



BC TECHNOLOGY GROUP LIMITED
BC 科技集團有限公司
Stock code: 863 HK

2022 ANNUAL RESULTS

March 2023



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Business Updates and Outlook

Macro Uncertainty and Events Calls for Regulation

Macroeconomic uncertainty

Expert Analysis

How Crypto-Friendly Bank Failures Will Change Tech Industry

Uncertainty Prevails for the Economy in 2023

Forecasts for the next year offer something for everyone.

By [Tim Smart](#) · Jan. 3, 2023, at 5:36 a.m.

UBS is buying Credit Suisse in bid to halt banking crisis

Explainer | Why did Silicon Valley Bank fail, and what does it mean?

Fed poised to approve quarter-point rate hike next week, despite market turmoil

PUBLISHED FRI, MAR 17 2023-1:55 PM EDT | UPDATED FRI, MAR 17 2023-4:59 PM EDT

Black swan events

News · Coins

As Terra's Dollar Stablecoin UST Collapses, LUNA Falls 97% to Under \$1

While Terra's UST trades more than \$0.75 from its dollar peg, the currency responsible for maintaining that peg, LUNA, is also in freefall.

By [Tim Hakki](#)

May 11, 2022
2 min read

Why Did FTX Collapse? Here's What to Know.

CRYPTO WORLD

From \$25 billion to \$167 million: How a major crypto lender collapsed and dragged many investors down with it

Digital asset sector regulatory development



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

Business

OSL and Interactive Brokers Partner for Crypto Services in Hong Kong

Interactive Brokers will offer crypto services to professional clients in Hong Kong.

By [Oliver Knight](#) · Jun 9, 2022 at 6:04 p.m. · Updated Jun 9, 2022 at 10:36 p.m.

Hong Kong is Moving to a Robust Regulatory Framework for Crypto



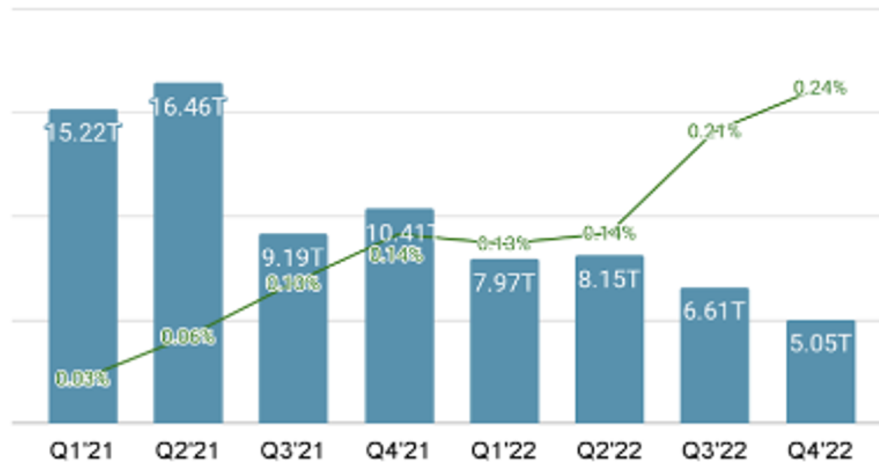
By [Eteika Bogardi](#), [Norton Rose Fulbright](#) and [Amy Chung](#), [Norton Rose Fulbright](#)
Published on 20th April 2022

OSL Continues to Gain Market Share

Global centralized exchange volume (US\$)

