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OSL

OSL Group Limited
OSL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 2024

FINANCIAL HIGHLIGHTS

- The Group's record-high IFRS income reached HK$374.7 million, representing a remarkable year-over-year ("YoY") growth of 78.6% from HK$209.8 million
- The profit from continuing operations was HK$54.8 million, compared to a loss of HK$249.8 million YoY, marking a turnaround from loss to profit for the first time since its strategic transition to digital assets in 2018
- The Group's total comprehensive income was HK$168.0 million, as compared to a total comprehensive loss of HK$265.9 million YoY, marking a turnaround from loss to profit

The board (the "Board") of directors (the "Directors") of OSL 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 2024 (the "Year" or "FY2024"), together with the comparative figures for the previous year ("FY2023"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000* (Re-presented) *(Note 2(c))*
Profit/(loss) from continuing operations		**54,846**	(249,789)
Discontinued operations			
Loss from discontinued operations		**(8,152)**	(15,857)
Profit/(loss) for the year		**46,694**	(265,646)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Currency translation differences on translation of operations with a functional currency different from the Company's presentation currency		**(2,122)**	(1,129)
Reclassification to profit or loss on dissolution of discontinued operation		**–**	901
Reclassification of profit or loss on disposal of a subsidiary in discontinued operations		**8,254**	–
Items that will not be reclassified to profit or loss:			
Revaluation gain on intangible assets	*10*	**114,711**	–
Currency translation differences on translation of operations with a functional currency different from the Company's presentation currency		**484**	–
Other comprehensive income/(loss) for the year		**121,327**	(228)
Total comprehensive income/(loss) for the year		**168,021**	(265,874)
Profit/(loss) for the year attributable to:			
Owners of the Company			
— Profit/(loss) from continuing operations		**55,907**	(249,591)
— Loss from discontinued operations		**(8,254)**	(14,271)
		47,653	(263,862)
Non-controlling interests			
— Loss from continuing operations		**(1,061)**	(198)
— Profit/(loss) from discontinued operations		**102**	(1,586)
		46,694	(265,646)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000* *(Re-presented)* *(Note 2(c))*
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company			
— Income/(loss) from continuing operations		**168,496**	(247,994)
— Loss from discontinued operations		**–**	(15,852)
		168,496	(263,846)
Non-controlling interests			
— Loss from continuing operations		**(523)**	(184)
— Income/(loss) from discontinued operations		**48**	(1,844)
		168,021	(265,874)
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the owners of the Company			
Basic (HK$ per share)	*9*	**0.09**	(0.58)
Diluted (HK$ per share)	*9*	**0.09**	(0.58)
Earnings/(loss) per share for profit/(loss) from continuing and discontinued operations attributable to the owners of the Company			
Basic (HK$ per share)	*9*	**0.08**	(0.61)
Diluted (HK$ per share)	*9*	**0.08**	(0.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**21,117**	10,059
Intangible assets	*10,16*	**288,750**	37,646
Prepayments, deposits and other receivables		**6,473**	–
Investment accounted for using equity method		**15,743**	15,520
Financial assets at fair value through profit or loss		**33,058**	14,334
Total non-current assets		**365,141**	77,559
Current assets			
Digital assets	*10*	**655,678**	823,700
Contract assets		**–**	308
Trade receivables	*11*	**5,272**	3,114
Prepayments, deposits and other receivables		**25,238**	34,610
Restricted bank balance		**149**	–
Cash held on behalf of licensed entities' customers	*12*	**176,997**	191,006
Cash and cash equivalents		**635,262**	218,657
		1,498,596	1,271,395
Assets classified as held for sale		**–**	91,832
Total current assets		**1,498,596**	1,363,227
Total assets		**1,863,737**	1,440,786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
LIABILITIES			
Non-current liabilities			
Provision		**4,091**	–
Lease liabilities		**6,755**	–
Total non-current liabilities		**10,846**	–
Current liabilities			
Trade payables	*13*	**273**	5,061
Contract liabilities		**6,869**	9,813
Accruals, other payables and provision		**69,285**	65,515
Liabilities due to customers	*14*	**439,929**	883,779
Lease liabilities		**11,739**	17,348
Borrowings		**40,326**	–
Current income tax liabilities		**104**	135
		568,525	981,651
Liabilities directly associated with assets classified as held for sale		**–**	64,045
Total current liabilities		**568,525**	1,045,696
Total liabilities		**579,371**	1,045,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

