of the OSL prime brokerage business of approximately HK\$92.2 million and net fair value loss on digital assets of approximately HK\$7.1 million.

Despite these challenges, the Group’s core business, OSL, saw important new business wins and growth in its core business lines.

OSL’s adjusted non-IFRS income¹ was HK\$104.9 million for the Period, an increase of 25.1% from HK\$83.9 million in 1H2021. OSL digital asset platform volumes were up by 79.1% YoY to HK\$214.4 billion from HK\$119.7 billion in 1H2021.

The Group’s Mainland China business declined during the Period with its overall revenue decreasing 21.1% YoY to HK\$30.6 million, down from HK\$38.8 million in 1H2021 as a result of more difficult economic conditions in China and COVID-related restrictions.

The Group recorded total revenue and income of HK\$36.3 million during the Period, representing a decrease of approximately HK\$116.5 million or 76.3%, from HK\$152.8 million in 1H2021. Group adjusted non-IFRS revenue and income¹ for the Period was HK\$135.5 million, an increase of 10.5% from HK\$122.7 million in 1H2021.

Group selling and distribution expenses decreased 64.7% YoY to HK\$21.8 million in 1H2022 compared to HK\$61.8 million during the same period in 2021, and the Group net loss for the Period was HK\$315.5 million, as compared to HK\$157.9 million during the same period in 2021.

The OSL Digital Asset Platform

In 1H2022, OSL continued to make strides in its core business units. The OSL SaaS offering experienced rapid growth, and saw revenues increase more than three times compared to the same period in 2021, with new major tier-1 financial institutions signed as clients across the globe. With a robust pipeline of new business opportunities, the SaaS business is well positioned to capture market share in the second half of 2022 and beyond.

OSL also made significant progress in new business wins and recurring revenue clients across business lines. Notably, OSL DS, the Group’s Hong Kong SFC-licensed entity, on 9 June announced that it was appointed to provide exclusive virtual asset dealing services for Interactive Brokers Hong Kong Limited (“**Interactive Brokers**”) in Hong Kong.

The agreement is a major milestone for the Hong Kong digital asset market because it represents the first collaboration between one of the largest SFC-regulated online brokers serving Hong Kong professional investors and an SFC-licensed institutional digital asset brokerage and exchange.

¹ Please refer to “Management Discussion and Analysis – Non-IFRS Measures”.

MANAGEMENT DISCUSSION AND ANALYSIS

The deal follows the issuance of a joint circular by the Hong Kong Monetary Authority (“**HKMA**”) and the SFC on 28 January 2022, which for the first time required registered institutions and licensed corporations to provide digital asset dealing services by partnering only with SFC-licensed virtual asset trading platforms. As the first firm licensed by the SFC for Type 1 and 7 regulated activities related to digital assets, OSL DS is positioned to be the digital asset provider of choice for licensed brokers and banks in Hong Kong that seek to enter the digital asset market.

OSL prime brokerage adjusted non-IFRS income, which is the combined revenue from over-the-counter (“**OTC**”) and intelligent Request for Quote (“**iRFQ**”) trading and digital assets lending, increased 9.4% YoY to HK\$82.2 million compared to HK\$75.2 million in 1H2021. OSL exchange revenues were HK\$5.0 million for 1H2022 compared to HK\$3.1 million in the same period in 2021 and income from custodian services was up 20.1% YoY to HK\$2.5 million from HK\$2.1 million in 1H2021.

The OSL SaaS business saw significant growth in 1H2022, with revenues up 331.8% YoY to HK\$15.2 million compared to HK\$3.5 million in the same period in 2021.

During the Period, OSL overall digital asset platform trading volumes were up by 79.1% YoY to HK\$214.4 billion from HK\$119.7 billion in 1H2021. SaaS trading volume increased 133.5% YoY to HK\$10.8 billion from HK\$4.6 billion. Brokerage trading volume, which is the combined trading volumes from OTC and iRFQ, was up 86.7% YoY to HK\$169.4 billion from HK\$90.7 billion. Exchange trading volume was up 40.4% YoY to HK\$34.2 billion from HK\$24.3 billion.

Throughout the Period, the broader digital asset sector also saw investment into its infrastructure ecosystem continue unabated, even as an environment of quantitative tightening increased downward price pressure on traditional and digital asset markets.

Global regulatory clarity also increased in key markets during the Period, as did product innovation. This regulatory evolution and ecosystem growth points to long-term tailwinds that will create significant step changes and efficiencies in the market. Recent market turmoil also has raised the risk awareness of digital asset investors and prompted an increasing shift towards regulated trading venues. In this environment, OSL remains well-positioned as the platform of choice for institutions adopting digital assets.

Advertising and Business Park Area Management Services Business in Mainland China

The Group has two Mainland China-based businesses, a business park area management services business and an advertising and marketing communications services business.

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

During the Period, the Shanghai property was fully leased and occupied, and rental income was HK\$22.7 million, representing a slight decrease of 2.0% compared to HK\$23.1 million for 1H2021.

The Group’s advertising business includes the provision of professional and customised one-stop integrated marketing communication services to clients through diversified communication platforms comprising traditional advertising, digital advertising and roadshows. Traditional advertising includes outdoor, TV and print advertising while digital advertising mainly covers blogging and bulletin board sites. The Group’s major clients are from the automotive industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's advertising business revenues declined 49.2% from HK\$15.7 million in 1H2021 to HK\$8.0 million during the Period. This was the result of a continuous loss of clients due to keen competition, especially competition from the new on-line advertising, and a COVID-19 lockdown in Shanghai during the Period.

MATERIAL EVENTS

On 9 June 2022, OSL DS, a wholly owned subsidiary and a SFC-regulated virtual asset trading platform of the Company entered into an agreement with Interactive Brokers, an automated global electronic broker, pursuant to which OSL DS was appointed to provide exclusive virtual asset dealing services for Interactive Brokers in Hong Kong.

Upon go-live, Interactive Brokers will offer virtual asset dealing services directly to its professional investor trading clients in Hong Kong, powered by OSL DS. For details, please refer to the Company's announcement dated 9 June 2022.

REVIEW OF RESULTS

Overall Performance

Group revenue and income was HK\$36.3 million during the Period, a decline of approximately 76.3% from HK\$152.8 million in 1H2021, of which income from digital assets and blockchain platform business was HK\$5.6 million during the Period, representing a decrease of approximately HK\$108.3 million, from HK\$114.0 million in 1H2021. The digital asset market has fluctuated significantly year-to-date, and this led to net loss of digital assets used in facilitation of prime brokerage business of approximately HK\$92.2 million and net fair value loss on digital assets of approximately HK\$7.1 million (1H2021: net gain of approximately HK\$27.4 million and net fair value gain of approximately HK\$2.7 million).

The operating loss of the Group was HK\$293.7 million for the Period, representing an increase of HK\$152.3 million from HK\$141.4 million for 1H2021.

The net loss of the Group increased from HK\$157.9 million for 1H2021 to HK\$315.5 million for the Period, an increase of HK\$157.6 million.

Loss per share of the Group for the Period was HK\$73 cents (1H2021: HK\$44 cents).

Digital Assets and Blockchain Platform Business: OSL

The OSL digital asset and blockchain platform business started in August 2018 and grew substantially in the following years. During the Period, the digital assets and blockchain platform business generated adjusted non-IFRS income of HK\$104.9 million, which was up 25.1% as compared to income of HK\$83.9 million in 1H2021. The increase was driven by an increase in trading volume from the Group's digital asset trading services and the provision of digital asset SaaS and related services.

OSL prime brokerage adjusted non-IFRS income, exchange revenues, service fee from SaaS, income from custodian services was HK\$82.2 million, HK\$5.0 million, HK\$15.2 million and HK\$2.5 million, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Advertising and Business Park Area Management Services Businesses

Revenue from the advertising business for the Period was HK\$8.0 million, a decline of HK\$7.7 million or 49.2% as compared with 1H2021.

Rental income from business park area management services for the Period was HK\$22.7 million, representing a slight decrease of 2.0% as compared to HK\$23.1 million in 1H2021.

During the Period, the cost of generating revenues from advertising and business park area management services mainly comprised expenses and costs for procuring advertising space, staff remuneration, event organisation, lease expense, production costs and holding the lease on the business park area. The cost of revenue from advertising and business park area management services for the Period was HK\$19.0 million, representing a decrease of 16.4% or HK\$3.7 million as compared with HK\$22.7 million for the corresponding period of 2021.

The gross profit for advertising and business park area management services for the Period and 1H2021 was HK\$11.6 million and HK\$16.1 million, respectively. The Group's gross profit margin for advertising and business park area management services was 38.0% (1H2021: 41.5%). The decrease was mainly attributable to the advertising business, which incurred additional costs due to increased market competitiveness during the Period.

Selling and Distribution Expenses

Selling and distribution expenses decreased by HK\$40.0 million from HK\$61.8 million in the corresponding period of 2021 to HK\$21.8 million for the Period. The decrease was mainly due to warrant expenses of HK\$49.8 million in 1H2021, whereas no such expenses were incurred for the Period. The intention of the warrant is to promote liquidity within the Group's trading platforms by encouraging trading activities of J Digital 5 LLC in order to create quantitative benefits to the Group in the form of trading commissions or revenues resulting from client transaction volumes attributable to the liquidity provided.

Administrative and Other Operating Expenses

Administrative and other operating expenses for the Period increased by HK\$127.5 million or 60.9% to HK\$336.9 million as compared to 1H2021. The increase was mainly due to the increase in expenditures by HK\$99.4 million related to establishing the corporate and technical infrastructure for the regulated institutional digital asset segment, including technology, legal and compliance, marketing and insurance.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Net Loss

Net loss of the Group for the Period was HK\$315.5 million, an increase of HK\$157.6 million as compared with HK\$157.9 million for 1H2021. Despite fair value gains from financial assets for the Period, the increase in net loss was primarily due to the loss of digital assets held by the Group used in facilitation of prime brokerage business and the expansion of the Group's digital assets and blockchain platform business globally.

Non-IFRS Measures

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

The Group defines adjusted non-IFRS income as income from digital assets and blockchain platform business adjusted for (i) net gain/loss of digital assets used in facilitation of prime brokerage business; and (ii) net fair value gain/loss on digital assets. Net gain/loss of digital assets used in facilitation of prime brokerage business is a realised gain/loss in nature and it is determined as the difference between the cost of the Group's proprietary digital assets and transaction price offered to the Group's clients based on the then market price in respect of each digital assets trading transaction during the Period. Net fair value gain/loss on digital assets is an unrealised gain/loss in nature and it is determined as the difference between the carrying value and the fair value of the Group's proprietary digital assets on hand as at 30 June 2022.

