OSL

OSL Group Limited
OSL集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

FURTHER ANNOUNCEMENT

PROFIT FORECAST OF THE SHARE TRANSACTION IN RELATION TO ACQUISITION OF THE SALE SHARES OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 2 June 2025 (the "**Announcement**") in relation to the Company's proposed acquisition of the Sale Shares, representing 90% of the total issued shares of the Target Company. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLIANCE WITH THE LISTING RULES

As disclosed in the Announcement, the Consideration in relation to the Acquisition was determined on arm's length basis and on normal commercial terms pursuant to the negotiation between the Vendor and the Company after taking into account, among other things, the Valuation of the Sale Shares as at the Valuation Date in the amount of approximately US$15,167,309 as set out in the Valuation Report by using the discounted cash flow method.

As the discounted cash flow method was adopted to estimate the fair value of the Sale Shares as set out in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, the requirements of Rule 14.60A of the Listing Rules are therefore applicable.

This announcement is made in compliance with Rule 14.60A of the Listing Rules.

PROFIT FORECAST IN RELATION TO THE VALUATION REPORT

Basis for adoption of discounted cash flow method

Based on the analysis of various valuation methods as set out in the section headed "Valuation methodology" of the Announcement, the valuation of the Target Group was performed using discounted cash flow method to provide a clearer picture of the future earnings potential of the Target Group. The basis for adopting the discounted cash flow method and using such method to conduct valuation of the Target Group is further elaborated as follows:

The discounted cash flow method indicates the value of a business enterprise based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (i.e. the cost of capital) that reflects the time value of money, and the risks associated with the cash flows. The discounted cash flow method takes into account future economic benefits derived from the business operations of the Target Group and uses an appropriate discount rate to determine their present value, considering all risks associated with realising those benefits.

With regards to the business development and operation status of the Target Group, the Valuer considered that the businesses of the Target Group are at early stages of development. The Valuer believes the future earning potential of the Target Group attributable to various business factors, including but not limited to (i) expansion of crypto market in Indonesia; (ii) growth of the registered users of the Target Group; (iii) marketing strategies of the Target Group; and (iv) competency and experiences of the management of the Target Group, can be better reflected under the discounted cash flow method. Therefore, the discounted cash flow method was considered as an appropriate valuation approach.

The formula of calculating the enterprise value is as below:

$$EV = \sum_{n=1}^{t} \left(\frac{CF_n}{(1 + WACC)^{n-0.5}} \right) + \frac{CF_{t+1}}{(WACC - g)(1 + WACC)^{t-0.5}} + R$$

Where
EV = Enterprise value
n = Discounting period for cash flows (in years);
CF_n = Expected free cash flows to firm in year n of the explicit forecast period;
CF_t = The expected free cash flows to the firm in year t+1, when the business reaches a stable stage;
g = Long term growth rate of the firm;
R= Total amount of individually assessed non-operating assets and liabilities; and
WACC= Weighted Average Cost of Capital

$$CF = EBIT \times (1 - t) - CAPEX + D\&A - AWC$$

Where
CF = Free cash flow to firm
$EBIT$ = Earnings before interest and tax expense
t = Effective tax rate
$CAPEX$ = Capital expenditure
$D\&A$ = Depreciation and amortisation expense
AWC = Additional in net working capital

Total equity value = Enterprise value – value of all interest bearing debt

Despite the Target Group having a net asset value of approximately HK$68,869,313, as set out in the section headed "Information on the Target Company" of the Announcement, the Valuer did not adopt the cost approach for the valuation of the Target Group. This is because the assets of the Target Group are mostly comprised of cash and cash equivalents, which have been maintained to meet the paid-up capital requirements under Indonesian laws and regulations for the regulatory licences held by the Target Group. In addition, the Target Group had not recognised any intangible asset (including but not limited to the regulatory licenses held by the Target Group for engaging in spot and futures crypto trading business in Indonesia) as of the Valuation Date. The Valuer considers that the cost approach is not able to capture the potential growth of the Target Group and the value of unrecognised intangible assets. As the Valuer believes that the cost approach is not able to fully and accurately reflect the business value of the Target Group, the cost approach was not adopted for the valuation of the Target Group.

Key assumptions of valuation

Below are the principal assumptions, including key commercial and business assumptions, upon which the Valuation Report was based:

General assumptions

(1) there will be sufficient supply of staff in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and staff to support its ongoing operations and developments;

(2) there will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

(3) there will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to the profitability of the Target Group;

(4) interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing; and

(5) the valuation considers the Target Group as a whole, assuming its continued operation in accordance with its business objectives within its external environment. The Target Group is expected to operate legally, with a responsible and capable management team ensuring profitability and long-term sustainability as a going concern. Additionally, assets are assumed to be in use and will continue to serve their current purpose and operational mode without considerations for conversion or alternative utilisation.