	Notes	**As at 31 December 2024** *HK$'000*	As at 31 December 2023 *HK$'000*
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*15*	**6,264**	4,385
Other reserves		**3,216,378**	2,388,653
Accumulated losses		**(1,929,774)**	(1,981,294)
		1,292,868	411,744
Non-controlling interests		**(8,502)**	(16,654)
Total equity		**1,284,366**	395,090

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 the Asia-Pacific region.

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

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

The consolidated financial statements are presented in thousands of Hong Kong Dollars *(HK$'000 or HKD'000),* unless otherwise stated. The consolidated financial statements were approved and authorised for issue by the Board on 24 March 2025.

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

On 4 November 2024, the Company, through its wholly owned subsidiary, entered into a share purchase agreement with four independent third parties to acquire 81.38% equity interests in OSL Japan, a crypto asset exchange service provider licensed by The Financial Services Agency ("FSA") in Japan, at a total consideration of United States dollar *(US$ or USD)* 10,830,000 (equivalent to approximately HK$84,472,000). The acquisition would be completed in two tranches (namely "Tranche 1" and "Tranche 2") upon the fulfilment of the respective completion conditions as set out in the agreement.

On 29 November 2024, Tranche 1 acquisition was completed, with the Group acquiring 51% equity interests and obtaining control in OSL Japan upon completion. The consideration paid for Tranche 1 acquisition amounted to US$6,787,000 (equivalent to approximately HK$52,815,000), of which US$6,462,000 (equivalent to approximately HK$50,285,000) was settled by digital assets and the remaining US$325,000 (equivalent to approximately HK$2,530,000) was settled by cash.

On 17 January 2025, Tranche 2 acquisition was completed and the Group had acquired further 30.38% equity interests in OSL Japan, obtaining 81.38% equity interests in OSL Japan on the same date. Tranche 2 was completed at a consideration of US$4,043,000 (equivalent to approximately HK$31,468,000), of which US$3,849,000 (equivalent to approximately HK$29,961,000) was settled by digital assets and the remaining US$194,000 (equivalent to approximately HK$1,507,000) was settled by cash. The Group acquired 81.38% equity interests in OSL Japan in total upon the completion of Tranche 1 and Tranche 2 acquisition.

1.2 Discontinued operations of the business park area management segment

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

Consequently, the entire business park area management business was reported as discontinued operations in the Group's consolidated financial statements during the years ended 31 December 2024 and 2023.

In accordance with International Financial Reporting Standard ("IFRS") 5 "Non-current Assets Held for Sale and Discontinued Operations", the financial results of this segment for the years ended 31 December 2024 and 2023 was presented as a loss for discontinued operations in the Group's consolidated statement of profit or loss. Certain comparative amounts of the business park area management segment have been reclassified to conform with current year presentation.

2 BASIS OF PREPARATION

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

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

IFRS Accounting Standards comprise the following authoritative literature:

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

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for digital assets, liabilities due to customers, digital assets borrowed from the non-controlling interest, financial assets at fair value through profit or loss, which are measured on fair value basis. The non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less cost to sell.

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

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

(d) Amendments to standards adopted by the Group

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

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

The adoption of amendments to standards 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.

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

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

		Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS Accounting Standards — Volume II	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027

The Group's management assessed that these new standards and 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 SEGMENT REPORTING

The chief operating decision maker ("CODM") of the Group has been identified as the executive directors of the Company. The executive directors regularly review income and operating results derived from different segments. On 12 November 2023, the Group entered into the equity transfer agreement to sell its equity interests in Shanghai Jingwei, and therefore reported Shanghai Jingwei and the related entities, which were previously reported under "business park area management segment", as discontinued operations for the years ended 31 December 2023 and 2024. For the purpose of internal reporting and management's operation review, the CODM considered that the Group's businesses are operated and managed as one single segment, which is digital assets and blockchain platform business, and no separate segment information was presented for the years ended 31 December 2023 and 2024.