During the Period, digital asset market volatility increased significantly as compared to previous financial periods. The Group recognises net loss of digital assets used in facilitation of prime brokerage business of approximately HK\$92.2 million for the Period (30 June 2021: net gain of approximately HK\$27.4 million) and net fair value loss on digital assets of approximately HK\$7.1 million for the Period (30 June 2021: Net fair value gain of approximately HK\$2.7 million). As the price volatility of digital assets may cause significant impact to the Group's operating performance, the Group considers it appropriate to supplement the unaudited condensed consolidated interim financial statements by presenting income from digital assets and blockchain platform business into (i) margin from trading digital assets and others; (ii) net gain/loss of digital assets used in facilitation of prime brokerage business; and (iii) net fair value gain/loss on digital assets. The Company considers that margin from trading digital assets, i.e., adjusted non-IFRS income (as defined below), can better reflect volumes of the Group's digital assets trading business.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a reconciliation of IFRS income to the adjusted non-IFRS income for the Period and 1H2021:

	Unaudited For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Income from digital assets and blockchain platform business in accordance with IFRS	5,637	113,970
Net loss/(gain) of digital assets used in facilitation of prime brokerage business	92,209	(27,396)
Net fair value loss/(gain) on digital assets	7,056	(2,703)
Adjusted non-IFRS income from digital assets and blockchain platform business	104,902	83,871

Liquidity and Financial Resources

As at 30 June 2022, the Group recorded total assets of HK\$3,471.6 million (31 December 2021: HK\$5,278.8 million), total liabilities of HK\$2,578.4 million (31 December 2021: HK\$4,087.6 million) and total shareholders' equity of HK\$893.2 million (31 December 2021: HK\$1,191.1 million). As at 30 June 2022, the gross gearing ratio (defined as total liabilities over total assets) was approximately 74.3% (31 December 2021: 77.4%).

The Group's cash position, after deduction of clients' cash balance and the cash balance held on behalf of licensed entity clients, as at 30 June 2022 was HK\$549.2 million (31 December 2021: HK\$519.8 million). Balance of the Group's proprietary digital assets dropped from HK\$721.0 million as of 31 December 2021 to HK\$238.3 million as of 30 June 2022 given a significant decline in the value of crypto currencies in 1H 2022.

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

As at 30 June 2022, total borrowing amounted to HK\$101.3 million (31 December 2021: HK\$119.1 million). The Group's borrowing comprised other loans denominated in Hong Kong dollars ("**HKD**") and United States dollars ("**USD**"), interest bearing at a range from 3% to 8% per annum (31 December 2021: 3% to 8% per annum).

HK\$64.5 million (31 December 2021: HK\$64.1 million) borrowing was secured by digital assets (31 December 2021: secured by digital assets). As at 30 June 2022, the Group was in a net current assets position (31 December 2021: net current assets position).

Net proceeds from January Subscription and Placing and June Placing

On 5 January 2021, the Company entered into the placing and subscription agreement with East Harvest Global Limited (the "**Vendor**") and Morgan Stanley & Co International PLC ("**Morgan Stanley**") pursuant to which (i) Morgan Stanley acted as agent for the Vendor to place a total of 45,000,000 placing shares at a placing price of HK\$15.5 per placing share to no less than six independent placees; and (ii) the Vendor agreed to subscribe for 45,000,000 new ordinary shares at the subscription price which is equal to the placing price ("**January Subscription & Placing**").

The net proceeds from the January Subscription & Placing were approximately HK\$658.0 million. Details of the January Subscription and Placing are disclosed in the Company's announcement dated 6 January 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The proceeds from January Subscription and Placing and June Placing have been utilised as intended. The table below sets out the actual use of proceeds from the January Subscription and Placing and June Placing up to 30 June 2022:

Event	Purpose of the net proceeds	Amount of net proceeds intended to be allocated HK\$ million (approximately)	Actual utilised amount as of 30 June 2022 HK\$ million (approximately)	Unutilised amount as of 30 June 2022 HK\$ million (approximately)	Expected timeline for utilisation of the unutilised proceeds
January Subscription and Placing	For developing and enhancing platform technology of digital asset platform business	40	40	-	N/A
	For maintaining sufficient liquid capital to satisfy SFC license requirement of the licensed entity and the expansion of prime brokerage business	225	225	-	N/A
	For operating working capital including rental expenses, staff costs, marketing and IT expenses, other general expenses and professional fees	293	293	-	N/A
	For potential future acquisition and general working capital of the Group	100	100	-	N/A
		<u>658</u>	<u>658</u>	<u>-</u>	
June Placing	For IT-related costs including digital transformation, developing and enhancing platform technology of digital asset platform business	198	110.9	87.1	On or before 30 June 2024
	For operating working capital other than IT-related costs including rental expenses, staff costs, marketing expenses, other general expenses and professional fee	236	155.9	80.1	On or before 30 June 2023
	As reserves for future expansion in markets including UK, Singapore and Americas	100	63.1	36.9	On or before 30 June 2023
		<u>534</u>	<u>329.9</u>	<u>204.1</u>	

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policy

It is the Group's treasury management policy not to engage in any principal financial investments or use of speculative derivative instruments with high risks. During the Period, the Group continued to adopt a conservative approach in financial risk management and did not employ any material financial instrument for hedging purposes. Most of the assets, receipts and payments of the Group were denominated in Renminbi ("**RMB**"), HKD and USD.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group currently operates mainly in Hong Kong, Singapore and Mainland China.

For operations in Hong Kong, most of the transactions are denominated in HKD and USD. The exchange rate of USD against HKD is relatively stable, and the related currency exchange risk is 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. For operations in Singapore and the Americas, as digital asset trading transactions and other business transactions are denominated in USD mainly, with only some local operating expenses being settled in Singapore dollars ("**SGD**") and Mexican peso ("**MXN**") respectively, any SGD and MXN related exposures to foreign exchange risk are minimal.

No financial instrument was used for hedging purposes for the Period. However, the Group is closely monitoring the currency exchange risk of RMB and is looking for any opportunities to mitigate the currency exchange risk of RMB.

Material Acquisitions and Disposals of Subsidiaries

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

Charge on the Group's Assets

As at 30 June 2022, the Group pledged digital assets of 443 Bitcoin (31 December 2021: digital assets of 496 Bitcoin).

Material Investments or Capital Assets and Capital Expenditure Commitments

In June 2021, BC HoldCo I Limited, a wholly-owned subsidiary of the Company, entered into agreements with an independent third party in relation to the acquisition of 24.99% equity interest in Zodia Markets, which was a new entity incorporated in the United Kingdom ("**UK**"). As at 30 June 2022, the Group's total commitments contracted but not provided for investment in an associate were USD1.75 million (equivalent to approximately HK\$13.7 million) and an assignment of an intellectual property. BC HoldCo I Limited subsequently completed the investment of USD1.75 million in July 2022.

Contingent Liabilities

As at 30 June 2022 and 31 December 2021, the Group did not have any significant contingent liabilities.

Human Resources Cost

As at 30 June 2022, the Group had a total of 260 employees across its Hong Kong, Singapore, the UK, the Americas and Mainland China (30 June 2021: 186 employees). The total staff cost during the Period was HK\$181.4 million (30 June 2021: HK\$140.0 million).

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 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 operations which remained exercisable on such date, the provisions of the 2012 Share Option Scheme remained in full force and effect.

The Company also adopted the share award plan ("**Share Award Plan**") on 21 August 2018 to recognise and reward the contributions of certain employees and persons to the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation of the Group and to attract suitable personnel for further development of the Group.

The details of 2012 Share Option Scheme, 2021 Share Option Scheme and Share Award Plan are set out under "Other Information" section in this interim report.

EVENTS AFTER THE FINANCIAL POSITION DATE

There are no material subsequent events relating to the Company or the Group after 30 June 2022 and up to the date of this interim report.

INTERIM DIVIDENDS

The Board resolved not to recommend an interim dividend in respect of the Period to the holders of ordinary shares of the Company (1H2021: nil).

PROSPECTS

With a strong balance sheet and a competitive product offering, the Group continued to enhance its leadership in the regional and global digital asset market in 1H2022. The OSL digital asset platform also saw volumes and non-IFRS revenues increase and the Group signed several material contracts for its core prime brokerage and SaaS businesses in the Period.

This resulted in continued growth in the OSL new business pipeline, particularly for the SaaS business unit, as well as an increased focus on targeted products and services. These trends are expected to accelerate in the coming reporting periods.

OSL SaaS revenues were up more than three times in 1H2022 compared to the previous period, and new major clients were signed across the globe. The SaaS business is expected to continue to grow at pace in the second half of 2022 and beyond.

MANAGEMENT DISCUSSION AND ANALYSIS

OSL prime brokerage and exchange, which together with custody are now collectively referred to as the “OSL Markets” business, also has positive prospects, with several new market makers coming onto the exchange venue in 2022, increasing liquidity and trading volume at a time when digital asset exchanges were experiencing low volumes globally. OSL prime brokerage continued to be the partner of choice for institutional digital asset managers, high-net-worth individual investors, and ETFs. OSL Markets has a deep pipeline of prospective new clients globally and is expected to sign additional clients and liquidity providers throughout the Year.

On 26 July 2022, OSL DS became the first SFC-licensed digital asset broker to sell security tokens to professional investors in a Hong Kong private security token offering (“**STO**”).

The STO distribution by OSL demonstrates ‘proof-of-concept’ for innovative new ways of investing in regulated digital assets, and opens the door to a new market for issuers to raise funds by the issuance and distribution of tokenized securities through licensed intermediaries in Hong Kong.

The HKMA and the SFC issued a joint circular on 28 January 2022, which for the first time required registered institutions and licensed corporations to provide digital asset investment services by partnering only with SFC-licensed virtual asset trading platforms.

Under the circular, and with the proof-of-concept STO and its Interactive Brokers agreement signed in June, OSL has demonstrated its ability to play a central role leading bookbuilds and acting as an intermediary for licensed partner brokers and banks on future STO issuances and other digital asset transactions.

On 28 July 2022 Zodia Markets, the Group’s joint venture with Standard Chartered’s SC Ventures in the UK and European Union (“**EU**”), announced that it had received crypto asset registration from the UK Financial Conduct Authority (“**FCA**”) and officially launched its institutional crypto exchange and brokerage in the UK and the EU.

