BC TECHNOLOGY GROUP LIMITED
BC 科 技 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL & OPERATIONAL HIGHLIGHTS

- Group revenue and income increased 44.4% year-on-year (YoY) to HK$352.0 million
- OSL digital asset platform revenue increased 63.2% YoY to HK$277.7 million, mainly driven by:
  - ◆ OSL prime brokerage revenue* of HK$254.5 million, which increased 58.3% YoY
  - ◆ Service fees from software-as-a-service (“SaaS”) of HK$10.1 million, which increased 104.2% YoY
- OSL total platform trading volume increased 72.8% YoY to HK$306.1 billion
- Total clients assets-on-platform for OSL increased 44.2% YoY to HK$4.0 billion

* *OSL prime brokerage revenue refers to the combined revenue from over-the-counter (“OTC”) and intelligent Request for Quote (“iRFQ”) trading and digital assets lending*

The board (the "Board") of directors (the "Directors") of BC Technology Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021** ***HK$'000***	2020 *HK$'000* (Restated) *(Note 1.1)*
Continuing operations			
Income from principal activities:			
— Income from digital assets and blockchain platform business	*5*	**277,675**	170,157
— Revenue from advertising business		**27,681**	30,061
— Rental income from business park area management services		**46,663**	43,519
		352,019	243,737
Cost of revenue		**(49,390)**	(47,259)
Other income		**703**	6,458
Other losses, net		**(5,245)**	(6,354)
Selling and distribution expenses		**(88,180)**	(119,831)
Administrative and other operating expenses		**(536,495)**	(331,823)
(Provision)/reversal of provision for impairment losses on financial assets and contract assets, net		**(8,233)**	2,439
Operating loss		**(334,821)**	(252,633)
Finance income		**6,856**	10,352
Finance costs		**(34,409)**	(49,277)
Finance costs, net		**(27,553)**	(38,925)
Share of net loss of an associate accounted for using the equity method		**(5,434)**	–
Loss before income tax		**(367,808)**	(291,558)
Income tax expense	*6*	**(1,435)**	(2,036)
Loss from continuing operations		**(369,243)**	(293,594)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021** ***HK$'000***	2020 *HK$'000* (Restated) *(Note 1.1)*
Loss from continuing operations		**(369,243)**	(293,594)
Profit from discontinued operations (attributable to the owners of the Company)		**–**	2,389
Loss for the year		**(369,243)**	(291,205)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Currency translation differences on translation of foreign operations with a functional currency different from the Company's presentation currency		**10,387**	13,745
Release of exchange reserve upon disposal of subsidiaries		**–**	(315)
Other comprehensive income for the year		**10,387**	13,430
Total comprehensive loss for the year		**(358,856)**	(277,775)
Loss for the year attributable to:			
Owners of the Company			
— Loss from continuing operations		**(375,675)**	(281,134)
— Profit from discontinued operations		**–**	2,389
		(375,675)	(278,745)
Non-controlling interests			
— Profit/(loss) from continuing operations		**6,432**	(12,460)
		(369,243)	(291,205)

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	**2021** ***HK$'000***	2020 *HK$'000* (Restated) *(Note 1.1)*
Loss per share for loss from continuing operations attributable to the owners of the Company			
Basic (HK$ per share)	*8*	**(0.95)**	(0.90)
Diluted (HK$ per share)	*8*	**(0.95)**	(0.90)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company			
Basic (HK$ per share)	*8*	**(0.95)**	(0.89)
Diluted (HK$ per share)	*8*	**(0.95)**	(0.89)
Total comprehensive loss for the year attributable to:			
Owners of the Company			
— Loss from continuing operations		**(365,514)**	(267,949)
— Profit from discontinued operations		**–**	2,074
		(365,514)	(265,875)
Non-controlling interests			
— Profit/(loss) from continuing operations		**6,658**	(11,900)
		(358,856)	(277,775)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	**As at 31 December 2021 HK$'000**	As at 31 December 2020 *HK$'000* (Restated) *(Note 1.1)*	As at 1 January 2020 *HK$'000* (Restated) *(Note 1.1)*
ASSETS				
Non-current assets				
Property, plant and equipment		**154,574**	186,736	229,738
Intangible assets		**90,021**	52,548	56,917
Prepayments, deposits and other receivables		**19,577**	20,601	136,832
Digital assets due from counterparties		**–**	–	19,467
Investment accounted for using equity method		**19,017**	–	–
Financial assets at fair value through profit or loss		**25,013**	–	–
Deferred income tax assets		**5,402**	4,406	3,679
Total non-current assets		**313,604**	264,291	446,633
Current assets				
Digital assets	*9*	**3,519,909**	3,106,885	499,569
Contract assets		**13,168**	6,528	31,739
Trade receivables	*10*	**121,755**	20,654	38,157
Prepayments, deposits and other receivables		**73,244**	189,872	46,880
Digital assets due from counterparties		**–**	38,061	–
Cash held on behalf of licensed entity customers	*11*	**282,560**	–	–
Cash and cash equivalents		**954,519**	413,487	214,625
		4,965,155	3,775,487	830,970
Assets directly associated with assets classified as held for sale		**–**	–	2,939
Total current assets		**4,965,155**	3,775,487	833,909
Total assets		**5,278,759**	4,039,778	1,280,542

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2021

	Notes	**As at 31 December 2021 HK$'000**	As at 31 December 2020 HK$'000 (Restated) (Note 1.1)	As at 1 January 2020 HK$'000 (Restated) (Note 1.1)
LIABILITIES				
Non-current liabilities				
Deposits received and other payables		**17,258**	16,571	15,046
Collateral payables		**–**	–	25,392
Lease liabilities		**112,587**	151,803	186,528
Borrowings		**–**	79,451	294,104
Financial liability at fair value through profit or loss		**–**	–	6,773
Deferred income tax liabilities		**7,858**	8,983	10,632
Total non-current liabilities		**137,703**	256,808	538,475
Current liabilities				
Trade payables	*12*	**49,809**	51,477	46,139
Contract liabilities		**20,185**	7,391	2,860
Accruals and other payables		**116,809**	50,198	57,375
Collateral payables		**77,727**	179,559	10,301
Liabilities due to customers	*13*	**3,516,123**	2,801,429	555,087
Lease liabilities		**43,493**	38,112	33,347
Financial liability at fair value through profit or loss		**–**	–	15,130
Borrowings		**119,100**	486,866	84,267
Current income tax liabilities		**6,667**	7,551	3,987
		3,949,913	3,622,583	808,493
Liabilities directly associated with assets classified as held for sale		**–**	–	7,726
Total current liabilities		**3,949,913**	3,622,583	816,219
Total liabilities		**4,087,616**	3,879,391	1,354,694

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2021

	Notes	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000 (Restated) (Note 1.1)	As at 1 January 2020 HK$'000 (Restated) (Note 1.1)
EQUITY				
Equity attributable to owners of the Company				
Share capital	14	**4,233**	3,366	2,845
Other reserves		**2,371,575**	971,759	446,285
Accumulated losses		**(1,181,291)**	(806,066)	(526,510)
		1,194,517	169,059	(77,380)
Non-controlling interests		**(3,374)**	(8,672)	3,228
Total equity/(deficit)		**1,191,143**	160,387	(74,152)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. During the year, 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. 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 British Virgin Islands.