Specific assumptions

(1) The management of the Company represents that aside from Target Company's equity interests in the Subsidiaries, the Target Company does not own any other significant assets or liabilities and has not conducted any business as of the Valuation Date;

(2) the financial forecasts and business plans supporting the forecasts prepared by the management of the Company are reasonable and achievable;

(3) the operating cash inflows and cash outflows of the Target Group in the future income periods will be evenly distributed with no concentration of revenue recognition at a certain point during the year;

(4) the scope and manner of operation of the Target Group will remain consistent with the current direction based on the existing management style and level of management;

(5) there are no other force majeure and unforeseen factors that have a material adverse effect on the Target Group;

(6) the core management personnel, technical and sales staff of the Target Group are stable, and the Target Group is able to retain the existing management standard, sales channels and steadily expanding market share in future operations;

(7) the manner of acquisition and utilisation of the business premises of the Target Group remain unchanged as of the Valuation Date;

(8) the valuation is based only on the existing planned future expansion of operating capacity due to circumstances such as management structure, business strategies and additional investments;

(9) the ownership certificates, financial and accounting information and other information provided by the management of the Company in connection to the valuation are true, complete and lawful;

(10) the scope of valuation is based on information confirmed and provided by the management of the Company and does not take into account contingent assets and contingent liabilities that may exist in addition to the list provided by the management of the Company; and

(11) the valuation does not take into account the impact of other contingencies such as mortgages (pledges) and guarantees on the appraisal conclusions.

Additional information in relation to key inputs adopted in the valuation of the Target Group

In addition to the above assumptions, the Valuation Report has also taken into account key inputs as disclosed in the section headed "Key inputs adopted in the valuation" of the Announcement, which include the projected revenue of the Target Group for the period from 2025 to 2030.

The Company has reviewed and discussed with the Valuer the basis for projected revenue growth of the Target Group. The Company understands that such growth is primarily driven by an expected increase in the number of registered users in the cryptocurrency exchanges operated by the Target Group, with a compound annual growth rate of approximately 164% from 2025 to 2027. Based on the total number of registered cryptocurrency users in Indonesia as at the end of 2024, the anticipated number of registered users of the Target Group by the end of 2027 would account for less than 3% of the total registered cryptocurrency users in Indonesia. Among the registered users, it is also expected that approximately 12.5% to 18% of registered users will be active traders in the spot market and the derivatives market, respectively, throughout the projection period from 2025 to 2030.

By multiplying estimated number of active users and the average trading volume per user, the Valuer calculated the forecasted transaction volume and projected a compound annual growth rate of approximately 45% in both trade volume and total revenue from 2026 to 2030. The gross profit margin of the Target Group is estimated to be 20% throughout the projection period from 2025 to 2030. The Target Group is expected to generate positive cash flows, with EBIT margin projected to reach approximately 27% in 2027 and to remain stable thereafter. The above-mentioned growth in profit is driven by revenue growth outpacing the increase in operating expenses.

Independent assessment by the Board

In respect of the discounted cash flow method and the underlying assumptions and inputs adopted by the Valuer for the purpose of valuation of the Target Group, the Board had considered the Valuer's analysis of the applicability of different valuation methods as set out in the section headed "Valuation methodology" in the Announcement and the section headed "Basis for adoption of discounted cash flow method" of this announcement.

In addition, the Board had conducted independent assessment of other valuation approaches, namely, (i) market approach; and (ii) cost approach, and came to the view that they are not appropriate for the valuation of the Target Group:

(a) In respect of the market approach, the Board had endeavoured to conduct research on other listed companies which are principally engaged in operating digital assets exchanges, but was unable to identify comparable companies that are in similar operating condition as the Target Group. Due to the lack of comparable market peers that could be identified, the Board considers that the market approach is not appropriate for the valuation of the Target Group.

(b) In respect of the cost approach, the Board had reviewed the management accounts of the Target Group and noted that the Target Group's assets mainly comprised of cash and cash equivalents. The Board considered that the Target Group's business nature is not capital intensive, and the intrinsic value of its business is weighted towards the business potential of the cryptocurrency market in Indonesia, human capital and other intangible competencies. Therefore, the Board considers that the cost approach is not appropriate for the valuation of the Target Group.

In light of the above, the Board concurred with the Valuer's analysis and adoption of the discounted cash flow method as the appropriate valuation methodology.

Furthermore, the Board had taken into consideration the key quantitative assumptions applied by the Valuer and considered those related parameters and calculations. The Board had undertaken various steps to assess the fairness and reasonableness of the discounted cash flow method and the underlying assumptions and inputs adopted by the Valuer, including but not limited to (a) reviewing the market research conducted by the management of the Company in relation to the scale, growth trends, competitive landscape and development in the Indonesian cryptocurrency markets; (b) analysing transaction volume ratios with reference to trading volume and pattern of other cryptocurrency exchange platforms in the industry; (c) reviewing the projected cost structure of the Target Group and comparing such costs against the business development plan of the Target Group as formulated by the management of the Company; and (d) assessing the synergy generated from the Company's acquisition of the Target Group based on the Company's strategic positioning of the Target Group and the Company's understanding of the competitive landscape with reference to publicly available information of competitors. Based on the above, the Board believes that the valuation methodology, key assumptions and parameters adopted in the valuation of the Target Group are fair and reasonable.