Information about major clients

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

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

4 REVENUE FROM CONTRACTS WITH CUSTOMERS UNDER IFRS 15

Disaggregation of revenue from contracts with customers

	2024	2023
	HK$'000	*HK$'000*
Recognised over time:		
Service fee from SaaS and related income *(Note 5)*	**91,640**	17,796
Custodian services and related income *(Note 5)*	**9,560**	6,370
Others *(Note 5)*	**3,472**	–
Recognised at a point of time:		
Trading fee from automated trading service *(Note 5)*	**7,494**	9,416
Income from sales of intellectual property *(Note 5)*	**–**	28,659

5 INCOME FROM DIGITAL ASSETS AND BLOCKCHAIN PLATFORM BUSINESS

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

Notes:

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

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

6 OPERATING EXPENSES

(a) Staff costs

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

During the Year, the Group did not operate defined benefit plan (2023: same). As at 31 December 2024, there were no forfeited contributions available to offset future retirement benefit obligations to the Group (2023: same).

(b) Other operating expenses

	2024	2023
	HK$'000	*HK$'000*
		(Re-presented)
		(Note 2(c))
Auditor's remuneration — audit services	**13,263**	12,124
Consultancy fee (including share-based payments)	**14,720**	6,515
Expense relating to short-term leases	**5,576**	11,248
Building management fee	**2,506**	3,604
Insurance	**17,087**	14,243
Legal and professional fees (including non-audit services from auditor)	**19,222**	13,651
Operating outsource expenses	**7,386**	8,025
Marketing expenses	**6,228**	639
Repair and maintenance	**123**	3,206
Travelling expenses	**4,309**	3,980
Cost relating to sales of intellectual property to an associate	**–**	16,565
Cost relating to provision of SaaS	**–**	1,029
Contribution in a web 3.0 AI project	**–**	2,000
Others	**6,535**	10,053
	96,955	106,882

7 INCOME TAX EXPENSE/(CREDIT)

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

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

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

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Current income tax expense:		
Overseas corporate income tax (credit)/expense	**(107)**	323
Deferred income tax credit	**–**	(2,381)
Withholding tax expense in Singapore	**1,212**	–
Income tax expense/(credit) from continuing operations	**1,105**	(2,058)
Discontinued operations		
Current income tax expense:		
People's Republic of China corporate income tax	**103**	3,458
Deferred income tax credit	**–**	(2,330)
Income tax expense from discontinued operations	**103**	1,128
Total income tax expense/(credit) from continuing and discontinued operations	**1,208**	(930)

8 DIVIDENDS

The Directors did not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

9 EARNINGS/(LOSS) PER SHARE

For continuing and discontinued operations

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

	2024	2023
	HK$'000	*HK$'000*
Profit/(loss) from continuing operations:		
Profit/(loss) for the year attributable to the owners of the Company	**47,653**	(263,862)
Add: Loss for the year from discontinued operations	**8,254**	14,271
Profit/(loss) for the year from continuing operations attributable to the owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**55,907**	(249,591)

	2024	2023
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	**616,800,245**	433,282,326
Adjustment for calculation of diluted earnings/(loss) per share:		
Effect of Share awards	**1,227,384**	–
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**618,027,629**	433,282,326

	HK$	*HK$*
Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the owners of the Company		
Basic (per share)	**0.09**	(0.58)
Diluted (per share)	**0.09**	(0.58)
Earnings/(loss) per share for profit/(loss) from continuing and discontinued operations attributable to the owners of the Company		
Basic (per share)	**0.08**	(0.61)
Diluted (per share)	**0.08**	(0.61)

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year (2023: same).

For the year ended 31 December 2024, the Company had two categories of potentially dilutive ordinary shares: share options and share awards (2023: same). The share options and awarded shares granted by the Company have potential dilutive effect on the earnings per share. The calculation of diluted earnings per share was based on the profit attributable to the owners of the Company and the adjusted weighted average number of ordinary shares assuming the exercise of all potentially dilutive ordinary shares (2023: diluted loss per share presented is the basic loss per share as the inclusion of the potential ordinary shares in the calculation of dilutive loss per share would be anti-dilutive).