Zodia Markets’ registration marks the first time a crypto trading business backed by a leading international bank has been listed by the FCA on the UK’s Financial Services Register.

The above partnerships, product innovation and growth and new business in SaaS utilize recurring revenue models that have potential to drive non-linear growth for the Group once fully operational. The ramp up process for several recurring revenue relationships is expected to be fully complete and trading by the end of third quarter in 2022.

Furthermore, the Group’s operating costs are expected to decline significantly in the second half of 2022 following the completion of a firm-wide organizational realignment exercise, an initiative that focused on creating business efficiencies. Focus will be placed moving forward on targeted marketing and sales with the aim of increased client acquisition across the business units to further drive revenue and platform volume.

The Group will also selectively add new trading products, services and features to its trading platform to meet market and customer needs.

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

	Notes	Unaudited For the six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Income from principal activities:			
– Income from digital assets and blockchain platform business (Note)	8	5,637	113,970
– Revenue from advertising business	7	7,981	15,711
– Rental income from business park area management services		22,661	23,133
		36,279	152,814
Cost of revenue		(19,685)	(23,639)
Other income	9	355	546
Other gains/(losses), net	9	49,425	(27)
Selling and distribution expenses		(21,812)	(61,770)
Administrative and other operating expenses		(336,850)	(209,347)
Provision for impairment losses on financial assets, net		(1,421)	–
Operating loss		(293,709)	(141,423)
Finance income		838	5,277
Finance costs		(11,302)	(20,205)
Finance costs, net		(10,464)	(14,928)
Share of net post-tax loss of an associate accounted for using the equity method		(9,655)	(190)
Loss before income tax		(313,828)	(156,541)
Income tax expense	11	(1,661)	(1,320)
Loss for the period		(315,489)	(157,861)

Note: Analysis of income

The table below sets forth a reconciliation of IFRS income to the adjusted non-IFRS income:

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Income from digital assets and blockchain platform business in accordance with IFRS	5,637	113,970
Net loss/(gain) of digital assets used in facilitation of prime brokerage business	92,209	(27,396)
Net fair value loss/(gain) on digital assets	7,056	(2,703)
Adjusted non-IFRS income from digital assets and blockchain platform business	104,902	83,871

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

	Notes	Unaudited For the six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Loss for the period		(315,489)	(157,861)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences on translation of foreign operations with a functional currency different from the Company's presentation currency		1,455	3,383
Total comprehensive loss for the period		(314,034)	(154,478)
(Loss)/profit for the period attributable to:			
Owners of the Company		(306,563)	(158,099)
Non-controlling interests		(8,926)	238
		(315,489)	(157,861)
Loss per share attributable to the owners of the Company			
Basic <i>(HK\$ per share)</i>	13	(0.73)	(0.44)
Diluted <i>(HK\$ per share)</i>	13	(0.73)	(0.44)
Total comprehensive (loss)/profit for the period attributable to:			
Owners of the Company		(304,701)	(154,795)
Non-controlling interests		(9,333)	317
		(314,034)	(154,478)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	14	129,432	154,574
Intangible assets	15	81,022	90,021
Prepayments, deposits and other receivables		18,062	19,577
Investment accounted for using equity method		9,376	19,017
Financial assets at fair value through profit or loss		74,736	25,013
Deferred income tax assets		4,892	5,402
		317,520	313,604
Current assets			
Digital assets	16	1,769,138	3,519,909
Contract assets	7(b)	16,782	13,168
Trade receivables	17	91,666	121,755
Prepayments, deposits and other receivables		73,382	73,244
Collateral receivables		33,881	–
Digital assets due from counterparties	18	1,494	–
Cash held on behalf of licensed entity customers	19	148,213	282,560
Cash and cash equivalents		1,019,529	954,519
		3,154,085	4,965,155
Total current assets		3,154,085	4,965,155
Total assets		3,471,605	5,278,759
LIABILITIES			
Non-current liabilities			
Deposits received and other payables		16,990	17,258
Lease liabilities	21	87,736	112,587
Deferred income tax liabilities		6,950	7,858
		111,676	137,703
Total non-current liabilities		111,676	137,703

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

	<i>Notes</i>	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
LIABILITIES			
Current liabilities			
Trade payables	20	35,482	49,809
Contract liabilities	7(b)	18,325	20,185
Accruals and other payables		79,634	116,809
Collateral payables		33,976	77,727
Liabilities due to customers	22	2,149,441	3,516,123
Lease liabilities	21	44,128	43,493
Borrowings	23	101,337	119,100
Current income tax liabilities		4,429	6,667
Total current liabilities		2,466,752	3,949,913
Total liabilities		2,578,428	4,087,616
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	4,233	4,233
Other reserves		2,389,505	2,371,575
Accumulated losses		(1,487,854)	(1,181,291)
Non-controlling interests		905,884	1,194,517
		(12,707)	(3,374)
Total equity		893,177	1,191,143

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Capital surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Share-based payments reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2021		3,366	760,601	3,724	(12,795)	18,850	201,752	(806,066)	169,432	(9,045)	160,387
(Loss)/profit for the period		-	-	-	-	-	-	(158,099)	(158,099)	238	(157,861)
Other comprehensive income:											
Currency translation differences		-	-	-	3,304	-	-	-	3,304	79	3,383
Total comprehensive income/(loss)		-	-	-	3,304	-	-	(158,099)	(154,795)	317	(154,478)
Issuance of new shares	24	792	1,191,260	-	-	-	-	-	1,192,052	-	1,192,052
Equity-settled share-based payments under share option scheme	28	-	-	-	-	-	25,769	-	25,769	-	25,769
Equity-settled share-based payments under share award scheme	27	-	-	-	-	-	25,355	-	25,355	-	25,355
Exercise of share options	24	35	41,643	-	-	-	(11,504)	-	30,174	-	30,174
Share awards vested	27	-	5,032	-	-	-	(5,032)	-	-	-	-
Equity-settled share-based payments for a warrant	10	-	-	-	-	-	49,826	-	49,826	-	49,826
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	(1,354)	(1,354)
Transfer of statutory reserve upon deregistration of a subsidiary		-	-	-	-	(450)	-	450	-	-	-
At 30 June 2021		4,193	1,998,536	3,724	(9,491)	18,400	286,166	(963,715)	1,337,813	(10,082)	1,327,731
At 1 January 2022		4,233	2,083,902	3,724	(3,007)	18,400	268,556	(1,181,291)	1,194,517	(3,374)	1,191,143
Loss for the period		-	-	-	-	-	-	(306,563)	(306,563)	(8,926)	(315,489)
Other comprehensive income/(loss):											
Currency translation differences		-	-	-	1,862	-	-	-	1,862	(407)	1,455
Total comprehensive income/(loss)		-	-	-	1,862	-	-	(306,563)	(304,701)	(9,333)	(314,034)
Equity-settled share-based payments under share option scheme	28	-	-	-	-	-	9,089	-	9,089	-	9,089
Equity-settled share-based payments under share award scheme	27	-	-	-	-	-	6,979	-	6,979	-	6,979
Share awards vested	27	-	2,118	-	-	-	(2,118)	-	-	-	-
At 30 June 2022		4,233	2,086,020	3,724	(1,145)	18,400	282,506	(1,487,854)	905,884	(12,707)	893,177

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited For the six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Cash generated from operations		85,416	532,628
Income tax paid		(4,361)	(3,197)
Net cash generated from operating activities		81,055	529,431
Cash flows from investing activities			
Interest received		349	212
Addition of property, plant and equipment	14	(1,692)	(11,156)
Addition of investment in an associate		–	(13,609)
Addition of financial assets at fair value through profit or loss		–	(24,896)
Fiat lending to counterparties		(2,349)	–
Repayment of fiat lending from counterparties		7,830	–
Net cash generated from/(used in) investing activities		4,138	(49,449)
Cash flows from financing activities			
Interest paid		(10,751)	(17,672)
Repayment of borrowings		–	(124,317)
Principal elements of lease liabilities		(13,480)	(19,425)
Proceeds from issuance of new shares		–	1,192,052
Proceeds from exercise of share options		–	30,174
Dividend paid to non-controlling interests		–	(1,354)
Net cash (used in)/generated from financing activities		(24,231)	1,059,458
Net increase in cash and cash equivalents		60,962	1,539,440
Effect of exchange rate changes on cash and cash equivalents		4,048	877
Cash and cash equivalents at the beginning of the period		954,519	413,487
Cash and cash equivalents at the end of the period		1,019,529	1,953,804

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

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

The unaudited condensed consolidated interim financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2021. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the "**2021 Annual Financial Statements**"), which have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"). The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee.

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements of the Group for the period are consistent with those applied in the 2021 Annual Financial Statements except for the adoption of amended standards and framework and changes in accounting policies as set out below.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

The Group has applied the following amendments to standards for the first time for their reporting period commencing on 1 January 2022:

Amendments to IFRS 3, IAS 16, and IAS 37 Narrow-scope amendments

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

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

Certain new amendments to standards have been published that are not mandatory for financial year beginning on 1 January 2022 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
IFRS 17	Insurance contracts and the related amendments	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group's management assessed that there are no new amendments to standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 RISK DISCLOSURES

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

The unaudited condensed consolidated interim financial statements does not include all risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2021 Annual Financial Statements. There have been no changes in any risk management policies since the year end.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 FAIR VALUE ESTIMATION

(a) Financial assets and liabilities

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

(i) Fair value hierarchy

Recurring fair value measurements

Financial assets and liabilities	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Unaudited					
At 30 June 2022					
Financial assets at fair value through profit or loss					
– Unlisted convertible preference shares		–	–	72,582	72,582
– Unlisted preference shares		–	–	2,154	2,154
		–	–	74,736	74,736
Liabilities due to customers					
– Fiat currency liabilities	22	618,553	–	–	618,553
Audited					
At 31 December 2021					
Financial assets at fair value through profit or loss					
– Unlisted convertible preference shares		–	–	23,392	23,392
– Unlisted convertible note		–	–	1,621	1,621
		–	–	25,013	25,013
Liabilities due to customers					
– Fiat currency liabilities	22	717,249	–	–	717,249

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 FAIR VALUE ESTIMATION (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

Recurring fair value measurements (Continued)

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

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

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

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

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

The following table presents the changes in level 3 items for periods ended 30 June 2022 and 30 June 2021:

Financial assets

	Unlisted Convertible bonds		Unlisted convertible preference shares		Unlisted preference shares		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Opening balance at 1 January	1,621	-	23,392	-	-	-	25,013	-
Addition	-	24,896	-	-	-	-	-	24,896
Conversion	(1,621)	-	-	-	1,621	-	-	-
Change in fair value	-	21	48,947	-	523	-	49,470	21
Currency translation differences	-	(44)	243	-	10	-	253	(44)
Closing balance at 30 June	-	24,873	72,582	-	2,154	-	74,736	24,873

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 FAIR VALUE ESTIMATION (Continued)

(a) Financial assets and liabilities (Continued)

(iii) Valuation inputs and relationships to fair value

Financial instruments	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	
	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000			30 June 2022	31 December 2021
(1) Unlisted convertible preference shares (Note a)	72,582	23,392	Level 3	Market approach is adopted and the key input is change in market capitalisation of comparable companies (2021: Market approach is adopted and the key input is adjusted price-to-book ratio)	Volatility: 89% Risk-free rate: 4.11%	Adjusted price-to-book ratio: 4.31
(2) Unlisted convertible note with a conversion right to convert the note into preference shares of an unlisted company (Note b)	-	1,621	Level 3	2021: Discounted cash flow model of the coupon interest and principal is adopted and the key input is discount rate	N/A	Discount rate: 4.98%
(3) Unlisted preference shares (Note c)	2,154	-	Level 3	Recent transaction price is adopted	N/A	N/A

Notes:

- (a) For the unlisted convertible preference shares, the Group used market approach and engaged an external, independent and qualified valuer to determine the fair value upon the initial recognition and at the end of the reporting period respectively. During the six months ended 30 June 2022, the fair value of the unlisted convertible preference shares was determined by ValQuest Advisory (Hong Kong) Limited. If the adopted volatility had been 5% higher or lower, assuming all other variables were held constant, the fair value of the unlisted convertible preference shares would decrease or increase by approximately HK\$439,000 (During the year ended 31 December 2021, if price-to-book ratio increased or decreased by 100 basis points, the fair value of the unlisted convertible preference shares would increase or decrease by approximately HK\$234,000).
- (b) For the unlisted convertible note, the Group engaged an external, independent and qualified valuer to determine the fair value upon the initial recognition as well as at the end of the reporting period. During the year ended 31 December 2021, the fair value of this debt investment was determined by ValQuest Advisory (Hong Kong) Limited. Subsequent to the year end 2021, the Group exercised the conversion right to fully convert the convertible note into preference shares.
- (c) For the unlisted preference shares, the fair value of the unlisted preference shares was determined with reference to a recent transaction during the six months ended 30 June 2022.

(b) Digital assets and digital asset liabilities

(i) Fair value hierarchy

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 FAIR VALUE ESTIMATION (Continued)

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

(i) Fair value hierarchy (Continued)

Recurring fair value measurements

	Notes	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Unaudited					
At 30 June 2022					
Digital assets					
Digital assets	16	1,769,138	–	–	1,769,138
Collateral receivables		33,881	–	–	33,881
Digital assets due from counterparties	18	1,494	–	–	1,494
		1,804,513	–	–	1,804,513
Digital asset liabilities					
Collateral payables		33,976	–	–	33,976
Interest payables arising from digital assets borrowed from counterparties		315	–	–	315
Liabilities due to customers					
– Digital asset liabilities	22	1,530,888	–	–	1,530,888
Digital assets borrowed from counterparties	23	15,677	–	–	15,677
		1,580,856	–	–	1,580,856
Audited					
At 31 December 2021					
Digital assets					
Digital assets	16	3,519,909	–	–	3,519,909
Digital asset receivable		1,844	–	–	1,844
		3,521,753	–	–	3,521,753
Digital asset liabilities					
Collateral payables		77,727	–	–	77,727
Interest payables arising from digital assets borrowed from counterparties		611	–	–	611
Liabilities due to customers					
– Digital asset liabilities	22	2,798,874	–	–	2,798,874
Digital assets borrowed from counterparties	23	33,838	–	–	33,838
		2,911,050	–	–	2,911,050

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4 FAIR VALUE ESTIMATION *(Continued)*

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

(ii) Valuation inputs and relationships to fair value

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

As at 30 June 2022 and 31 December 2021, the digital assets and digital asset liabilities due to customers are measured at level 1 fair value. The determination of fair value hierarchy level for valuation of the digital assets and the digital asset liabilities due to customers would depend on whether the underlying digital assets is traded in an active market.

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Annual Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6 SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and income and operating results derived from different segments.

The Group has three reportable segments during the period (30 June 2021: same). The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

	Digital assets and blockchain platform business HK\$'000	Business park area management HK\$'000	Traditional advertising HK\$'000	Unallocated HK\$'000	Total HK\$'000
Unaudited for the six months ended 30 June 2022					
Results					
Income from other sources:					
Trading of digital assets and net fair value loss on digital assets (Note 8)	(17,580)	–	–	–	(17,580)
Rental income from business park area management services	–	22,661	–	–	22,661
Revenue from contracts with customers:					
Revenue from advertising	–	–	7,981	–	7,981
Service fee from SaaS (Note 8)	15,161	–	–	–	15,161
Trading fee from automated trading service (Note 8)	4,192	–	–	–	4,192
Income from custodian services and other revenues (Note 8)	3,864	–	–	–	3,864
(Loss)/profit for the period	(270,199)	3,365	(4,062)	(44,593)	(315,489)
Unaudited as at 30 June 2022					
Assets and liabilities					
Reportable segment assets (Note (ii))	3,041,021	146,500	51,045	233,039	3,471,605
Reportable segment liabilities (Note (ii))	2,297,554	107,233	24,306	149,335	2,578,428

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6 SEGMENT REPORTING (Continued)

	Digital assets and blockchain platform business HK\$'000	Business park area management HK\$'000	Traditional advertising HK\$'000	Unallocated HK\$'000	Total HK\$'000
Unaudited for the six months ended					
30 June 2021					
Results					
Income from other sources:					
Trading of digital assets and net fair value gain on digital assets (Note 8)	103,938	–	–	–	103,938
Rental income from business park area management services	–	23,133	–	–	23,133
Revenue from contracts with customers:					
Revenue from advertising	–	–	15,711	–	15,711
Service fee from SaaS (Note 8)	3,511	–	–	–	3,511
Trading fee from automated trading service (Note 8)	3,105	–	–	–	3,105
Income from custodian services and other revenues (Note 8)	3,416	–	–	–	3,416
(Loss)/profit for the period	(61,582)	4,136	(1,043)	(99,372)	(157,861)
Audited as at 31 December 2021					
Assets and liabilities					
Reportable segment assets (Note (ii))	4,881,203	153,646	51,309	192,601	5,278,759
Reportable segment liabilities (Note (ii))	3,763,793	115,392	19,612	188,819	4,087,616

Notes:

- (i) All revenue and income were generated from external customers. There were no sales or other transactions between the business segments for the periods ended 30 June 2022 and 2021.
- (ii) Unallocated assets are mainly financial assets at fair value through profit or loss and cash and cash equivalents held by head office. Unallocated liabilities mainly include lease liabilities, borrowings and deferred income tax liabilities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

(a) Disaggregation of revenue from contracts with customers

	Unaudited For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Recognised over time:		
Revenue from advertising business	7,981	15,711
Service fee from SaaS (Note 8)	15,161	3,511
Income from custodian services (Note 8)	2,498	2,080
Others (Note 8)	1,366	1,336
Recognised at a point of time:		
Trading fee from automated trading service (Note 8)	4,192	3,105

(b) Assets and liabilities related to contracts with customers

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

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

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Contract assets from advertising business	2,369	4,714
Contract assets from digital assets and blockchain platform business	2,992	985
Less: loss allowance in relation to advertising business	(322)	(337)
	5,039	5,362
Assets recognised from costs to fulfill revenue contracts	1,686	2,375
Assets recognised from costs to fulfill a share subscription agreement (b)(ii)	10,057	5,431
Total contract assets	16,782	13,168
Contract liabilities	18,325	20,185

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
At the beginning of the period/year	337	115
Provision for impairment of contract assets in relation to advertising business	–	215
Currency translation differences	(15)	7
At the end of the period/year	<u>322</u>	<u>337</u>

(i) Revenue recognised in relation to contract liabilities

The following shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Unaudited For the six months ended 30 June 2022 HK\$'000	2021 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	<u>1,857</u>	<u>1,884</u>

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8 INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

	Unaudited For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Income from digital assets and blockchain platform business:		
Trading of digital assets (<i>Note (a)</i>)	(10,524)	101,235
Net fair value (loss)/gain on digital assets (<i>Note (a)</i>)	(7,056)	2,703
Service fee from SaaS	15,161	3,511
Income from custodian services	2,498	2,080
Trading fee from automated trading service	4,192	3,105
Others	1,366	1,336
	5,637	113,970

Note:

- (a) The Group's digital assets and blockchain platform business primarily includes an OTC trading business to trade digital assets with corporate and individual customers, and the provision of automated digital assets trading services through its proprietary platforms. Income from the digital assets trading business represents trading margin arising from trading various digital assets and net gains or losses from remeasurement of digital assets to the extent it is not offset by remeasurement of digital asset liabilities due to customers arising from Digital Assets Trading Agreement ("DATA"). The Group is exposed to net trading gain or loss from holding digital assets for trading up to the point when a trade (to buy or sell digital assets) with a customer is concluded with fixed terms of trade with respect to the type, unit and price of digital assets.

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

	Unaudited For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Other income		
Government grants (<i>Note</i>)	355	546
Other gains/(losses), net		
Exchange losses, net	(78)	(158)
Fair value changes of financial assets at fair value through profit or loss (<i>Note 4(a)(ii)</i>)	49,470	21
Others	33	110
Total	49,425	(27)

Note: The amount mainly represented cash subsidies in respect of the Jobs Growth Incentive granted by the Singapore Government (30 June 2021: Financial Sector Development Fund granted by the Monetary Authority of Singapore) for which the conditions of the grants have been fully satisfied as at the end of the period (30 June 2021: same).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10 EXPENSES BY NATURE

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

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Amortisation of intangible assets	7,521	6,101
Cost of revenue relating to advertising services (excluding employee benefits)	7,434	12,417
Cost of revenue relating to provision of SaaS	689	908
Consultancy fee (excluding share-based payments)	76,798	11,944
Depreciation of property, plant and equipment (excluding right-of-use assets)	4,648	5,292
Depreciation of right-of-use assets (Note 21(b))	18,138	18,111
Employee benefit expenses (including directors' emoluments)	181,383	140,036
Expense relating to short-term leases (included in administrative and other operating expenses)	5,702	4,262
Provision for impairment losses on financial assets, net	1,421	–
Share-based payment to warrant holder (Note (a))	–	49,826
IT costs	25,933	13,870

Note (a):

During the six months ended 30 June 2021, share-based payment expenses to warrant holder of approximately HK\$49,826,000 was recognised under "selling and distribution expenses".