The consolidated financial statements are presented in thousands of Hong Kong dollars *(HK$'000)* unless otherwise stated.

1.1 Change of presentation currency

The consolidated financial statements were presented in Renminbi ("RMB") in prior years. Starting from 1 January 2021, the Directors considered that as a result of the Group's future internationalisation strategy and the source of funding, the Group has changed its presentation currency for the preparation of its consolidated financial statements from RMB to Hong Kong dollars ("HKD"). The Directors considered that the change of presentation currency to HKD enables the shareholders and potential investors of the Company to have a more accurate picture of the Group by aligning the Group's financial performance with its share price.

The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative figures have been restated to reflect the change in presentation currency to HKD accordingly. The Group has also presented the consolidated statement of financial position as at 1 January 2020 without related notes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards ("IFRSs") and Hong Kong Companies Ordinance ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with IFRSs and the disclosure requirements of HKCO Cap. 622. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Historical cost convention

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

(c) Amendments to standards and interpretation adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing on 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	COVID-19-related rent concessions

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.

(d) New amendments to standards and accounting guideline not yet adopted

Certain new amendments to standards and accounting guideline have been published that are not mandatory for financial year beginning on 1 January 2022 and have not been early adopted by the Group during the year ended 31 December 2021.

		Effective for accounting periods beginning on or after
Annual improvements	Annual improvements to IFRSs 2018–2020	1 January 2022
Amendments to IFRS 3, IAS 16, and IAS 37	Narrow-scope amendments	1 January 2022
Accounting guide 5	Revised accounting guide 5 Merger accounting for common control combination	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance contracts and the related amendments	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	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 and accounting guideline 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 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 (2020: four reporting segments, including discontinued operations) during the year. 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.

— Wireless advertising — provision of wireless advertising service in Mainland China (Note).

Note: The Board decided to discontinue the operation of wireless advertising business on 29 December 2016. In accordance with IFRS 5, the segment of wireless advertising service for the year ended 31 December 2020 was classified as discontinued operations in the Group's consolidated financial statements. During the year ended 31 December 2020, the segment of wireless advertising was disposed.

(a) For the year ended 31 December 2021

	Continuing operations				
	Digital assets and blockchain platform business *HK$'000*	Business park area management *HK$'000*	Traditional advertising *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Results					
Income from other sources:					
Trading of digital assets and net fair value loss on digital assets *(Note 5)*	252,250	–	–	–	252,250
Rental income from business park area management services	–	46,663	–	–	46,663
Revenue from contracts with customers:					
Revenue from advertising	–	–	27,681	–	27,681
Service fee from SaaS *(Note 5)*	10,114	–	–	–	10,114
Trading fee from automated trading service *(Note 5)*	6,778	–	–	–	6,778
Interest income from digital assets lending and other revenues *(Note 5)*	8,533	–	–	–	8,533
Segment results	276,079	23,692	2,858	–	302,629
Finance income	43	227	288	6,298	6,856
Finance costs	(5,186)	(11,978)	–	(17,245)	(34,409)
Provision for impairment losses on financial assets and contract assets, net	(2,176)	–	(6,057)	–	(8,233)
Share of net loss of an associate accounted for using the equity method	(5,434)	–	–	–	(5,434)
Unallocated expenses *(Note (ii))*	(438,738)	(4,894)	(6,228)	(179,357)	(629,217)
(Loss)/profit before income tax expense	(175,412)	7,047	(9,139)	(190,304)	(367,808)
Income tax (expense)/credit	–	(1,455)	20	–	(1,435)
(Loss)/profit for the year	(175,412)	5,592	(9,119)	(190,304)	(369,243)
Assets and liabilities					
Reportable segment assets *(Note (iii))*	4,881,203	153,646	51,309	192,601	5,278,759
Reportable segment liabilities *(Note (iii))*	3,763,793	115,392	19,612	188,819	4,087,616
Other segment information					
Depreciation and amortisation	9,783	21,735	726	30,005	62,249

(b) For the year ended 31 December 2020 (Restated *(Note 1.1)*)

	Continuing operations					Discontinued operations	
	Digital assets and blockchain platform business *HK$'000*	**Business park area management** *HK$'000*	**Traditional advertising** *HK$'000*	**Unallocated** *HK$'000*	**Sub-total** *HK$'000*	**Wireless advertising** *HK$'000*	**Total** *HK$'000*
Results							
Income from other sources:							
Trading of digital assets and net fair value gain on digital assets *(Note 5)*	157,512	–	–	–	157,512	–	157,512
Rental income from business park area management services	–	43,519	–	–	43,519	–	43,519
Revenue from contracts with customers:							
Revenue from advertising	–	–	30,061	–	30,061	–	30,061
Service fee from SaaS *(Note 5)*	4,952	–	–	–	4,952	–	4,952
Interest income from digital assets lending and other revenues *(Note 5)*	7,693	–	–	–	7,693	–	7,693
Segment results	169,008	23,588	3,882	–	196,478	–	196,478
Finance income	–	315	354	9,683	10,352	–	10,352
Finance costs	(5,800)	(12,639)	(53)	(30,785)	(49,277)	–	(49,277)
(Provision)/reversal of provision for impairment losses on financial assets and contract assets, net	(3,635)	–	6,074	–	2,439	–	2,439
Unallocated (expenses)/income *(Note (ii))*	(314,063)	(3,451)	(6,954)	(127,082)	(451,550)	2,389	(449,161)
(Loss)/profit before income tax expense	(154,490)	7,813	3,303	(148,184)	(291,558)	2,389	(289,169)
Income tax (expense)/credit	–	(2,568)	(235)	767	(2,036)	–	(2,036)
(Loss)/profit for the year	(154,490)	5,245	3,068	(147,417)	(293,594)	2,389	(291,205)
(Loss)/profit for the year from continuing operations	(154,490)	5,245	3,068	(147,417)	(293,594)	–	(293,594)
Profit for the year from discontinued operations	–	–	–	–	–	2,389	2,389
	(154,490)	5,245	3,068	(147,417)	(293,594)	2,389	(291,205)
Assets and liabilities							
Reportable segment assets *(Note (iii))*	3,522,724	147,473	75,281	294,300	4,039,778	–	4,039,778
Reportable segment liabilities *(Note (iii))*	3,333,607	125,876	25,017	394,891	3,879,391	–	3,879,391
Other segment information							
Depreciation and amortisation	678	20,271	975	37,683	59,607	–	59,607

Notes:

(i) All revenue and income was generated from external customers. There were no sales or other transactions between the business segments for the years ended 31 December 2021 and 2020.