10 DIGITAL ASSETS

	2024	2023
	HK$'000	*HK$'000*
Digital assets:		
— Held in own wallets of the Group	**839,115**	822,627
— Digital assets held on exchange institutions *(Note)*	**654**	1,073
	839,769	823,700
Represented by:		
Current portion — for trading purpose	**655,678**	823,700
Non-current portion — not for trading purpose	**184,091**	–
	839,769	823,700

Among the digital assets balance, it included digital assets held by the Group in designated customer accounts under various contractual arrangements totalling approximately HK$249,057,000 (2023: HK$639,136,000) (Note 14), of which approximately HK$27,476,000 (2023: Nil) represents digital assets received from and held on behalf of clients by OSL Japan, a partially owned subsidiary, which were safekept in wallets of OSL Japan and OSL Japan is not entitled to any benefit of income from such holding on behalf of its clients and OSL Japan is legally refrained from transferring or transacting with the client's digital assets other than as instructed by the clients. The digital asset balance also included the Group's proprietary digital assets of approximately HK$590,712,000 (2023: HK$184,564,000), of which approximately HK$184,091,000 (2023: Nil) were held for long-term capital appreciation.

Revaluation gain of approximately HK$114,711,000 (2023: Nil) from revaluation of digital assets held for long-term capital appreciation at 31 December 2024 is presented as part of the "revaluation gain on intangible assets" in other comprehensive income.

As at 31 December 2024, there were certain digital assets with fair value of approximately HK$5,004,094,000 (2023: HK$874,731,000) received from and held on behalf of clients by OSL Digital Securities Limited ("OSL DS"), a wholly owned subsidiary of the Company and a Hong Kong Securities and Futures Commission ("SFC") licensed corporation. Those digital assets were safekept in segregated client wallets through a trust arrangement with OSL Custody Services Limited (formerly known as BC Business Management Services (HK) Limited) which is a wholly owned subsidiary of the Company and the associated entity of OSL DS under the Securities and Futures Ordinance. Based on the relevant service agreements, these digital assets held in segregated wallets are not recognised as the Group's digital assets and hence there are no corresponding digital asset liabilities under these arrangements. OSL DS also holds certain digital assets in its own wallets for facilitating the trading flow with its customers.

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.

11 TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables from digital assets and blockchain platform business	**6,678**	4,520
Less: loss allowance	**(1,406)**	(1,406)
Trade receivables	**5,272**	3,114

Customers of the digital assets and blockchain platform business are generally required to prefund their accounts prior to trades. Trades with liquidity providers and certain counterparties that are considered creditworthy can be on credit with a credit period of 1–3 days after trade date. For SaaS customers, credit term of 15–30 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 appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

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

	2024	2023
	HK$'000	*HK$'000*
0 –30 days	**4,686**	2,373
31–90 days	**586**	493
91–180 days	**–**	248
	5,272	3,114

12 CASH HELD ON BEHALF OF LICENSED ENTITIES' CUSTOMERS

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

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

13 TRADE PAYABLES

Trade payables are unsecured and are normally with credit terms of 1–30 days (2023: 91–180 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:

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**273**	5,061

14 LIABILITIES DUE TO CUSTOMERS

	2024	2023
	HK$'000	*HK$'000*
Liabilities due to customers		
— Fiat currency liabilities		
— Customers under licensed entity	**176,997**	191,006
— Others	**13,875**	53,637
— Digital asset liabilities *(Note 10)*	**249,057**	639,136
	439,929	883,779

Liabilities due to customers arise in the ordinary course of the Group's digital assets and blockchain platform business, where the Group's contractual relationship with its customers is primarily governed by the relevant service agreements.

Based on the respective rights and obligations of the Group and its customers under various arrangements, fiat currency and digital assets held by the Group in the customers' accounts are recognised as the Group's assets with a corresponding liability due to the customers, except for the digital assets held on behalf of OSL DS's clients as disclosed in Note 10.

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".