The following table presents the key inputs for the share-based payment expenses related to the warrants:

Weight average share price of the Company as at the measurement dates	HK\$13.30
Number of warrant shares expected to vest up to 30 June 2021	11,526,270

No warrant shares were exercised by the warrant holder during the six months ended 30 June 2022 and 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11 INCOME TAX EXPENSE

The corporate income tax in Mainland China has been provided at the rate of 25% (30 June 2021: 25%) on the estimated assessable profits for the period. Income tax on profits assessable outside Mainland China has been provided at the rates prevailing in the respective jurisdictions.

No provision for Hong Kong profits tax and Singapore corporate income tax have been made as the Group did not generate any assessable profits arising in Hong Kong and Singapore during the six months ended 30 June 2022 (30 June 2021: same).

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

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Current tax		
People's Republic of China corporate income tax	2,067	2,023
Deferred income tax	(406)	(703)
Income tax expense	1,661	1,320

12 DIVIDENDS

The Board did not recommend the payment of any dividend for the six months ended 30 June 2022 (30 June 2021: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13 LOSS PER SHARE

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

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	306,563	158,099
	Unaudited For the six months ended 30 June	
	2022	2021
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	419,243,279	359,387,646
	HK\$	HK\$
Loss per share attributable to the owners of the Company		
Basic (<i>per share</i>)	(0.73)	(0.44)
Diluted (<i>per share</i>)	(0.73)	(0.44)

Basic and diluted loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period (30 June 2021: same).

During the six months ended 30 June 2022, the Company had three categories of potential ordinary shares: share options, share awards and a warrant. Diluted loss per share presented is the basic loss per share as the inclusion of the potential ordinary shares in the calculation of dilutive loss per share would be anti-dilutive (30 June 2021: same).

14 PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with a cost of approximately HK\$1,692,000 (six months ended 30 June 2021: approximately HK\$11,156,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS

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

As at 30 June 2022, intangible assets included goodwill of approximately HK\$10,868,000 (31 December 2021: approximately HK\$11,400,000) arose from the acquisition of 上海憬威企業發展有限公司 (“**Shanghai Jingwei**”), on 1 October 2016, whose principal activity is the provision of operation and management services of the business park area.

16 DIGITAL ASSETS

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Digital assets:		
– Held in own wallets of the Group	1,736,101	3,518,356
– Digital assets held on exchange institutions (<i>Note</i>)	33,037	1,553
	1,769,138	3,519,909

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

Among the digital asset balances, it included digital assets held by the Group in designated customer accounts under various contractual arrangements totaling approximately HK\$1,530,888,000 (31 December 2021: HK\$2,798,874,000) (*Note 22*). It also included the Group’s proprietary digital assets of approximately HK\$238,250,000 (31 December 2021: HK\$721,035,000). The balance is measured at fair value through profit or loss.

As at 30 June 2022, there were certain digital assets with fair value of approximately HK\$393,445,000 (31 December 2021: HK\$523,699,000) 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, and were safekeeping in segregated client wallets through a trust arrangement with BC Business Management Services (HK) Limited which is the associated entity of OSL DS under the Securities and Futures Ordinance. Based on the respective rights and obligations of OSL DS and its clients under the client terms and conditions (“**OSL DS Client T&C**”), these digital assets held in segregated wallets are not recognised as the Group’s digital assets and hence there are no corresponding digital asset liabilities under these arrangements. OSL DS also holds certain digital assets in its own wallets for facilitating the trading flow with its customers.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17 TRADE RECEIVABLES

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Trade receivables from business park area management services	10,657	6,076
Less: loss allowance	(5,793)	(6,076)
Trade receivables from advertising business	15,229	7,495
Less: loss allowance	(7,677)	(7,383)
	12,416	112
Trade receivables from digital assets and blockchain platform business	81,441	123,071
Less: loss allowance	(2,191)	(1,428)
	79,250	121,643
Trade receivables	91,666	121,755

For the advertising services, the Group may take up to 360 days to issue billing to the customers after service delivery and grants a credit term of generally 30 to 60 days (31 December 2021: same) after the invoice date, while prepayments from customers for provision of business park area management services are generally required.

Customers of the digital assets and blockchain platform business are generally required to prefund their accounts prior to 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 invoice 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 actions are taken to recover overdue debts.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17 TRADE RECEIVABLES (Continued)

At 30 June 2022 and 31 December 2021, the ageing analysis of the Group's trade receivables, based on invoice date, were as follows:

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
0–30 days	83,374	117,391
31–90 days	265	2,265
91–180 days	7,227	402
181–365 days	800	1,697
	91,666	121,755

18 DIGITAL ASSETS DUE FROM COUNTERPARTIES

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Digital assets due from counterparties	1,494	–

The balance represented the lending of the Group's digital assets to counterparties being the loan principal. The loans are secured by collateral (as explained below) and they bear a fixed interest rate of 3.5% (31 December 2021: nil) per annum. The loan principal and interest thereon are repayable by delivery of the outstanding units of the digital assets upon maturity date of the arrangements which fall within 1 year (31 December 2021: nil) from the end of the reporting period.

In relation to the above-mentioned loan arrangements, the Group requires the counterparties to deliver fiat currency to the Group as collateral at a level of 150% (31 December 2021: nil) of loan principal in terms of fair value against the loan at inception. Additional collateral is required to be delivered to the Group at any time if the fair value of the collateral is less than or equal to a level of 135% (31 December 2021: nil) of loan principal such that collateral level will be maintained at individual initial required collateral level of the loan principal. Consequently, management believes credit risk associated with these loan receivables is low.

As at 30 June 2022, the Group received fiat currency of approximately HK\$2,381,000 from counterparties as collateral for the loans.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19 CASH HELD ON BEHALF OF LICENSED ENTITY CUSTOMERS

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

20 TRADE PAYABLES

Trade payables are unsecured and are normally with credit terms of 90–180 days (31 December 2021: same).

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

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
0–30 days	34,517	37,431
31–90 days	830	2,117
91–180 days	–	2,170
181–365 days	–	7,915
Over 365 days	135	176
	35,482	49,809

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

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

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Right-of-use assets (<i>Note</i>)		
Properties	98,602	119,418
Lease liabilities (<i>Note</i>)		
Non-current	87,736	112,587
Current	44,128	43,493
	131,864	156,080

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

During the period ended 30 June 2022, there was no addition to the right-of-use assets (31 December 2021: Nil).

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

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

	Unaudited For the six months ended 30 June 2022 HK\$'000	2021 HK\$'000
Depreciation charge of right-of-use assets		
Properties (<i>Note 10</i>)	18,138	18,111

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interest expense on lease liabilities	8,783	10,784
Expense relating to short-term leases (included in administrative and other operating expenses) <i>(Note 10)</i>	5,702	4,262
	14,485	15,046

The total cash outflow for leases during the period ended 30 June 2022 was approximately HK\$28,586,000 (30 June 2021: approximately HK\$34,471,000).

22 LIABILITIES DUE TO CUSTOMERS

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Liabilities due to customers		
– Fiat currency liabilities		
– Customers under licensed entity	146,202	282,554
– Others	472,351	434,695
– Digital asset liabilities	1,530,888	2,798,874
	2,149,441	3,516,123

Liabilities due to customers arise in the ordinary course of the Group's digital assets and blockchain platform business, where the Group's contractual relationship with its customers is primarily governed by the DATA, OSL DS Client T&C and other relevant agreements.

Based on the respective rights and obligations of the Group and its customers under various arrangements, fiat currency and digital assets held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers, except for the digital assets held on behalf of OSL DS's clients with a fair value of approximately HK\$393,445,000 as at 30 June 2022 (31 December 2021: HK\$523,699,000), they are kept in segregated wallets and are not recognised as the Group's assets and hence there are no corresponding digital asset liabilities under these arrangements.

The liabilities are measured at fair value through profit or loss with changes in fair values recognised in the unaudited condensed consolidated statement of profit or loss in the period of the changes as part of the "income from digital assets and blockchain platform business".

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23 BORROWINGS

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Current		
Secured borrowings	64,464	64,066
Unsecured borrowings	21,196	21,196
Digital assets borrowed from counterparties	15,677	33,838
Total borrowings	101,337	119,100

As at 30 June 2022, approximately HK\$101,337,000 (31 December 2021: approximately HK\$119,100,000) borrowings were interest bearing with interest rates ranging from 3% to 8% per annum (31 December 2021: 3% to 8% per annum). Borrowings were provided by a non-financial institution with a principal of approximately USD8,216,000 (equivalent to approximately HK\$64,464,000) (31 December 2021: approximately USD8,216,000 (equivalent to approximately HK\$64,066,000)). These borrowings were repayable in 2 to 3 months (31 December 2021: 9 months) from the period end date and secured by 443 BTC (31 December 2021: 496 BTC) as collateral.