(ii) Unallocated expenses and income mainly include salaries, rental expenses, consultancy and professional fees for head office and net of gain on disposal of discontinued operations.

(iii) Unallocated assets are mainly financial assets at fair value through profit or loss and cash and cash equivalents held by head office. Unallocated liabilities are mainly lease liabilities, borrowings and deferred tax liabilities.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

Disaggregation of revenue from contracts with customers

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Recognised over time:		
Revenue from advertising business	**27,681**	30,061
Service fee from SaaS *(Note 5)*	**10,114**	4,952
Interest income from digital assets lending *(Note 5)*	**2,237**	3,212
Others *(Note 5)*	**5,691**	4,481
Recognised at a point of time:		
Trading fee from automated trading service *(Note 5)*	**6,778**	–
Others *(Note 5)*	**605**	–

5 INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Income from digital assets and blockchain platform business:		
Trading of digital assets *(Note (a))*	**263,721**	149,133
Net fair value (loss)/gain on digital assets *(Note (a))*	**(11,471)**	8,379
Service fee from SaaS	**10,114**	4,952
Interest income from digital assets lending	**2,237**	3,212
Trading fee from automated trading service	**6,778**	–
Others	**6,296**	4,481
	277,675	170,157

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 asset 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.

6 INCOME TAX EXPENSE

The corporate income tax in Mainland China has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits for the year. 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 year ended 31 December 2021 (2020: same).

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

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Continuing operations		
Current tax:		
Mainland China corporate income tax	**3,619**	4,542
Over-provision in prior years:		
Mainland China corporate income tax	**(20)**	–
Deferred income tax	**(2,164)**	(2,506)
Income tax expense	**1,435**	2,036

7 DIVIDENDS

The Directors did not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

8 LOSS PER SHARE

For continuing and discontinued operations

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

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Loss from continuing operations:		
Loss for the year attributable to owners of the Company	**375,675**	278,745
Add: Profit for the year from discontinued operations (attributable to owners of the Company)	**–**	2,389
Loss for the year from continuing operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	**375,675**	281,134

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

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Loss from continuing and discontinued operations:		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	**375,675**	278,745

	2021	2020
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**395,896,435**	314,026,487

	HK$	*HK$*
		(Restated)
		(Note 1.1)
Loss per share for loss from continuing operations attributable to the owners of the Company		
Basic (per share)	**(0.95)**	(0.90)
Diluted (per share)	**(0.95)**	(0.90)
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company		
Basic (per share)	**(0.95)**	(0.89)
Diluted (per share)	**(0.95)**	(0.89)

Basic and diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

The share options, share awards and a warrant granted by the Company could have potential dilutive effect on the loss per share. During the year ended 31 December 2021, the share options, share awards and a warrant granted by the Company (2020: same) had anti-dilutive effect to the Group as the assumed conversion of these instruments would result in a decrease in loss per share.

9 DIGITAL ASSETS

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Digital assets:		
— Held in own wallets of the Group	**3,518,356**	3,088,329
— Digital assets held on exchange institutions *(Note)*	**1,553**	18,556
	3,519,909	3,106,885

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 assets balance, it included digital assets held by the Group in designated customer accounts under various contractual arrangements approximately HK$2,798,874,000 (2020: HK$2,524,509,000) (Note 13). It also included the Group's proprietary digital assets of approximately HK$721,035,000 (2020: HK$582,376,000). The balance is measured at fair value through profit or loss.

As at 31 December 2021, there were certain digital assets with fair value of approximately HK$523,699,000 received from and held on behalf of clients by OSL Digital Securities Limited ("OSLDS"), a wholly owned subsidiary of the Company and a Hong Kong Securities and Futures Commission ("SFC") licensed corporation, are safekeeping in segregated client wallets through a trust arrangement with BC Business Management Services (HK) Limited which is the associated entity of OSLDS under the Securities and Futures Ordinance. Based on the client terms and conditions entered between OSLDS and its clients ("OSLDS Client T&C"), these digital assets held in segregated wallets are not recognised as the Group's digital assets and hence no corresponding digital assets liabilities under these arrangements.

As at 31 December 2020, digital assets balance of approximately USD2,300,000, equivalent to approximately HK$17,829,000 represented digital assets held on a trading account with a third party digital assets exchange ("Third Party Trading Platform") for the purpose of hedging risks arising from the digital asset trading business of a subsidiary of the Group. Due to inquiries by a governmental agency having jurisdiction over the Third Party Trading Platform, the Group's access to the trading account with the Third Party Trading Platform had been put on hold. The underlying digital assets held on the trading account comprised mainly Bitcoin and other stablecoins which continued to be measured at fair value at the end of the reporting period. The corresponding digital assets have been retrieved from the Third Party Trading Platform during 2021 and nil balance was held at that platform at 31 December 2021.

10 TRADE RECEIVABLES

	2021 ***HK$'000***	2020 *HK$'000* (Restated) *(Note 1.1)*
Trade receivables from business park area management services	**6,076**	5,859
Less: Loss allowance	**(6,076)**	(5,859)
Trade receivables from advertising business	**7,495**	13,540
Less: Loss allowance	**(7,383)**	(1,385)
	112	12,155
Trade receivables from digital assets and blockchain platform business	**123,071**	14,869
Less: Loss allowance	**(1,428)**	(6,370)
	121,643	8,499
Trade receivables	**121,755**	20,654

For the advertising services, the Group may take up to 360 days to issue billing to the customers after service delivery and further grants a credit term of generally 30 to 60 days (2020: 30 to 90 days) 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 action is taken to recover overdue debts.

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

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
0 –30 days	**117,391**	13,998
31–90 days	**2,265**	6,435
91–180 days	**402**	–
181–365 days	**1,697**	–
Over 365 days	**–**	221
	121,755	20,654

11 CASH HELD ON BEHALF OF LICENSED ENTITY CUSTOMERS

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

12 TRADE PAYABLES

Trade payables are unsecured and are normally with credit terms of 90–180 days.