15 SHARE CAPITAL

	2024		2023	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each at 1 January 2023 and 31 December 2023 and 2024	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
At the beginning of the year	**438,453,184**	**4,385**	438,453,184	4,385
Issuance of new shares *(Note a)*	**187,600,000**	**1,876**	–	–
Exercise of share options *(Note b)*	**300,000**	**3**	–	–
At the end of the year	**626,353,184**	**6,264**	438,453,184	4,385

Notes:

(a) On 12 January 2024, the Company allotted and issued a total of 187,600,000 new shares at a subscription price of HK$3.80 per new share to the Subscriber, BGX Group Holding Limited. Total net proceeds of HK$711,762,000 were raised.

(b) During the year ended 31 December 2024, 300,000 share options were exercised by the employee providing services to the Group. Consequently, HK$3,000 was credited to share capital and HK$3,301,000 was credited to share premium.

16 ACQUISITION OF A SUBSIDIARY

As disclosed in note 1.1 of this announcement, the following table summarises the consideration paid for the acquisition of OSL Japan, the fair value of assets acquired and liabilities assumed on the acquisition date.

	HK$'000
Consideration settled by cash	2,530
Consideration settled by digital assets	50,285
Total consideration	52,815

The assets and liabilities as a result of the acquisition are as follows:

Property, plant and equipment	3,747
Intangible assets	34,450
Financial assets at fair value through profit and loss	26
Trade and other receivables	3,662
Digital assets	29,317
Cash and cash equivalents	1,326
Accruals and other payables	(5,837)
Lease liabilities	(2,228)
Liabilities due to customers	(279)
Digital assets borrowed from the non-controlling interest	(41,522)
Net identifiable assets acquired	22,662
Less: Non-controlling interests	(11,135)
Goodwill (included in intangible assets)	41,288
Net assets acquired	52,815

17 EVENT OCCURRING AFTER THE REPORTING PERIOD

On 22 January 2025, the Company, through its direct wholly-owned subsidiary, entered into an amended and restated share purchase agreement with an independent third party to acquire 100% equity interests in MTrinity UAB, a private limited liability company duly incorporated in Lithuania, and MultiExchange Canada Limited, a limited liability company duly incorporated in Canada.

Save as disclosed above and elsewhere in the consolidated financial statements, there are no other events subsequent to 31 December 2024 for which IFRS Accounting Standards require adjustment or disclosure in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

Expanded Product Offerings

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

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

Accelerated International Expansion

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

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

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

Record-High Revenue and Achieved Profitability for the First Time

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

Strengthened Management Team

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

Completed Strategic Brand Refresh to Drive Global Expansion

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

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

REVIEW OF RESULTS

Overall Performance

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

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

Non-IFRS Measures

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

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

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

The Group defines margin from trading digital assets and others, i.e. adjusted non-IFRS income from digital assets and blockchain platform business (unaudited), as the realised net gain/loss with reference to the transaction price of the daily trade transactions executed to facilitate the digital asset trading business before considering the fair value movements of the digital assets held. Net gain/loss of digital assets used in facilitation of digital asset trading business is a realized gain/loss from the fair value movement of the digital assets held. Net fair value gain/loss on digital assets is an unrealized gain/loss in nature and it is determined as the fair value movement of the Group's proprietary digital assets on hand which was remeasured at year-end market price as at 31 December 2024.

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

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

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

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

Income From Digital Assets and Blockchain Platform Business

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

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

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

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

Fee and Commission Expenses

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

IT Costs and Other Operating Expenses

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

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

Net Profit

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

Human Resources Cost

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

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

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

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

The Company operates a share option scheme for the purpose of providing incentives to, retaining, recognising and motivating the eligible Directors, employees and other eligible participants who make contributions to the Group. The Company adopted the share option scheme ("2012 Share Option Scheme") on 10 April 2012. On 28 May 2021, the Company terminated the 2012 Share Option Scheme and adopted the new share option scheme ("2021 Share Option Scheme'). Upon termination of the 2012 Share Option Scheme, no further share options may be granted thereunder. In respect of all share options which remained exercisable on such date, the provisions of the 2012 Share Option Scheme remained in full force and effect.