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

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
On demand	21,196	21,196
Within 1 year	80,141	97,904
	101,337	119,100

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24 SHARE CAPITAL

	Unaudited As at 30 June 2022		Audited As at 31 December 2021	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each at 1 January 2021, 31 December 2021 and 30 June 2022	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
At the beginning of the period/year	423,247,484	4,233	336,621,033	3,366
Issuance of new shares (<i>Notes (a) and (b)</i>)	–	–	79,673,360	797
Exercise of share options (<i>Note (c)</i>)	–	–	6,953,091	70
At the end of the period/year	423,247,484	4,233	423,247,484	4,233

Notes:

- (a) On 5 January 2021, the Company allotted and issued 45,000,000 ordinary shares at a subscription price of HK\$15.5 per share to 49 subscribers. On 11 June 2021, the Company further allotted and issued 31,952,500 ordinary shares at a subscription price of HK\$17 per share to a subscriber. Upon the issuance of the shares, approximately HK\$770,000 and approximately HK\$1,191,959,000 were credited to share capital and share premium respectively.
- (b) During the year ended 31 December 2021, the Company issued 2,720,860 new shares at HK\$0.01 for each share to the Trustee on 27 January 2021 and 8 October 2021, pursuant to the new share award plan adopted on 21 August 2018, to recognise and reward the contribution of directors, employees and consultants providing similar services for providing services to the Group. The Board applied approximately HK\$27,000 in the share premium account of the Company to issue new shares credited as fully paid to the Trustee.
- (c) During the year ended 31 December 2021, 6,953,091 share options were exercised by the employees and consultants providing similar services for providing services to the Company and its subsidiaries. Consequently, HK\$70,000 was credited to share capital and HK\$84,365,000 was credited to share premium.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

25 RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

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

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Income from digital assets trading with Mr. Madden Hugh Douglas (Note (i))	7	508
Income from digital assets trading with Mr. Lo Ken Bon (Note (i))	42	–
Income from digital assets trading with Mr. Ko Chun Shun, Johnson's close family members (Note (i))	4	–
Interest expenses accrued on borrowings from related companies of a director (Note (ii))	–	74
Interest expenses accrued on borrowings from directors and a related party (Note (iii))	–	189
Interest expenses accrued on inventories borrowed from a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas (Note (iv))	–	444
Income from digital assets trading with a related company of Mr. Ko Chun Shun, Johnson (Note (ii))	211	298
Income from digital assets trading with a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas (Note (v))	85	–
Income from digital assets trading with a related company of Mr. Madden Hugh Douglas (Note (vi))	2	–
	351	1,513

Notes:

- (i) The above transactions were conducted in the normal course of business of the Group and charged at terms mutually agreed by the parties concerned, governed by the DATA, OSL DS Client T&C and other relevant agreements.
- (ii) The above transactions were conducted in the normal course of business of the Group and charged at terms mutually agreed by the parties concerned. The executive director of the Company, Mr. Ko Chun Shun Johnson, is also the sole owner of the related companies.
- (iii) The above transactions were conducted in the normal course of business of the Group and charged at terms mutually agreed by the parties concerned. The executive directors of the Company, Mr. Chapman David James, Mr. Madden Hugh Douglas and Mr. Lo Ken Bon and an executive director of the ultimate holding company of the Company, Ms. Cheng Wan Gi, are the lenders of such transactions.
- (iv) The above transactions were conducted in the normal course of business of the Group and charged at terms mutually agreed by the parties concerned under the digital asset loan agreement. The executive directors of the Company, Mr. Chapman David James and Mr. Madden Hugh Douglas, are also the directors of the related company.
- (v) The executive directors of the Company, Mr. Chapman David James and Mr. Madden Hugh Douglas, are also the directors of the related company.
- (vi) The executive director of the Company, Mr. Madden Hugh Douglas, is also the sole owner of the related company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

25 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

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

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Fiat currency and digital asset liabilities		
Amount due to Mr. Chapman David James and his close family member <i>(Note (i))</i>	87,621	240,214
Amount due to Mr. Madden Hugh Douglas <i>(Note (i))</i>	2,786	4,158
Amount due to Mr. Lo Ken Bon and his close family member <i>(Note (i))</i>	62,587	43,452
Amount due to close family members of Mr. Ko Chun Shun, Johnson <i>(Note (i))</i>	6,093	14,166
Amount due to a related company of Mr. Ko Chun Shun, Johnson <i>(Notes (i) and (ii))</i>	6,567	8,556
Amount due to a related company of Mr. Chapman David James and Mr. Madden Hugh Douglas <i>(Notes (i) and (iii))</i>	134,228	301,091
Amount due to a related company of Mr. Chapman David James <i>(Notes (i) and (iv))</i>	–	293
Amount due to a related company of Mr. Madden Hugh Douglas <i>(Notes (i) and (v))</i>	48,445	117,997
	348,327	729,927
Borrowing and interest payable		
Amount due to a related company of Mr. Ko Chun Shun, Johnson <i>(Note (vi))</i>	147	147

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

25 RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

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

Based on the respective rights and obligations of the Group and its counterparties under the DATA, fiat and digital assets held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

26 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Unaudited As at 30 June 2022 HK\$'000	Audited As at 31 December 2021 HK\$'000
Financial assets at amortised cost		
Trade receivables (<i>Note 17</i>)	91,666	121,755
Prepayments, deposits and other receivables (excluding prepayments, other tax receivables and interest receivables arising from digital assets due from counterparties and digital asset receivable)	72,609	73,693
Cash held on behalf of licensed entity customers	148,213	282,560
Cash and cash equivalents	1,019,529	954,519
	1,332,017	1,432,527
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	74,736	25,013
Digital assets (those met definition of financial instruments)	153,035	619,850
	227,771	644,863
Financial liabilities measured at amortised cost		
Trade payables (<i>Note 20</i>)	35,482	49,809
Accruals, other payables and deposits received (excluding employee benefits payables, other tax payables and non-financial interest payables)	85,646	81,368
Lease liabilities (<i>Note 21</i>)	131,864	156,080
Borrowings (excluding digital assets borrowed from counterparties) (<i>Note 23</i>)	85,660	85,262
	338,652	372,519
Financial liabilities at fair value through profit or loss		
Liabilities due to customers (<i>Note 22</i>)	2,149,441	3,516,123

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

27 SHARE AWARD PLAN

The Company has adopted a share award plan (the “**Share Award Plan**”) on 21 August 2018.

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 Plan. 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 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.

Under the Share Award Plan, the employees and consultants of the Group (“**Selected Participants**”) are entitled to receive shares in the Company. 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 awarded shares (“**Awarded Shares**”) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

27 SHARE AWARD PLAN *(Continued)*

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

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

Award type	Outstanding at 1 January 2021	Issued during the Period	Forfeited during the Period	Regrant during the Period	Vested during the Period	Outstanding at 30 June 2021
Share Award grant	6,155,446	2,160,860	(256,815)	216,140	(364,666)	7,910,965

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

The Group recognised an expense of approximately HK\$6,979,000 (30 June 2021: HK\$25,355,000) for the period ended 30 June 2022 in relation to the Awarded Shares granted by the Company.

During the Period, the vesting condition of 153,500 (30 June 2021: 364,666) Awarded Shares was satisfied, and approximately HK\$2,118,000 (30 June 2021: HK\$5,032,000) was transferred from share-based payments reserve to share premium in the unaudited condensed consolidated statement of changes in equity.

28 SHARE OPTION SCHEME

During the Period, in regards to the 2012 Share Option Scheme, no share options were granted (30 June 2021: 3,500,000), while 3,869,964 share options had been lapsed (30 June 2021: 290,000) and no share options had been exercised or cancelled (30 June 2021: 3,547,703), hence 33,618,148 share options were remained outstanding (30 June 2021: 40,980,353). In regards to the 2021 Share Option Scheme, no share options were granted, exercised or cancelled (30 June 2021: nil), while 200,000 share options had been lapsed (30 June 2021: nil), hence 1,300,000 share options were remained outstanding (30 June 2021: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

28 SHARE OPTION SCHEME (Continued)

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

Date of grant	Number of options	Exercise price per option (HK\$)	Closing price of shares before the date of grant (HK\$)	Vesting period of share options	Exercise period of share options	Fair value on grant date (HK\$)	Risk-free interest rate (%) (Note 2)	Expected dividend yield (Note 3)	Expected volatility (Note 4)
1. 22 August 2018 (2018 Share Option 1)	16,715,556	8.88	8.75	22 August 2018 to 22 August 2020	(i) two-thirds: 22 August 2020 to 21 August 2023	3.53	2.03		
				22 August 2018 to 22 August 2021	(ii) one-third: 22 August 2021 to 21 August 2023	3.77	2.03		
2. 10 December 2018 (2018 Share Option 2)	433,333	7.84	7.80	10 December 2018 to 22 August 2020	(i) two-thirds: 22 August 2020 to 21 August 2023	3.04	2.03		
				10 December 2018 to 22 August 2021	(ii) one-third: 22 August 2021 to 21 August 2023	3.26	2.03		
3. 18 January 2019 (2019 Share Option 1)	2,851,111	7.53	7.50	18 January 2019 to 22 August 2020	(i) two-thirds: 22 August 2020 to 21 August 2023	2.88	2.03		
				18 January 2019 to 22 August 2021	(ii) one-third: 22 August 2021 to 21 August 2023	3.09	2.03		
4. 15 January 2020 (2020 Share Option 1)	1,700,000	7.45	7.45	15 January 2020 to 22 August 2020	(i) two-thirds: 22 August 2020 to 21 August 2023	2.33	1.34		
				15 January 2020 to 22 August 2021	(ii) one-third: 22 August 2021 to 21 August 2023	2.59	1.42		
5. 12 June 2020 (2020 Share Option 2) (Note 1)	21,300,000	7.99	7.99	12 June 2020 to 22 August 2021	(i) 29.26% of 21,300,000 shares: 22 August 2021 to 23 August 2025	2.83–2.84	0.13		
				12 June 2020 to 22 August 2022	(ii) 28.95% of 21,300,000 shares: 22 August 2022 to 23 August 2025	3.03–3.04	0.15		
				12 June 2020 to 22 August 2023	(iii) 38.50% of 21,300,000 shares: 22 August 2023 to 23 August 2025	3.21–3.34	0.20		
				12 June 2020 to 22 August 2025	(iv) 3.29% of 21,300,000 shares: 22 August 2025 to 23 August 2026	13.20	0.38		
6. 13 August 2020 (2020 Share Option 3)	1,838,500	10.99	10.56	13 August 2020 to 22 August 2020	(i) one-fifth: 22 August 2020 to 22 August 2025	3.34	0.07		
				13 August 2020 to 22 August 2021	(ii) one-fifth: 22 August 2021 to 22 August 2025	3.66	0.09		
				13 August 2020 to 22 August 2022	(iii) one-fifth: 22 August 2022 to 22 August 2025	3.94	0.10		
				13 August 2020 to 22 August 2023	(iv) one-fifth: 22 August 2023 to 22 August 2025	4.21	0.12		
				13 August 2020 to 22 August 2024	(v) one-fifth: 22 August 2024 to 22 August 2025	4.45	0.14		
7. 27 January 2021 (2021 Share Option 1)	3,500,000	14.39	13.80	27 January 2021 to 22 August 2021	(i) one-fourth: 22 August 2021 to 22 August 2026	4.94	0.16		
				27 January 2021 to 22 August 2022	(ii) one-fourth: 22 August 2022 to 22 August 2026	5.33	0.21		
				27 January 2021 to 22 August 2023	(iii) one-fourth: 22 August 2023 to 22 August 2026	5.68	0.26		
				27 January 2021 to 22 August 2024	(iv) one-fourth: 22 August 2024 to 22 August 2026	6.01	0.30		
8. 8 October 2021 (2021 Share Option 2)	1,500,000	12.70	12.70	8 October 2021 to 22 August 2022	(i) one-fourth: 22 August 2022 to 22 August 2027	5.57	0.34		
				8 October 2021 to 22 August 2023	(ii) one-fourth: 22 August 2023 to 22 August 2027	5.94	0.47		
				8 October 2021 to 22 August 2024	(iii) one-fourth: 22 August 2024 to 22 August 2027	6.28	0.56		
				8 October 2021 to 22 August 2025	(iv) one-fourth: 22 August 2025 to 22 August 2027	6.59	0.65		