Industry Market Share %

■ Global Trading Volume — OSL Market Share %

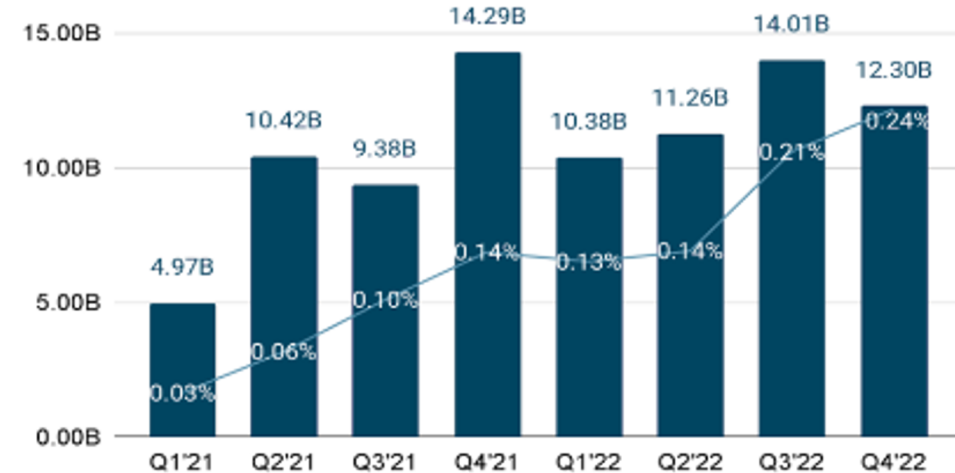


Source: OSL, Coinmarketcap.com

OSL two-sided trading volume (US\$)

OSL Volume Growth

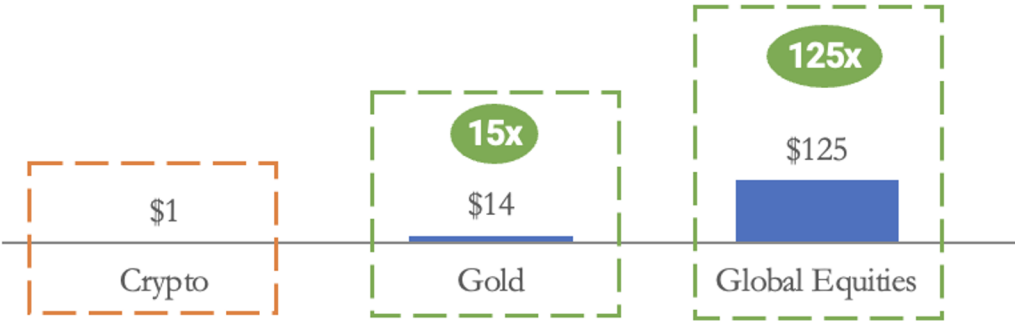
■ OSL Volume — OSL Market Share %



Source: OSL, Coinmarketcap.com

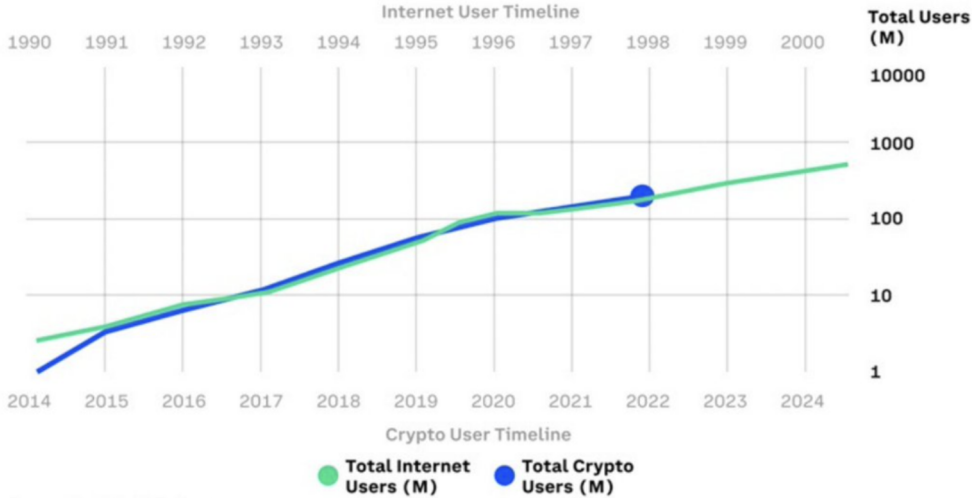
Market Continues to Thrive and Expand

Market Cap. of Major Asset Class (USD Trillions)