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

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
0–30 days	**37,431**	43,999
31–90 days	**2,117**	1,727
91–180 days	**2,170**	754
181–365 days	**7,915**	2,931
Over 365 days	**176**	2,066
	49,809	51,477

13 LIABILITIES DUE TO CUSTOMERS

	2021	2020
	HK$'000	*HK$'000*
		(Restated)
		(Note 1.1)
Liabilities due to customers		
— Fiat currency liabilities		
— Customers under licensed entity	**282,554**	–
— Others	**434,695**	276,920
— Digital assets liabilities	**2,798,874**	2,524,509
	3,516,123	2,801,429

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, OSLDS 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 OSLDS's clients with fair value of approximately HK$523,699,000, they are kept in segregated wallets and are not recognised as the Group's digital assets and hence no corresponding digital assets liabilities under these arrangements.

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

14 SHARE CAPITAL

	2021		2020	
	Number of shares	***HK$'000***	Number of shares	*HK$'000* (Restated) *(Note 1.1)*
Authorised:				
Ordinary shares of HK$0.01 each at 1 January 2020 and 31 December 2020 and 2021	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At the beginning of the year	**336,621,033**	**3,366**	284,483,913	2,845
Issuance of new shares *(Notes a and b)*	**79,673,360**	**797**	49,164,687	492
Issuance of new shares upon the conversion of a convertible note *(Note c)*	**–**	**–**	1,638,655	16
Exercise of share options *(Note d)*	**6,953,091**	**70**	1,333,778	13
At the end of the year	**423,247,484**	**4,233**	336,621,033	3,366

Notes:

(a) On 5 January 2021, the Company allotted and issued a total of 45,000,000 ordinary shares at a subscription price of HK$15.50 per share to no less than six independent placees through a placing and top up subscription agreement with East Harvest Global Limited as vendor and Morgan Stanley & Co. International PLC as agent. Upon the issuance of the shares, HK$450,000 was credited to share capital and HK$657,549,000 was credited to share premium. On 11 June 2021, the Company placed a total of 31,952,500 ordinary shares at a price of HK$17.00 per share to one placee. Upon the issuance of the shares, HK$320,000 was credited to share capital and HK$534,410,000 was credited to share premium. (2020: On 24 January 2020, the Company allotted and issued 43,100,000 ordinary shares at a subscription price of HK$6.50 per share to 7 subscribers. Upon the issuance of the shares, HK$431,000 was credited to share capital and HK$279,719,000 was credited to share premium.)

(b)(i) 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 share award plan adopted on 21 August 2018, to recognise and reward the contribution of directors, employees and consultants for providing similar services to the Group. The Board applied HK$27,000, in the share premium account of the Company to issue new shares credited as fully paid to the trustee. (2020: the Company issued 5,013,474 new shares at HK$0.01 for each share to the Trustee on 15 January 2020 and 13 August 2020, pursuant to the share award plan adopted on 21 August 2018, to recognise and reward the contribution of directors, employees and consultants providing similar services to the Group. The Board applied HK$50,000, in the share premium account of the Company to issue new shares credited as fully paid to the trustee.)

(b)(ii) On 6 July 2020, the Company allotted and issued 1,051,213 ordinary shares of the Company to J Digital 5 LLC at a consideration of HK$7,800,000 and the subscription consideration was used to set off against the repurchase costs of the warrant issued during the year ended 31 December 2018. Consequently, HK$11,000 was credited to share capital and HK$7,789,000 was credited to share premium.

(c) On 23 December 2020, J Digital 5 LLC exercised the conversion right to fully convert the convertible note into 1,638,655 ordinary shares of the Company at a conversion price of HK$9.52 per share. Consequently, HK$16,000 was credited to share capital and HK$16,281,000 was credited to share premium.

(d) During the year ended 31 December 2021, 6,953,091 share options were exercised by the employees and consultants providing similar 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. (2020: 1,333,778 share options were exercised by the employees and consultants providing similar services to the Company and its subsidiaries. Consequently, HK$13,000 was credited to share capital and HK$14,934,000 was credited to share premium.)

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL EVENTS

Placing of Existing Shares and Top-up Subscription of New Shares under General Mandate

On 5 January 2021, the Company and East Harvest Global Limited (the "Vendor") entered into the placing and subscription agreement (the "Placing and Subscription Agreement") with Morgan Stanley & Co International PLC ("Morgan Stanley") pursuant to which Morgan Stanley agreed to act as agent for the Vendor to place a total of 45,000,000 placing shares ("January Placing Shares") owned by the Vendor at a price of HK$15.50 per placing share (the "January Placing") to no less than six independent placees ("January Placees").

The January Placees were professional, institutional or other investors approved, selected and/or procured by or on behalf of Morgan Stanley as contemplated by the Placing and Subscription Agreement, who and whose respective ultimate beneficial owners were third parties independent of the Company and its connected persons and who would not become substantial shareholders of the Company after completion of the January Placing. The Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Vendor 45,000,000 new ordinary shares ("January Subscription Shares") at the subscription price, which was equal to the placing price (the "January Subscription"). The closing price of Subscription Shares on the date of entering the Placing and Subscription Agreement (i.e. 5 January 2021), was HK$19.22 per January Subscription Share. The aggregate nominal value of the 45,000,000 subscription shares was HK$450,000.

The Company considered that the January Placing and the January Subscription represented an opportunity to raise capital for the Group while broadening its shareholder base and that it would also strengthen the financial position of the Group for the expansion of the Group's digital assets and blockchain platform business.

The gross proceeds and the received net proceeds from the January Subscription were approximately HK$697.5 million and approximately HK$658.0 million, respectively. The Company intends to use the net proceeds as to (i) approximately HK$40.0 million for developing and enhancing platform technology of digital asset platform business; (ii) approximately HK$225.0 million for maintaining sufficient liquid capital to satisfy the SFC licence requirement of the licensed entity and the expansion of prime brokerage business; (iii) approximately HK$293.0 million for operating working capital including rental expenses, staff costs, marketing and IT expenses, other general expenses and professional fees; and (iv) approximately HK$100.0 million for potential future acquisition and general working capital of the Group. The net price per January Subscription Share was approximately HK$14.62.

For details, please refer to the Company's announcement dated 6 January 2021.

Placing of New Shares under General Mandate

On 11 June 2021, the Company and Macquarie Capital Limited ("Macquarie") entered into the placing agreement (the "Placing Agreement") pursuant to which the Company appointed Macquarie to place a total of 31,952,500 new ordinary shares ("June Placing Share") at a price of HK$17.00 per June Placing Share ("June Placing").

The Company considers that the June Placing represents an opportunity to raise capital for the development and furtherance of the Group's business and will also strengthen the financial position of the Group for the development and expansion of the Group's digital assets and blockchain platform business.