In regards to the 2012 Share Option Scheme, no share options were granted during the Year (FY2023: same), while 15,005,500 share options had lapsed (FY2023: 13,826,537 share options) and 300,000 share options had been exercised (FY2023: Nil), hence 3,580,000 share options remained outstanding (FY2023: 18,885,500 share options). In regards to the 2021 Share Option Scheme, no share options were granted during the Year (FY2023: same), while 4,955,000 share options had lapsed (FY2023: 9,545,000 share options) and no share options had been exercised (FY2023: same), hence 1,930,000 share options remained outstanding (FY2023: 6,885,000 share options).

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

PROSPECTS

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

Strengthen Market Leadership in Hong Kong

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

Scale Overseas Operations

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

Pursue Accretive Global M&A Opportunities

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

Expand Product Offerings

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

Drive Operational Efficiency Enhancements

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

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

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

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

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

Treasury Policy

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

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group primarily operates in Hong Kong, Australia, Japan, Singapore and Mainland China during the Year. For operations in Hong Kong, most of the transactions are denominated in HKD and USD. The exchange rate of USD against HKD is relatively stable, and the related currency exchange risk is minimal. For operations in Mainland China, most of the transactions are settled in RMB, and the impact of foreign exchange exposure to the Group is negligible. The digital assets trading transactions are mainly denominated in USD with only some local operating expenses being settled in the currencies with respective countries, any related exposures as such to foreign exchange risk are minimal.

No financial instrument was used for hedging purposes for the Year. However, the Group is closely monitoring it's currency exchange risk of RMB.

Material Acquisitions and Disposals of Subsidiaries

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

Charge on the Group's Assets

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

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

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

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

Contingent Liabilities

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

RISK DISCLOSURES

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

(a) Business Development and the Associated Risks in 2024

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

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

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

(i) Regulatory Risk in Relevant Jurisdictions

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

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

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

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

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

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

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

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

(ii) Price Risk of Digital Assets

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

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

(iii) Risks Related to Safekeeping of Assets

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

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

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

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

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

(v) Technology Leakage Risk

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

(vi) Information Security Risks

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

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

(vii) New Product Risk

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

(viii) Credit Risk

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

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

(ix) Business Continuity

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

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

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

(x) Operational Risk

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

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

(xi) Performance Risk

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

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

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

(xii) Investment Risk

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

(xiii) Liquidity Risk

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

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

EVENTS AFTER THE REPORTING PERIOD

1. Change of Executive Directors

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

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

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

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

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

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

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

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 (2023: 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 2024 as set out in this 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 and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Emphasis of Matter

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

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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as a code of conduct regarding securities transactions by the Directors of the Company. The Company has made specific enquiries with each Director and each of them confirmed that he or she had complied with all required standards under the Model Code for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31 December 2024, the Company has complied with the code provisions set out in the CG Code except for the below deviations as summarized below:

Code provision C.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual. During the year ended 31 December 2024, Mr. Pan Zhiyong, the former executive director of the Company, acted as both the chairman of the Board and the Chief Executive Officer. To further strengthen the Company's corporate governance, and in connection with the expansion of the Company's senior leadership team, Mr. Pan Zhiyong, who had been the Chairman, Executive Director, and Chief Executive Officer of the Company, ceased to serve as the Chief Executive Officer of the Company with effect from 5 August 2024. Mr. Pan remained in his roles of Chairman and Executive Director of the Company until 27 September 2024.

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

AUDIT COMMITTEE

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

Currently, the Audit Committee comprises three independent non-executive Directors of the Company namely Mr. Chau Shing Yim, David (Chairman), Mr. Xu Biao and Mr. Yang Huan.

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 2024.

By order of the Board
OSL Group Limited
Cui Song
Executive Director and Chief Executive Officer

Hong Kong, 24 March 2025

As at the date of this announcement, the executive Directors are Mr. Cui Song, Mr. Tiu Ka Chun, Gary, Ms. Xu Kang and Mr. Yang Chao, the non-executive Director is Mr. Lee Kam Hung Lawrence and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Xu Biao and Mr. Yang Huan.