Source: Bloomberg, CoinMarketCap, SIFMA, Savills

Internet vs. Crypto Adoption



Source: World Bank, Crypto.com

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BC Technology Group & OSL

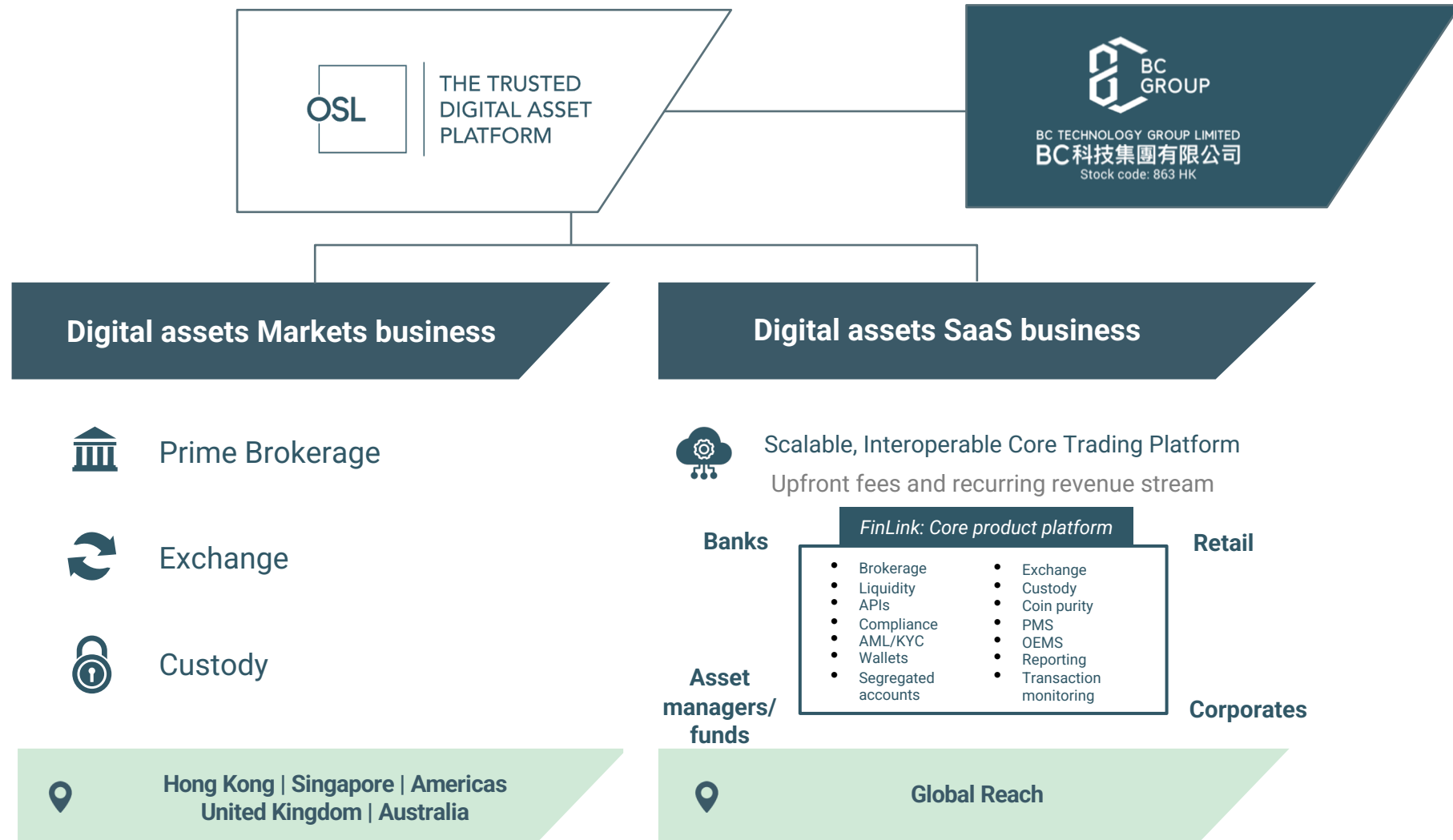
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Business Updates and Outlook