The closing price on the last trading day prior to signing of the Placing Agreement for June Placing Shares (i.e. 10 June 2021) was HK$19.26 per share. The aggregate nominal value of the June Placing Shares was HK$319,525. The June Placing Shares were placed to one placee, namely GIC ("GIC"). GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. Headquartered in Singapore, GIC has investments in over 40 countries and employs over 1,800 people across 10 offices in key financial cities worldwide.

The gross proceeds from the June Placing were approximately HK$543.2 million. The received net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the June Placing, were approximately HK$534.7 million, representing a net issue price of approximately HK$16.74 per June Placing Share.

The Company intends to use the net proceeds from the June Placing as to (i) approximately HK$198.0 million for IT-related costs including digital transformation, developing and enhancing platform technology of digital asset platform business; (ii) approximately HK$236.0 million for operating working capital other than IT-related costs including rental expenses, staff costs, marketing expenses, other general expenses and professional fees; and (iii) approximately HK$100.0 million as reserves for future expansion in markets including the United Kingdom ("UK"), Singapore and the Americas.

For details, please refer to the Company's announcement dated 11 June 2021.

Establishment of Institutional Digital Asset Trading Venue in Partnership with Standard Chartered

On 2 June 2021, the Group entered into a partnership with SC Ventures, the innovation and ventures unit of Standard Chartered, to jointly establish a digital asset brokerage and exchange platform for institutional and corporate clients in the UK and Europe (the "Joint Venture Company" or "Zodia Markets").

Based in the UK, and initially targeting the European market, the Joint Venture Company will connect institutional traders to counterparts across markets, delivering access to deep pools of liquidity in Bitcoin, Ether and other digital assets.

For details, please refer to the Company's announcement dated 2 June 2021.

REVIEW OF RESULTS

Change of presentation currency

The consolidated financial statements were presented in RMB in prior years. Starting from 1 January 2021, the Directors considered that as a result of the Group's forward-looking internationalisation strategy and potential sources of funding, the Group changed its presentation currency for the preparation of its consolidated financial statements from RMB to HKD. The Directors considered that the change of presentation currency to HKD enables shareholders and potential investors of the Company to have a more accurate picture of the Group by aligning the currency presentation of the Group's financial performance with its share price.

The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated in HKD. The Group has also presented its consolidated statement of financial position as at 1 January 2020 without related notes.

Overall Performance

For the year ended 31 December 2021 (the "Year" or "FY2021"), the Group recorded total revenue and income of HK$352.0 million, representing an increase of approximately 44.4%, or HK$108.3 million, from HK$243.7 million for the year ended 31 December 2020 ("FY2020"), driven by an increase in trading income from the OSL digital asset and blockchain platform business.

The operating loss of the Group was HK$334.8 million for the Year, representing an increase of HK$82.2 million or 32.5%, from net operating loss of HK$252.6 million for FY2020.

The net loss of the Group increased from HK$291.2 million for FY2020 to HK$369.2 million for the Year, an increase of HK$78.0 million or 26.8%.

Loss per share of the Group for the Year was HK$95 cents (FY2020: HK$89 cents).

Digital Assets and Blockchain Platform Business: OSL

The OSL digital asset and blockchain platform business started in August 2018 and has grown substantially in the following years, maintaining its status as the largest business revenue and income contributor to the Group. During the Year, the digital assets and blockchain platform business generated income of HK$277.7 million, which was up 63.2% as compared to income of HK$170.2 million in FY2020. The significant 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 revenue, exchange revenues, service fee from SaaS and income from other digital asset and blockchain platform related business were HK$254.5 million, HK$8.3 million, HK$10.1 million and HK$4.8 million, respectively.

Advertising and Business Park Area Management Services Businesses

Revenue from the advertising business for the Year was HK$27.7 million, a decline of HK$2.4 million or 7.9% as compared with FY2020.

Rental income from business park area management services for the Year was HK$46.7 million, representing an increase of HK$3.1 million as compared to HK$43.5 million in FY2020.

During the Year, 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 Year increased from HK$46.1 million in FY2020 to HK$47.8 million, representing an increase of 3.6%.

The gross profit for advertising and business park area management services for the Year and FY2020 was HK$26.6 million and HK$27.5 million, respectively. The Group's gross profit margin for the advertising and business park area management services businesses was 35.7% (FY2020: 37.3%). The decrease was mainly attributable to the advertising business, which incurred additional costs due to increased market competitiveness in the second half of the Year.

Selling and Distribution Expenses

Selling and distribution expenses decreased by HK$31.7 million from HK$119.8 million for FY2020 to HK$88.2 million for the Year. The decrease was mainly attributable to the decrease in warrant expenses incurred for the Year. The intention of the warrant is to promote liquidity within the Group's trading platforms by encouraging trading activities of J Digital 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 Year increased by HK$204.7 million to HK$536.5 million as compared to FY2020. The increase was mainly due to an increase in staff costs resulting from the increase in the number of employees from 144 to 239 and an increase in expenditures 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 Year, out of employee benefit expenses (including research and development costs), HK$5.4 million was mainly capitalised as contract assets associated with the assignment of an intellectual property to Zodia Markets. The research and development cost was driven by the Group's expansion of its technical capabilities and resources in the digital asset and blockchain industry.

Net Loss

Net loss of the Group for the Year was HK$369.2 million, an increase of HK$78.0 million as compared with HK$291.2 million for FY2020. Despite the significant increase in income from the digital assets and blockchain platform business for the Year, the increase in net loss was primarily due to the expansion of the Group's digital assets and blockchain platform business globally.

Human Resources Cost

As at 31 December 2021, the Group had a total of 239 employees in Hong Kong, Singapore, the UK, the Americas and Mainland China (FY2020: 144 employees). The total staff cost during the Year was HK$356.2 million (FY2020: HK$221.6 million). The increase in staff cost was mainly due to the increase in the number of employees to service and grow the expanding global digital asset and blockchain platform business.

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 granted 5,000,000 share options during the Year, in which 3,500,000 share options were granted under 2012 Share Option Scheme on 27 January 2021 and 1,500,000 share options were granted under 2021 Share Option Scheme on 8 October 2021 (FY2020: 24,838,500).

The Company also adopted the 2018 Share Award Plan to recognise and reward the contributions of certain employees and persons to the growth and development of the Group and to provide them with incentives in order to retain them for the continual operation of the Group and to attract suitable personnel for further development of the Group.