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

28 SHARE OPTION SCHEME (Continued)

Notes:

- 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. The fair value, expected volatility and risk-free interest rate have taken into consideration of the impact of modification.
- The risk free rates have made reference to the yield of Hong Kong Exchange Fund Notes as at the valuation dates.
- There is no expected dividend yield for all share options granted.
- The expected volatility is 54% for the share options granted on 22 August 2018, 10 December 2018, 18 January 2019, 15 January 2020 and 13 August 2020. The expected volatility for the share option granted on 12 June 2020 ranges from 51% to 55%. The expected volatility for the share options granted on 27 January 2021 and 8 October 2021 is 55% and 63%, respectively. Expected volatility was determined by calculating the historical volatility of the share price of the Company with the period not less than 2 years.
- 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.

The following table disclose movements of the Company's share options held by the employees, consultants providing similar services and directors during the period:

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

Option type	Outstanding at 1 January 2021	Issued during period	Exercised during period	Forfeited during period	Outstanding at 30 June 2021
2018 Share Option 1	14,559,446	-	(1,854,111)	-	12,705,335
2018 Share Option 2	166,666	-	(55,555)	-	111,111
2019 Share Option 1	1,908,444	-	(639,704)	-	1,268,740
2020 Share Option 1	1,545,000	-	(710,833)	-	834,167
2020 Share Option 2	21,300,000	-	-	(200,000)	21,100,000
2020 Share Option 3	1,838,500	-	(287,500)	-	1,551,000
2021 Share Option 1	-	3,500,000	-	(90,000)	3,410,000
Total	41,318,056	3,500,000	(3,547,703)	(290,000)	40,980,353

The Group recognised an expense of approximately HK\$9,089,000 (30 June 2021: HK\$25,769,000) for the period ended 30 June 2022 in relation to share options granted by the Company.

29 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation.

OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Number of Ordinary Shares Held				Number of underlying shares held				% of the issued share capital of the Company
	Personal Interest	Family Interest	Corporate Interests	Total	Personal Interests	Family Interests	Total	Grand Total	
Mr. Ko Chun Shun, Johnson	–	–	187,536,194 (Note (i))	187,536,194	4,200,000 (Note (iii))	–	4,200,000	191,736,194	45.30%
Mr. Lo Ken Bon	–	623,000 (Note (ii))	–	623,000	5,200,000 (Note (iii))	568,111 (Note (iv))	5,768,111	6,391,111	1.51%
Mr. Madden Hugh Douglas	–	–	–	–	5,200,000 (Note (iii))	–	5,200,000	5,200,000	1.23%
Mr. Chapman David James	60,000	–	–	60,000	5,200,000 (Note (iii))	–	5,200,000	5,260,000	1.24%
Mr. Tiu Ka Chun, Gary	100,000	–	–	100,000	800,000 (Note (iii))	–	800,000	900,000	0.21%
Mr. Chau Shing Yim, David	20,000	–	–	20,000	480,000 (Note (iii))	–	480,000	500,000	0.12%
Mr. Chia Kee Loong, Lawrence	300,000	–	–	300,000	200,000 (Note (iii))	–	200,000	500,000	0.12%
Mr. Tai Benedict	50,000	–	–	50,000	450,000 (Note (iii))	–	450,000	500,000	0.12%

Notes:

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

Save as disclosed above, on 30 June 2022, none of the Directors had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations which had been recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2022, other than the interests and short positions of the Directors or chief executive of the Company as disclosed in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity/Nature of Interest	Number of shares interested (Note i)	% of the issued share capital of the Company
East Harvest Global Limited	Beneficial Owner	187,536,194 (L)	44.31%
Wise Aloe Limited	Interest of controlled corporation (Note ii)	187,536,194 (L)	44.31%
Bell Haven Limited	Interest of controlled corporation (Note iii)	187,536,194 (L)	44.31%
Colour Day Limited	Interest of controlled corporation (Note iv)	187,536,194 (L)	44.31%
Mr. Ko Chun Shun, Johnson	Beneficial Owner (Note v) & Interest of controlled corporation (Note vi)	191,736,194 (L)	45.30%
GIC Private Limited	Investment Manager	42,311,500 (L)	9.99%
FIL Limited	Interest of controlled corporation	38,368,892 (L)	9.06%
Pandanus Partner L.P.	Interest of controlled corporation (Note vii)	38,368,892 (L)	9.06%
Pandanus Associates Inc.	Interest of controlled corporation (Note viii)	38,368,892 (L)	9.06%
Citigroup Inc.	Interest of controlled corporation	37,529,177 (L)	8.86%
	Approved Lending Agent (Note ix)	37,527,210 (LP)	8.86%
Mr. Yuen Hoi Po	Beneficial Owner	24,985,333 (L)	5.90%
Fidelity China Special Situations PLC	Beneficial Owner	21,185,000 (L)	5.00%

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

(Continued)

Notes:

- (i) The letter "L" denotes the person's long position in the Shares and the letter "LP" denotes the person's lending pool position in the Shares.
- (ii) Wise Aloe Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in East Harvest Global Limited.
- (iii) Bell Haven Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Wise Aloe Limited. Bell Haven Limited is held as to 30.82% by Mr. Lo Ken Bon, and 22.09% by each of Mr. Madden Hugh Douglas and Mr. Chapman David James.
- (iv) Colour Day Limited is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in East Harvest Global Limited.
- (v) This represents the share options of the Company granted to Mr. Ko under the Company's share option scheme.
- (vi) Mr. Ko is deemed to be interested in the 187,536,194 ordinary shares of the Company held by East Harvest Global Limited under the SFO by virtue of its interests in Colour Day Limited.
- (vii) Pandanus Partner L.P. is deemed to be interested in the 38,368,892 ordinary shares of the Company in which FIL Limited has an interest under the SFO by virtue of its interests in FIL Limited.
- (viii) Pandanus Associates Inc. is deemed to be interested in the 38,368,892 ordinary shares of the Company in which Pandanus Partner L.P. has an interest under the SFO by virtue of its interests in Pandanus Partner L.P.
- (ix) Among 37,529,177 long position in the shares, 37,527,210 is in the lending pool while 1,967 are under interest of controlled corporation.

Save as disclosed above, at 30 June 2022, no other person (other than the Directors or chief executive of the Company whose interests are set out in the section titled "THE INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above) had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY

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

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

The following table discloses the movements in the Company's share options held by each of the directors, chief executive or substantial shareholders or their respective associates, and each of the employees and consultants providing similar services of the Company in aggregate granted under the 2012 Share Option Scheme during the period ended 30 June 2022:

Name or category of grantees	Date of grant of share options	Exercise Price HK\$	Validity Period	Number of share options					Balance as at 30 June 2022	Closing price of shares before the date of grant HK\$	Weighted average closing price of shares immediately before the date on which the share options were exercised HK\$
				Balance as at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Canceled during the period			
(i) Executive Directors											
Mr. Ko Chun Shun, Johnson	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	1,000,000	–	–	–	–	1,000,000	8.75	–
	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	3,200,000	–	–	–	–	3,200,000	7.99	–
Mr. Lo Ken Bon	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	2,000,000	–	–	–	–	2,000,000	8.75	–
	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	3,200,000	–	–	–	–	3,200,000	7.99	–
Mr. Madden Hugh Douglas	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	2,000,000	–	–	–	–	2,000,000	8.75	–
	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	3,200,000	–	–	–	–	3,200,000	7.99	–
Mr. Chapman David James	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	2,000,000	–	–	–	–	2,000,000	8.75	–
	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	3,200,000	–	–	–	–	3,200,000	7.99	–
Mr. Tiu Ka Chun, Gary	15 January 2020	7.45	15 January 2020– 21 August 2023 (Note 1)	200,000	–	–	–	–	200,000	7.45	–
	27 January 2021	14.39	27 January 2021– 22 August 2026 (Note 7)	600,000	–	–	–	–	600,000	13.80	–

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY (Continued)

Name or category of grantees	Date of grant of share options	Exercise Price HK\$	Validity Period	Number of share options					Balance as at 30 June 2022	Closing price of shares before the date of grant HK\$	Weighted average closing price of shares immediately before the date on which the share options were exercised HK\$
				Balance as at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Canceled during the period			
(ii) Independent Non-Executive Directors											
Mr. Chau Shing Yim, David	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	180,000	–	–	–	–	180,000	8.75	–
	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	300,000	–	–	–	–	300,000	7.99	–
Mr. Chia Kee Loong, Lawrence	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	200,000	–	–	–	–	200,000	7.99	–
Mr. Tai Benedict	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	150,000	–	–	–	–	150,000	8.75	–
	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	300,000	–	–	–	–	300,000	7.99	–
Directors in aggregate				21,730,000	–	–	–	–	21,730,000		
(iii) Associates of Directors											
Ms. Lau Ka Wing, Claudia (Note 5)	22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	488,111	–	–	–	–	488,111	8.75	–
	27 January 2021	14.39	27 January 2021– 22 August 2026 (Note 7)	80,000	–	–	–	–	80,000	13.80	–
Ms. Ko Wing Yan, Samantha (Note 6)	12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	300,000	–	–	–	–	300,000	7.99	–
Associates of Directors in aggregate				868,111	–	–	–	–	868,111		
(iv) Other employees											
22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	2,996,891	–	–	(283,465)	–	–	2,713,426	8.75	–
	18 January 2019	7.53	18 January 2019– 21 August 2023 (Note 1)	714,332	–	–	(332)	–	714,000	7.50	–
15 January 2020	7.45	15 January 2020– 21 August 2023 (Note 1)	100,000	–	–	–	–	100,000	7.45	–	
12 June 2020	7.99	12 June 2020– 23 August 2026 (Note 3)	6,416,667	–	–	(3,076,167)	–	3,340,500	7.99	–	
13 August 2020	10.99	13 August 2020– 22 August 2025 (Note 4)	1,551,000	–	–	–	–	1,551,000	10.56	–	
27 January 2021	14.39	27 January 2021– 22 August 2026 (Note 7)	2,575,000	–	–	(510,000)	–	2,065,000	13.80	–	
Other employees in aggregate			14,353,890	–	–	(3,869,964)	–	10,483,926			
(v) Other consultants											
22 August 2018	8.88	22 August 2018– 21 August 2023 (Note 1)	131,111	–	–	–	–	–	131,111	8.75	–
12 June 2020	7.99	12 June 2020– 22 August 2025 (Note 2)	300,000	–	–	–	–	–	300,000	7.99	–
27 January 2021	14.39	27 January 2021– 22 August 2026 (Note 7)	105,000	–	–	–	–	–	105,000	13.80	–
Others consultants in aggregate			536,111	–	–	–	–	–	536,111		
Total				37,488,112	–	–	(3,869,964)	–	33,618,148		