BC Technology Group Business Structure



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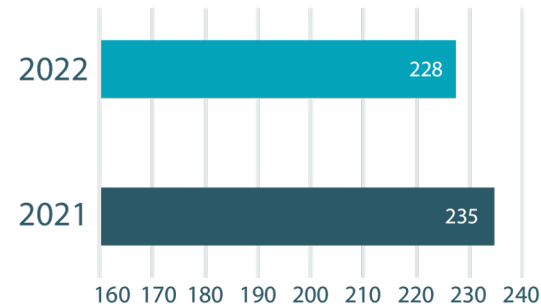
Financial & Operational Highlights

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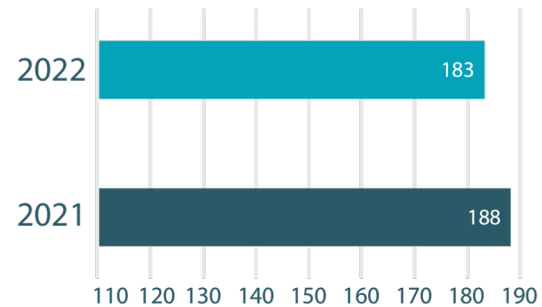
Business Updates and Outlook

Group Financial Highlights

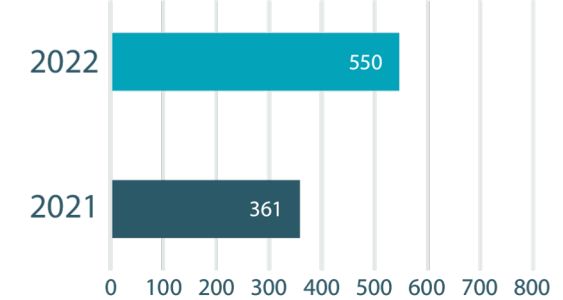
Group Non-IFRS Income
(HKD millions)



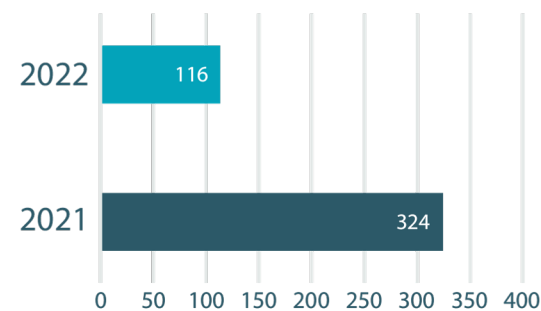
Group Non-IFRS Digital Asset Income
(HKD millions)



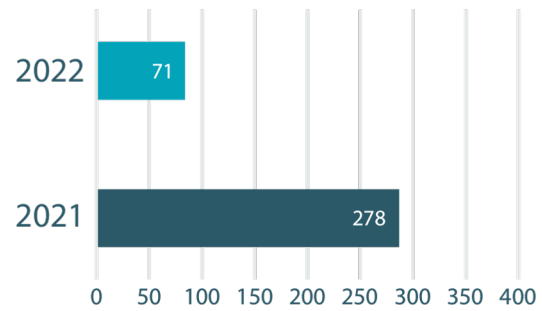
Group Net Loss
(HKD millions)



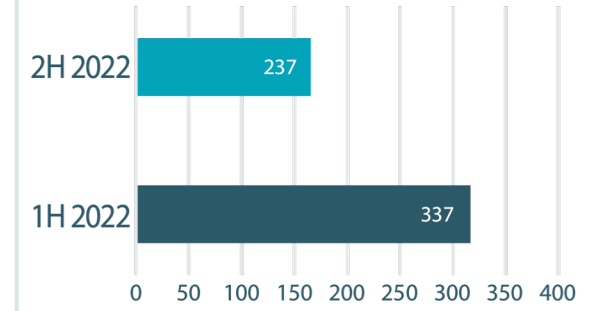
Group Income (HKD millions)