The Company granted 2,720,860 new shares ("Awarded Shares") under its 2018 Share Award Plan during the Year, in which 2,160,860 Awarded Shares were granted on 27 January 2021 and 560,000 were granted on 8 October 2021 (FY2020: 5,013,474).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2021 , the Group recorded total assets of HK$5,278.8 million (31 December 2020: HK$4,039.8 million), total liabilities of HK$4,087.6 million (31 December 2020: HK$3,879.4 million) and total shareholder equity of HK$1,191.1 million (31 December 2020: total shareholder equity of HK$160.4 million). As at 31 December 2021, the gross gearing ratio (defined as total liabilities over total assets) was approximately 77.4% (31 December 2020: 96.0%).

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

As of 31 December 2021, total borrowing amounted to HK$119.1 million (31 December 2020: HK$566.3 million). The Group's borrowing comprised other loans denominated in HKD and USD. HK$119.1 million (31 December 2020: HK$420.2 million) borrowing was interest bearing with interest rates ranging from 3% to 8% per annum (31 December 2020: 3% to 8% per annum). The remaining borrowing as at 31 December 2020 were non-interest bearing.

HK$64.1 million (31 December 2020: HK$250.1 million) borrowing was secured by digital assets (31 December 2020: secured by RMB deposits or digital assets). As at 31 December 2021, the Group was in a net current assets position (31 December 2020: net current assets position).

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 risk. During the Year, the Group continued to adopt a conservative approach in financial risk management and did not employ any material financial instrument for hedging purposes. Most of the assets, receipts and payments of the Group were denominated in RMB, HKD and USD.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group currently operates in Hong Kong, Singapore, the Americas 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 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 Year. 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 Year, the Group did not have any material acquisitions or disposals of subsidiaries.

Charge on the Group's Assets

As of 31 December 2021, the Group pledged digital assets of 496 Bitcoin (31 December 2020: digital assets of 2,090 Bitcoin and RMB deposits of HK$149.4 million).

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

In June 2021, BC HoldCo I Limited, a wholly-owned subsidiary of the Company, entered into agreements with an independent third party in relation to the subscription of 24.99% equity interest in Zodia Markets Holdings Limited, which was a new entity incorporated in the UK. As at 31 December 2021, the Group's total commitment contracted but not provided for investment in an associate was USD1.75 million (equivalent to approximately HK$13.6 million) which is subject to fulfilment of certain conditions.

Contingent Liabilities

As at 31 December 2021 and 31 December 2020, the Group did not have any significant contingent liabilities.

BUSINESS REVIEW AND PROSPECTS

Overview

As the global economy began to recover from the impact of COVID-19 variants, and markets saw increased uncertainty as a result of macroeconomic and geopolitical events, the Group experienced substantial growth in FY2021 in-line with its core strategic objectives.

Group revenues and income were HK$352.0 million for the Year, an increase of 44.4% from HK$243.7 million for FY2020. The OSL digital asset platform led the Group's growth, with income of HK$277.7 million for the Year, an increase of 63.2% YoY from HK$170.2 million in FY2020.

The OSL digital asset platform aims to lead the global regulated, institutional evolution of the digital asset market, and in FY2021 made major strides in pursuit of this objective in terms of business milestones, financial performance and operational excellence.

Since its inception in 2018, OSL has grown rapidly, becoming the best performing business and largest revenue contributor for the Group. Continuing this trend in FY2021, OSL income comprised 78.9% of all Group income and revenue, up from 69.8% in FY2020.

In January 2021, the Group successfully raised approximately HK$697.5 million in a top-up share placement led by Morgan Stanley as the sole placing agent. The placement included a significant investment from a tier-1 international financial firm and several other institutional investors. This was followed by a second share placement in June 2021 for approximately HK$543.2 million led by Macquarie as the placing agent, with Singapore's GIC as the sole placee.

Also in June 2021, the Group and SC Ventures, the innovation and ventures unit of Standard Chartered, announced a joint venture partnership to establish Zodia Markets, a digital asset brokerage and exchange platform for institutional and corporate clients in the UK and Europe. Former Group Chief Information Officer Usman Ahmad is now Zodia Markets CEO, and Nick Philpott, formerly of SC Ventures, is Zodia Markets COO.

On 3 March 2021, the Group announced that it signed an memorandum of understanding ("MOU") with Venture Smart Asia Limited ("VSAL"), a Hong Kong-licensed asset manager and investment advisory firm, to provide brokerage and related services for VSAL's Hong Kong-regulated digital asset funds (the DigiTrackers Bitcoin and the Arrano Alpha Fund). The agreement was the first collaboration between the first SFC-approved digital asset manager and the parent of OSLDS, the first SFC-licensed brokerage and exchange in Hong Kong.

In a Hong Kong-first on 15 March 2021, the Group's OSLDS unit announced its official go-live with the execution of the first customer trades via its licensed trading desk, breaking new ground for financial services in Asia. In another Hong Kong-first on 4 June 2021, OSLDS conducted the first regulated security token trades with the Blockchain Capital (BCAP) token.

In July 2021, the Group entered into a mutual collaboration agreement with ZA International, under which OSL became the exclusive digital asset trading partner to ZA international. As part of the collaboration, OSL leverages ZA International's advanced proprietary technologies in areas such as facial recognition and machine learning to enhance the user experience of its trading platform.

Throughout FY2021, OSL also expanded its geographic footprint and dramatically grew its product and services offering. This included: the launch of a dedicated digital asset prime brokerage in the Americas; the expansion of access to the OSL Exchange to customers in the Americas; securing a Money Services Business registration from the United States Department of the Treasury's Financial Crimes Enforcement Network (FinCEN); and the growth of the OSL global token universe to over 20 total top-tier tokens across the platform.

This global expansion was supported by a number of hires across the business, with OSL adding more than 90 employees during the Year, including core senior hires in Hong Kong, Singapore, the Americas and the UK.

The Group also saw several milestones in Environmental, Social & Governance ("ESG") during the Year, including successfully offsetting three years of its carbon footprint, a strategic investment in carbon blockchain and tokenization ESG firm Allinfra, and the completion of a comprehensive materiality assessment for FY2021.

The Group's Mainland China-based non-digital asset business was stable during the Year. Overall revenues for this business were HK$74.3 million for the Year, a slight increase of 1.0% from HK$73.6 million in FY2020.

In 2021, the Group further strengthened its position as a leader in regulated digital assets, rapidly growing its global reach and accelerating the financial performance of its OSL platform. At the same time, global regulation of digital assets continued to gain momentum, as evidenced by recent guidance in global-leading financial markets such as Hong Kong, Singapore and the United States. With its specialist expertise in regulatory compliant digital asset trading and prime brokerage, as well as its unique SaaS offering, the Group is confident that the OSL digital asset platform will continue to scale as the digital asset sector becomes further integrated into the global financial services ecosystem.