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY *(Continued)*

Notes:

1. The exercise period is (i) two-thirds of the options granted are exercisable from 22 August 2020 to 21 August 2023, and (ii) one-third of the options granted are exercisable from 22 August 2021 to 21 August 2023.
2. The exercise period is one-third of the options granted are exercisable from each of 22 August 2021, 22 August 2022 and 22 August 2023 to 22 August 2025.
3. The exercise period for 6,800,000 options granted is 19.61% of the options are exercisable from 22 August 2021 to 23 August 2025, 19.61% of the options are exercisable from 22 August 2022 to 23 August 2025, 50.49% of the options are exercisable from 22 August 2023 to 23 August 2025 and 10.29% of the options are exercisable from 22 August 2025 to 23 August 2026 and is subject to certain accelerated vesting condition relating to the market price on the trading volumes of the shares. While the exercise period for 200,000 options is (i) two-thirds of the options are exercisable from 22 August 2021 to 22 August 2025, and (ii) one-third of the options granted are exercisable from 22 August 2022 to 22 August 2025.
4. The exercise period is one-fifth of the options granted are exercisable from each of 22 August 2020, 22 August 2021, 22 August 2022, 22 August 2023 and 22 August 2024 to 22 August 2025.
5. Ms. Lau Ka Wing, Claudia is an employee of the Group and she is an associate of Mr. Lo Ken Bon, executive Director of the Group.
6. 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.
7. 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.
8. The vesting period of the share option is from the date of grant until the commencement of the exercise period.

OTHER INFORMATION

SHARE OPTION SCHEME OF THE COMPANY *(Continued)*

The number of share options available for grant under the 2021 Share Option Scheme mandate as at 30 June 2022 was 37,155,065 (1 January 2022: 37,155,065).

The following table discloses the movements in the Company's share options held by each of the directors, chief executive or substantial shareholders or their respective associates, and each of the employees and consultants providing similar services of the Company in aggregate granted under the 2021 Share Option Scheme during the period ended 30 June 2022:

Name or category of grantees	Date of grant of share options	Exercise Price (HK\$)	Validity Period	Number of share options					Balance as at 30 June 2022	Closing price of shares before the date of grant HK\$	Weighted average closing price of shares immediately before the date on which the share options were exercised HK\$
				Balance as at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Canceled during the period			
Other employees	8 October 2021	12.70	8 October 2021 – 22 August 2027 (Note 1)	1,500,000	-	-	(200,000)	-	1,300,000	12.70	-
Total				1,500,000	-	-	(200,000)	-	1,300,000		

Notes:

- The exercise period is one-fourth of the options granted are exercisable from each of 22 August 2022, 22 August 2023, 22 August 2024 and 22 August 2025 to 22 August 2027.
- The vesting period of the share option is from the date of grant until the commencement of the exercise period.

Please refer to Note 28 to the unaudited condensed consolidated interim financial statements for the value of the options granted and the assumptions adopted in the calculation of the fair value at the grant date.

Details of the movements in the share options of the Company during the Period are set out in Note 28 to the unaudited condensed consolidated interim financial statements.

OTHER INFORMATION

SHARE AWARD PLAN OF THE COMPANY

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

The total number of Awarded Shares which may be granted under the Share Award 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 2021. The maximum number of shares which can be granted shall be 21,122,974 shares, representing 4.99% of the shares in issue.

The number of Awarded Shares available for grant under the Plan mandate as at 30 June 2022 was 20,773,544 (1 January 2022: 21,122,974).

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

Name or category of participants	Date of grant of Awarded Shares	Vesting Period	Number of Awarded Shares					Unvested as at 30 June 2022	Closing price of Awarded Shares immediately before the date of grant HK\$	Weighted average closing price of shares immediately before the date of which the awards were vested HK\$	Fair Value of Awarded Shares immediately at the date of grant during the period HK\$
			Unvested as at 1 January 2022	Granted during the period	Vested during the period	Canceled during the period	Lapsed during the period				
(i) Other employees	20 February 2020	(Note 1)	33,333	-	-	-	-	33,333	7.40	-	-
	6 April 2020	(Note 2)	10,000	-	-	-	-	10,000	6.19	-	-
	13 August 2020	(Note 2)	1,293,375	-	-	-	-	1,293,375	10.82	-	-
	9 September 2020	(Note 3)	3,500	-	-	-	(3,500)	-	11.02	-	-
	1 December 2020	(Note 4)	33,245	-	-	-	-	33,245	14.60	-	-
	27 January 2021	(Note 3)	1,204,250	-	(153,500)	-	(297,000)	753,750	13.90	-	-
	7 April 2021	(Note 3)	15,000	-	-	-	-	15,000	15.50	-	-
	29 June 2021	(Note 3)	125,000	-	-	-	(80,000)	45,000	18.02	-	-
	7 July 2021	(Note 3)	30,000	-	-	-	-	30,000	18.68	-	-
	7 October 2021	(Note 5)	180,000	-	-	-	(30,000)	150,000	12.00	-	-
	8 October 2021	(Note 6)	560,000	-	-	-	(160,000)	400,000	12.90	-	-
	7 January 2022	(Note 7)	-	80,000	-	-	-	80,000	8.43	-	8.47
	4 April 2022	(Note 8)	-	328,001	-	-	(440)	327,561	7.1	-	7.14
7 April 2022	(Note 9)	-	140,000	-	-	-	140,000	6.85	-	6.86	
Other employees in aggregate			3,487,703	548,001	(153,500)	-	(570,940)	3,311,264			
(ii) Other consultants	4 April 2022 (Note 10)	(Note 8)	-	21,429	-	-	-	21,429	7.1	-	7.14
Other consultants in aggregate			-	21,429	-	-	-	21,429			
Total			3,487,703	569,430	(153,500)	-	(570,940)	3,332,693			

OTHER INFORMATION

SHARE AWARD PLAN OF THE COMPANY *(Continued)*

Notes:

1. The grant price is nil for all Awarded Shares.
2. Two-thirds of the Awarded Shares are vested on 4 September 2021 and one-third of the Awarded Shares are vested on 4 September 2022.
3. Two-thirds of the Awarded Shares are vested on 4 September 2022 and one-third of the Awarded Shares will be vested on 4 September 2023.
4. Among 2,237,000 Awarded Shares granted, in respect of 1,611,000 Awarded Shares, One-fourth of the Awarded Shares are vested on each of 4 September 2021, 4 September 2022, 4 September 2023 and 4 September 2024; in respect of 549,860 Awarded Shares, two-thirds of the Awarded Shares are vested on 7 April 2021 and one-third of the Awarded Shares are vested on 7 January 2022; in respect of 70,000 Awarded Shares, two-thirds of the Awarded Shares are vested on 4 September 2022 and one-third of the Awarded Shares will be vested on 4 September 2023 and the remaining 6,140 Awarded Shares are vested on 7 April 2021.
5. Among the 180,000 Awarded Shares granted, 123,500 Awarded Shares are vested on 4 September 2022 and 56,500 Award Shares will be vested on 4 September 2023.
6. In respect of 180,000 Awarded Shares, two-thirds of the Awarded Shares are vested on 4 September 2023 and one-third of the Awarded Shares will be vested on 4 September 2024; and in respect of 380,000 Awarded Shares, one-fourth of the Awarded Shares are vested on each of 4 September 2022, 4 September 2023, 4 September 2024 and 4 September 2025.
7. Among the 80,000 Awarded Shares granted, 18,500 Awarded Shares are vested on 4 September 2022, 20,500 Awarded Shares will be vested on each of 4 September 2023, 4 September 2024 and 4 September 2025.
8. All the 349,430 Awarded Shares will be vested on 13 January 2023.
9. Among the 140,000 Awarded Shares granted, 28,500 Awarded Shares are vested on 4 September 2022, 40,000 Awarded Shares will be vested on 4 September 2023, 37,500 Awarded Shares will be vested on 4 September 2024 and 34,000 Awarded Shares will be vested on 4 September 2025.
10. Randle, Jonathan James was granted 21,429 Awarded Shares on 4 April 2022. He has been providing strategic planning advice to build the digital asset platform and operational support applications using robust architectural practices and leading-edge software solutions. The Company believes that he will use his valuable experiences and specialised skillsets for the long-term business development of the Group's digital asset business segment, and that the grant of the Awarded Shares to him will (i) motivate his expected future contribution to the success and development of the Group; (ii) optimize his performance efficiency for the benefit of the Group; and (iii) give incentives thereto to retain his for continual operation and development of the Group.
11. Please refer to Note 2.22 of the 2021 Annual Financial Statements for the accounting policy adopted for Awarded Shares.

Details of the movements of the Awarded Shares of the Company during the Period are set out in Note 27 to the unaudited condensed consolidated interim financial statements.

OTHER INFORMATION

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 25 to the unaudited condensed consolidated interim financial statements, there were no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with all the Directors, each of the Directors confirmed that he has complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2022, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code from time to time, as set out in Appendix 14 to the Listing Rules.

All other information on the Corporate Governance Code of the Company have been disclosed in the Corporate Governance Report contained in the 2021 Annual Report of the Company issued in April 2022.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has adopted the terms of reference which are in line with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

Currently, the Audit Committee comprises three independent non-executive Directors of the Company namely Mr. Chau Shing Yim, David (Chairman), Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.

The Audit Committee together with the management has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022.

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

Hong Kong, 25 August 2022