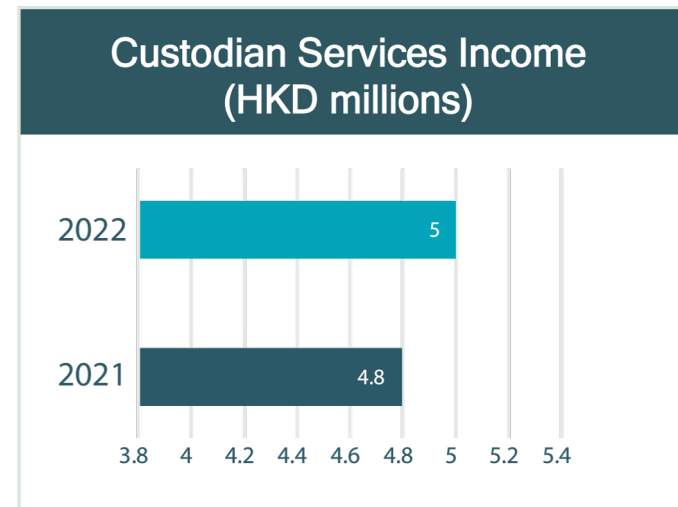
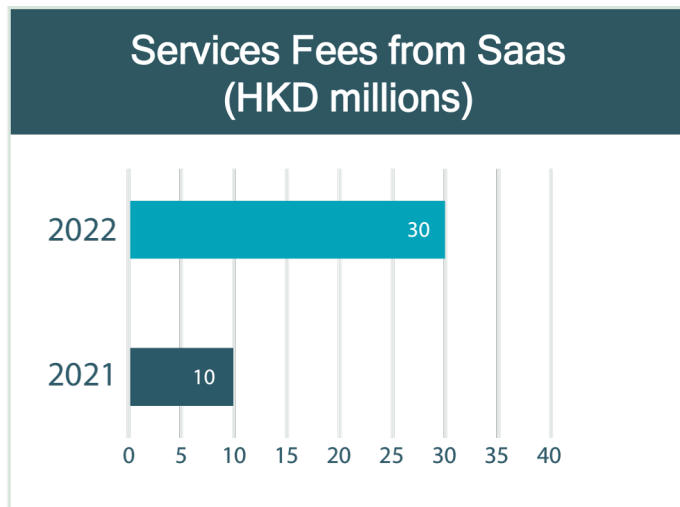
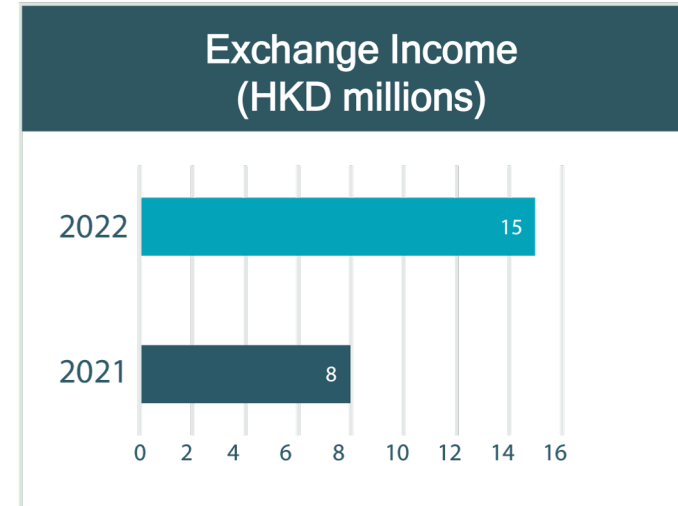
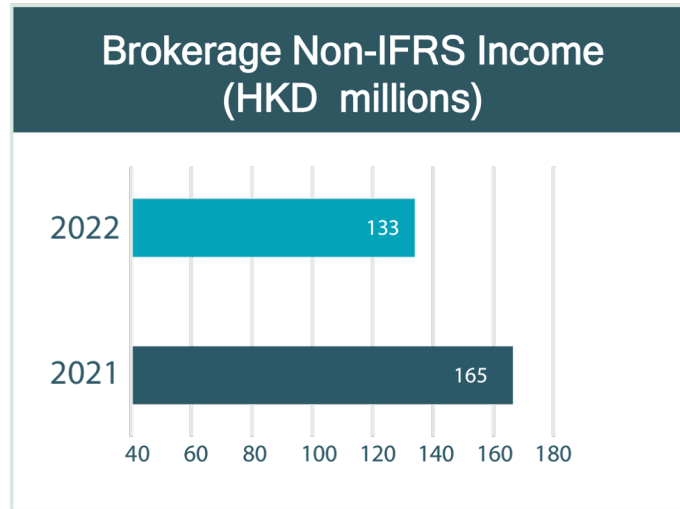
Digital Asset Income
(HKD millions)