OSL: The Group's digital asset and blockchain platform business

During the Year, the OSL digital asset and blockchain platform business continued to drive revenues for the Group, maintaining its track record of success from the previous two years.

Overall digital asset platform volumes were up by 72.8% YoY to HK$306.1 billion from HK$177.1 billion in FY2020. Total clients assets-on-platform for OSL were up 44.2% YoY to HK$4.0 billion from HK$2.8 billion in FY2020, and active platform customers increased by 424.2% compared to the same period the previous year.

The OSL digital asset platform comprises two main business segments: a digital asset services business (exchange, prime brokerage and custody), and a digital asset technology infrastructure business (SaaS).

The OSL digital asset services business generates income through trade commissions, fees or trading spreads from clients who buy and/or sell digital assets through the platform. Current clients include high-net-worth-individuals and professional investors. In FY2021, OSL's institutional-focused trading business generated the majority of revenues for the platform.

For the digital asset services business, OSL Prime Brokerage revenue, which is the combined revenue from OTC and iRFQ trading and digital assets lending, was up 58.3% YoY to HK$254.5 million in FY2021 from HK$160.7 million in FY2020. OSL digital asset brokerage OTC trading volumes were also up 10.8% to HK$172.5 billion from HK$155.7 billion in FY2020 and iRFQ trading volumes up 289.5% YoY to HK$63.8 billion in FY2021 from HK$16.4 billion in FY2020. Exchange trading volume was also up 1,206.0% YoY to HK$52.8 billion in FY2021 from HK$4.0 billion in FY2020.

The OSL digital asset technology infrastructure business provides technology to banks and asset managers that enables them to provide digital asset trading services to clients. This business generates revenues through: implementation fees, customised revenue share models, recurring service fees and professional services fees. Current clients included major multinational banks, asset managers and other businesses that provide digital asset trading platforms to their clients.

SaaS trading volume increased 1,630.0% YoY to HK$17.1 billion in FY2021 from HK$1.0 billion in FY2020. Services fee from SaaS increased 104.2% YoY to HK$10.1 million in FY2021 from HK$5.0 million in FY2020. Revenues for the SaaS business are expected to increase at a more rapid pace throughout the year ended 31 December 2022 ("FY2022") as client platforms builds are completed and larger engagements go-live in the first half of 2022.

FY2021 saw the OSL digital asset platform continue its market outperformance from the previous two years. Throughout the Year, the Group made significant investments in the OSL digital asset business in terms of operational excellence, technology, marketing, regulatory compliance, human capital and geographical reach. This has set the stage for a new chapter of growth and for OSL to further scale in FY2022.

Mainland China-based businesses

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 Year, the property was fully leased and occupied, and rental income was HK$46.7 million, representing an increase of 7.2% compared to HK$43.5 million in FY2020. This was mainly attributable to the appreciation of exchange rates of RMB against HKD.

The Group's advertising business includes the provision of professional and customised one-stop integrated marketing communication services to customers 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 customers are from the automotive industry.

The Group's advertising business revenues declined 7.9% from HK$30.1 million in FY2020 to HK$27.7 million during the Year. This was the result of a continuous loss of customers due to keen competition, especially from on-line advertising.

RISK DISCLOSURES

The Group operates in three main business segments, including a digital asset 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.

(a) Business Development and the Associated Risks in 2021

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

Management considers the risks and uncertainties associated with the digital assets and blockchain platform business largely related to information technology, safekeeping of digital assets, fluctuation of asset prices, compliance, and the ever-evolving nature of the markets. As the industry continues to grow, the Group has been implementing an operational infrastructure to support business development and growth. These initiatives include identifying physical locations, expanding IT infrastructure and hiring additional management personnel with an emphasis on experience in legal, regulatory, compliance, risk, financial reporting, operations and technology development.

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

(i) Regulatory Risk in Relevant Jurisdictions

The Group's digital asset trading businesses currently operate in Hong Kong, Singapore and the Americas.

In Hong Kong, the SFC has implemented a licensing regime for the regulation and licensing of digital asset trading platforms. On 15 December 2020, OSLDS, a wholly owned subsidiary of the Group, was granted a licence (for Types 1 and 7 Regulated Activities) by the SFC to operate a regulated brokerage and automated trading service for digital assets in Hong Kong, and began to provide its trading and related services to professional investors in Hong Kong in March 2021.

In Singapore, the Payment Services Act ("PSA") went into effect on 28 January 2020. OSL SG Pte Limited ("OSLSG"), a Singapore-based wholly owned subsidiary of the Group, submitted a notification to the Monetary Authority of Singapore ("MAS") that it is providing digital payment token services in Singapore and submitted an application for a licence. OSLSG is currently in the licence application process, and, pending approval of its application by the MAS, is exempt from holding a licence under the PSA.

In addition, OSL Digital Limited, a wholly owned subsidiary of the Group incorporated in the British Virgin Islands, provides digital asset trading services to certain Latin American and certain North American clients. The provision of digital asset services is currently unregulated in the British Virgin Islands and certain Latin American jurisdictions; in the United States of America, OSL Digital Limited was registered as a Money Services Business in November 2021 with the Financial Crimes Enforcement Network, Department of the Treasury of the United States of America.

In light of the licence in Hong Kong, the pending licence application in Singapore, the Money Services Business registration in the United States of America and ongoing regulatory developments across the globe, the Group's digital asset trading businesses are and will continue to be subjected to the stringent regulatory compliance requirements in each relevant jurisdiction in which the Group may operate. This includes, for example, Anti-Money Laundering ("AML") systems and controls, and in the case of Hong Kong and Singapore, requirements for minimum capital and liquid assets, business continuity, client asset protection, periodic reporting and financial and compliance audits.

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

To manage the enhanced risks and compliance frameworks associated with licensing, the Group has expended substantial resources to build a strong team of experienced legal, risk and compliance professionals, who are responsible for oversight of all business activities with respect to prevailing and potential regulatory frameworks applicable to the Group.

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

(ii) Price Risk of Digital Assets

The Group holds digital assets in order to facilitate and support the settlement process of the digital asset trading business. Price volatility of digital assets may cause significant impact to the Group's performance. To manage these risks, the level of digital asset holdings is controlled by limits based on volatility, position size and liquidity, as approved by the Risk Committee and as overseen by the Group's Risk Department. During times of heightened price volatility, the Group may choose to reduce its digital asset exposure either by selling down or entering into hedge transactions such as futures contracts. Additionally, the Group has implemented policies for the review and assessment of each type of digital assets that may be admitted for trading via its trading services, and such reviews and assessments take into account various characteristics, such as the assets underlying technology infrastructure, transparency of provenance, ability to monitor for AML and Counter-Financing of Terrorism risks, liquidity and price volatility.