Review by the Reporting Accountants and the Independent Financial Adviser

Pursuant to Rule 14.60A(2) of the Listing Rules, the Company has engaged Deloitte Touche Tohmatsu as the reporting accountants (the "**Reporting Accountants**") to report on the calculation of the discounted cash flows used in the Valuation Report prepared by the Valuer, which does not involve the adoption of any accounting policies in its preparation. The Reporting Accountants have reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions determined by the Directors as set out in this announcement. The text of the report issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement in compliance with the requirement under Rule 14.60A(2) of the Listing Rules.

The report from the Company's independent financial adviser (the "**Independent Financial Adviser**"), Maxa Capital Limited, confirming that it is satisfied that the profit forecast in relation to the Valuation Report has been made by the Directors after due and careful enquiry, has been attached as Appendix II to this announcement as required under Rule 14.60A(3) of the Listing Rules.

Experts

The following are the qualifications of the Valuer, the Reporting Accountants and the Independent Financial Adviser (collectively, the "**Experts**") who have provided letter, report and/or opinion contained or referred to in this announcement:

Name	**Qualification**
Deloitte Touche Tohmatsu	Certified public accountants and registered public interest entity auditors
Maxa Capital Limited	Licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
ValQuest Advisory (Hong Kong) Limited	Independent professional valuer

Each of the Experts mentioned above has given, and none of the Experts has withdrawn, its written consent to the issue of this announcement with the inclusion of its letter, report and/ or opinion and the references its name, logo and qualifications in the form and context in which they respectively appear.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the above-mentioned experts is an Independent Third Party. As at the date of this announcement, each of the above-mentioned experts (i) does not have any shareholding, directly or indirectly, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) does not have any interest, direct or indirect, in any assets which had been since 31 December 2024 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As Completion is subject to fulfilment (or waiver) of the conditions precedent under the SPA, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 June 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.

The following is the text of a report received from the Company's Reporting Accountants, Deloitte Touche Tohmatsu, for inclusion in this announcement.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 90% OF THE TOTAL ISSUED SHARES OF EVERGREENCREST HOLDINGS LTD.

TO THE DIRECTORS OF OSL GROUP LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by ValQuest Advisory (Hong Kong) Limited dated 22 May 2025, of 90% of the total issued shares of EvergreenCrest Holdings Ltd. (the "**Target Company**") as at 31 March 2025 (the "**Valuation**") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in an announcement dated 20 June 2025 to be issued by OSL Group Limited (the "**Company**") in connection with the acquisition of 90% of the total issued shares of the Target Company (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 June 2025

The following is the text of a report received from the Company's Independent Financial Adviser, Maxa Capital Limited, for inclusion in this announcement.

邁時資本
MAXA CAPITAL

Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

20 June 2025

The Board of Directors
OSL Group Limited (the "**Company**")

Dear Sir or Madam,

We, Maxa Capital Limited, refer to the announcement of the Company dated 2 June 2025 (the "**Announcement**") and the further announcement of the Company dated 20 June 2025 (the "**Further Announcement**"), of which this report forms part. Capitalised terms used in this report shall have the same meanings as those defined in the Announcement and the Further Announcement unless the context requires otherwise.

The Announcement refers to the valuation of the Target Company (the "**Valuation**") by ValQuest Advisory (Hong Kong) Limited (the "**Valuer**") which is contained in the valuation report dated 22 May 2025 (the "**Valuation Report**") prepared by the Valuer for the purpose of the Acquisition. We understand that the Valuation Report has been provided to you as Directors in connection with your consideration of the Acquisition. We noted that the Valuation has been developed based on the discounted cash flow approach which is regarded as a profit forecast (the "**Forecast**") under Rule 14.61 of Listing Rules and this report is issued in compliance with the requirement under Rule 14.60A(3) of the Listing Rules.

We have reviewed the underlying Forecast of the Valuation, for which you as the Directors are solely responsible. We have attended the discussions involving the management of the Company and the Valuer in respect of the bases and assumptions upon which the Forecast has been made.

We have also considered the report addressed solely to and for the sole benefit of the Directors from Deloitte Touche Tohmatsu dated 20 June 2025 (the "**Reporting Accountant's Report**"), as set forth in Appendix I to the Announcement regarding the calculations upon which the Forecast has been made.

The Forecast has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Forecast may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Forecast since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Valuer's determination of the value of the Target Company. We have had no role or involvement and have not provided and will not provide any assessment of the value of the Target Company and, accordingly, we take no responsibility and express no views therefor. The assessment, review and discussions carried out by us as described in this report are based on financial, economic, market and other conditions in effect, and the information made available to us, as of the date of this report and we have, in arriving at our views, relied on information and materials supplied to us by the Company and the Valuer, and opinions expressed by, and representations of, the employees and/or management of the Company and the Valuer, and the Reporting Accountant's Report. We have assumed, without independent verification, that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which you as Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations referred to or contained in the Announcement, and we have not assumed any responsibility or liability therefor. Circumstances could have developed or could develop in the future that, if known to us at the time of this report, would have altered our assessment and review.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the Forecast, for which you as the Directors are solely responsible, has been made by you after due and careful enquiry.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. This report may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Michael Fok
Managing Director