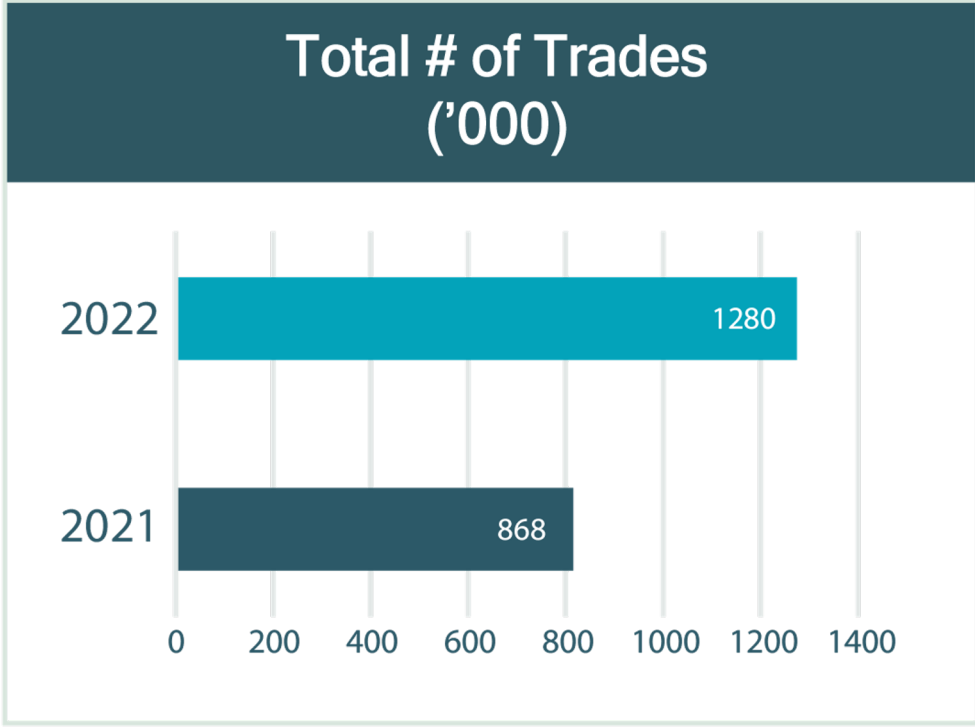
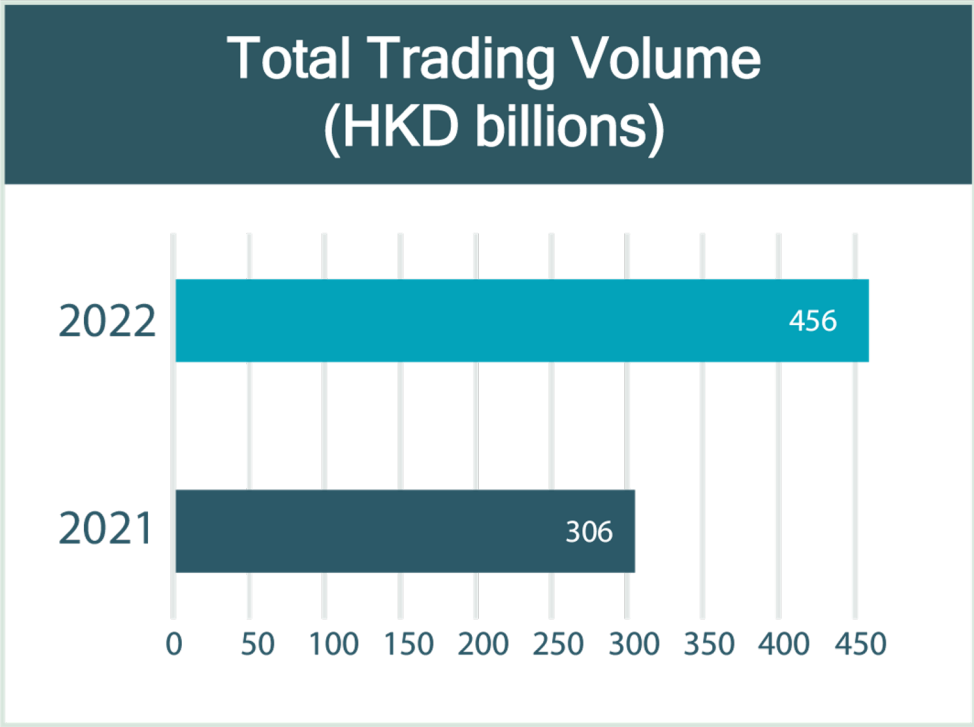
Admin. and Other Operating Costs
(HKD millions)