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

(iii) Risks Related to Safekeeping of Assets

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

To mitigate such risks, the Group has implemented guidelines and risk control protocols to adjust the level of digital assets maintained in "hot" wallets required to facilitate settlement. The Group has developed a proprietary digital asset wallet solution with comprehensive security controls and risk mitigation processes in place. Control procedures cover wallet generation, day-to-day wallet management and security, as well as monitoring and safeguarding of the Group's "hot" and "cold" wallets and public and private keys. In 2021, the Group continued to maintain insurance cover from third-party insurance providers covering both its "hot" and "cold" wallets.

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

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

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

(v) Technology Leakage Risk

The Group's key competitive advantage lies in its blockchain-related technology IP and trade secrets. Should its IP and trade secrets be compromised, the Group could face risks in its ability to remain competitive and execute its strategy.

Technology leakage risks are mitigated by controls of information, ability to defend against intrusion into the Group's technology infrastructure, IP protection and prevention of leakage of sensitive data.

(vi) Information Security Risks

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

To mitigate such risks, the Group's dedicated security team has implemented security controls including but not limited to multi-factor authentication, data and network segregation, system redundancy and encrypted backups, segregation of duties, least privilege principal, event monitoring and incident response.

(vii) New Product Risk

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

(viii) Credit Risk

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

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

(ix) Business Continuity

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

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

(x) Operational Risk

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

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

(xi) Performance Risk

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

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

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

(xii) Investment Risk

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

PROSPECTS

During the Year, the Group strengthened its financial position through two share placements and further enhanced its leadership in the digital asset market via substantial investments in the OSL platform's geographic reach, regulatory compliance, operational excellence, technology and products and services.

This resulted in a more robust service offering, further diversification of the customer base, and led to substantial YoY growth in digital asset revenue, platform volumes and trading volumes, as well as expansion of an already deep global pipeline across all OSL business units in FY2021.

As in previous reporting periods, OSL digital asset platform and SaaS revenues grew at a faster rate during the Year than the Group's advertising and business park area management services lines. With several clients secured at the end of the year and the beginning of 2022, as well as a strong pipeline of potential new customers, SaaS is quickly becoming a material driver of revenue for the Group. SaaS engagements and clients are highly sticky and utilize a recurring revenue model, making the business highly scalable, with low cost of capital.

The outlook for the SaaS business is strong. SaaS saw major tier-1 customers come online late in the Year, and significant new business wins in Asia and Latin America in the first quarter of 2022. The Zodia Markets joint venture with Standard Chartered's SC Ventures and a series of newly signed SaaS clients are expected to be fully launched and operational at around mid-year 2022, and this is likely to generate increased revenues for the SaaS business unit in FY2022.

Prospects for the OSL prime brokerage and exchange businesses are also positive. OSL Prime Brokerage is an established industry leader as a result of its success working with traditional and digital asset hedge funds and asset managers and digital asset ETFs. These successes have resulted in a strong global pipeline as well as new clients and partners signing onto OSL Brokerage and Exchange in the post-results period.

Additionally, the Hong Kong SFC-regulated OSLDS business dramatically expanded its pipeline following the 28 January 2022 joint SFC-HKMA circular, which requires licensed brokers and banks in Hong Kong to partner with SFC-licensed digital asset platform operators to offer digital asset dealing services. OSLDS is currently the only SFC licensed digital asset trading platform in Hong Kong. In Singapore, the result of OSL's MAS licence application is expected in the coming months, and several new product launches are planned throughout FY2022.

In March 2021, OSLDS became the first entity in Hong Kong to offer security tokens on its licensed digital asset trading platform. The Group anticipates security token issuance and trading will form a significant portion of OSL's overall business in the medium term, and OSLDS therefore plans to launch and distribute a security token within 2022.

The Group expanded OSL's geographic footprint in 2021, and is committed to sustained growth in key global markets in the near future, including Hong Kong, Singapore, the United States, Mexico and Australia.

Looking ahead, the Group will continue to invest in operational excellence in terms of regulatory compliance, human capital, trading, technology, and platform efficiency to rapidly acquire customers, including major tier-1 financial institutions. A strategic investment in product development and global targeted marketing is also underway with the objective of further growing the OSL platform's client base and broadening its reach. More specifically, the Group intends to direct resources to aggressively build and launch trading products, further automate and scale the platform and exponentially increase the OSL global token universe.

A key strategic growth focus in 2022 will be monetising the Group's technology platform via a deep and robust mix of products and services offered directly to customers via the OSL trading venues, and through the highly scalable SaaS model.

The Group will also pursue opportunities to enhance the breadth and depth of its offering, and expand its expertise in engineering and other functional areas through acquisitions and strategic partnerships.

Growth in the Group's OSL digital asset financial services platform and SaaS offering is expected to continue to outpace existing advertising and business park area management services as market conditions favor new technology and investment strategies. The Group will carefully review the business strategy of the advertising business going forward, and continue to increase focus and resources on the digital asset business as a strategic growth priority.

To support its ongoing growth and expansion, the Group is actively seeking funding through debt and equity in order to strengthen its working capital base and finance global expansion plans.

EVENTS AFTER THE FINANCIAL POSITION DATE

There are no material subsequent events relating to the Company or by the Group after 31 December 2021 and up to the date of the annual results announcement.

DIVIDEND

The Board has resolved not to recommend a final dividend in respect of the Year to the holders of the ordinary shares of the Company (2020: Nil).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT OPINION

The auditor of the Group issued an opinion with an emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the Independent auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" below. For the details of "Notes 3.1 and 3.2 to the consolidated financial statements" referred to in the section of "Emphasis of Matter" below, please refer to the "Risk Disclosures" in the section of "BUSINESS REVIEW AND PROSPECT" in this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Emphasis of Matter

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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 year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

The Company has complied with all applicable code provisions under the CG Code during the year ended 31 December 2021. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for the Shareholders.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises three independent non-executive Directors of the Company, Mr. Chau Shing Yim, David (Chairman), Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict. The Audit Committee has adopted the terms of reference which are in line with the CG Code.

During the Year, the Audit Committee has reviewed with the management team and PricewaterhouseCoopers, the external auditor of the Company, the accounting principles and practices adopted by the Group and discussed matters regarding auditing, internal control, risk management and financial reporting, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2021.

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

Hong Kong, 29 March 2022

As at the date of this announcement, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Madden Hugh Douglas, Mr. Chapman David James and Mr. Tiu Ka Chun, Gary, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.