OSL Digital Asset Platform Financial Highlights



Operational Highlights: Volumes Climbing YoY



Financial Review (HKD'000)

Adjusted non-IFRS income from digital assets and blockchain platform business (“DA business”)

Net (loss) / gain of digital assets used in facilitation of prime brokerage business and net fair value loss on digital assets

IFRS income from DA business

Rental income from business park

Total Group IFRS income

Cost of revenue

Selling expenses

Administrative and other operating expenses

Provision for impairment losses, net and finance costs, net

Share of net loss of an associate

Other income and gains/(losses), net

Net Loss before income tax

2022	2021
183,190	188,429
(111,710)	89,246
71,480	277,675
44,365	46,663
115,845	324,338
(23,310)	(24,567)
(55,813)	(88,180)
(573,983)	(530,387)
(24,278)	(30,017)
(20,890)	(5,434)
33,577	(4,885)
(548,852)	(359,132)

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Key Business Updates

Trading volume growths



In 2022, OSL's brokerage and exchange volume grew as it added more market makers and liquidity providers to meet institutional demand for a regulated player.

New omnibus agreements and steady SaaS Rollout



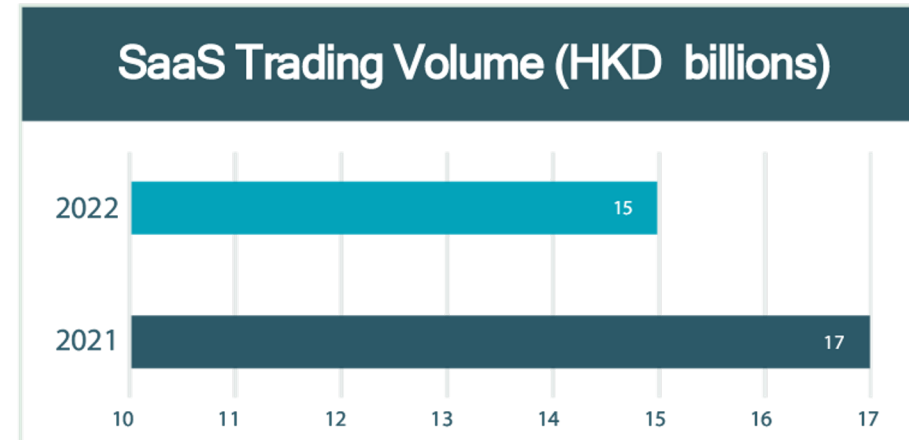
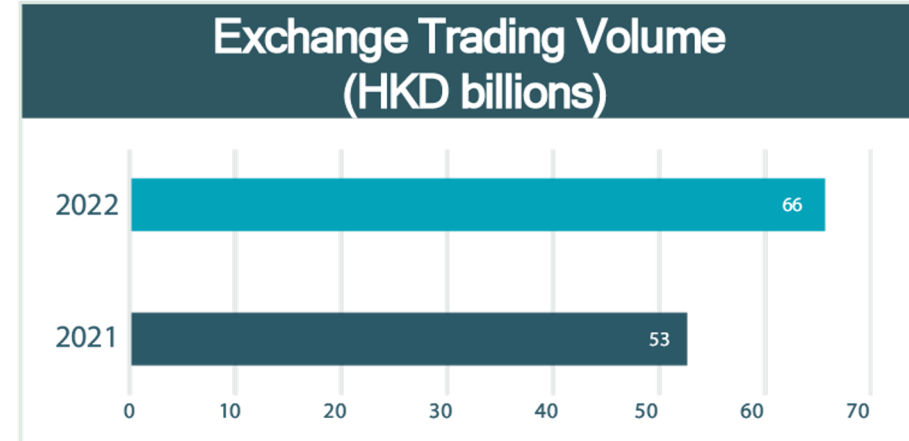
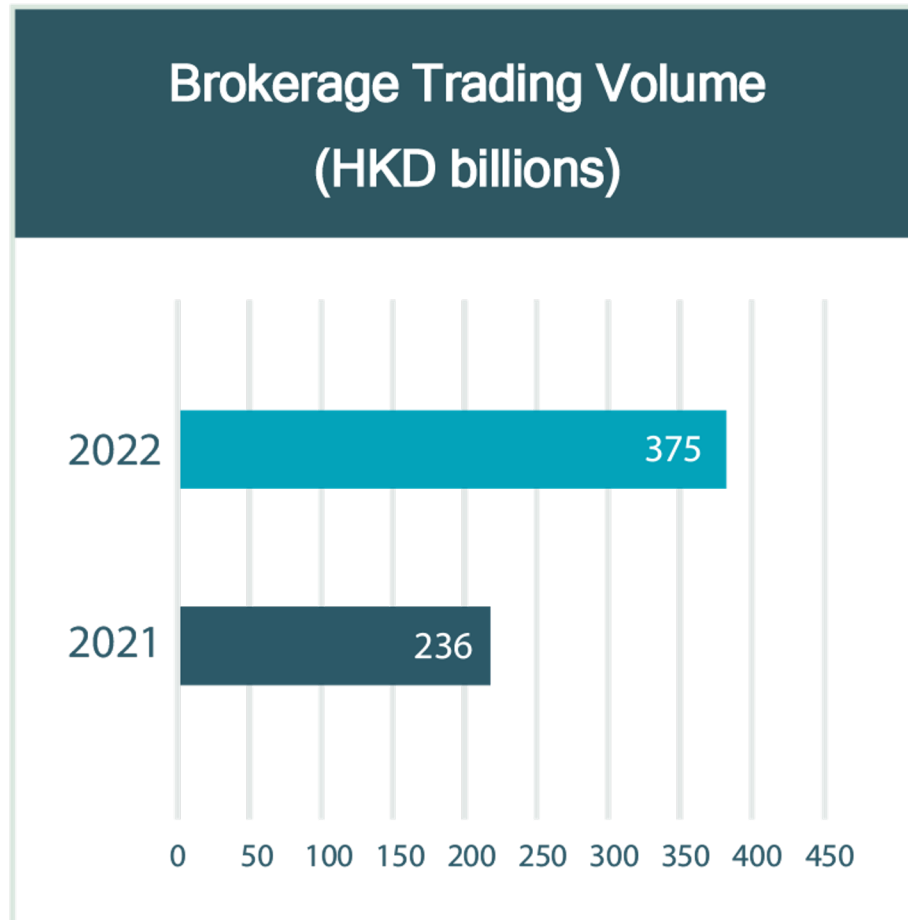
OSL expanded its reach by collaborating with Interactive Brokers, Victory Securities, and Arta Techfin, while also seeing growth in its existing SaaS business clientele.

Regulation in the rearview: refocusing on technology and innovation



With a licensing position established, OSL was able to refactor its leadership team and technology to focus on faster time to market and innovation.

Trading Volumes Continued to Reach All Time Highs



OSL SaaS Delivering for Tier-1 Institutions



- ▶ Singapore and Asia focus
- ▶ 24/7 digital asset exchange
- ▶ Thousands of trading clients
- ▶ BTC trading up 80% in 2022



- ▶ UK/EU focus
- ▶ Institutional and professional clients
- ▶ Received FCA crypto registrations
- ▶ Live trading in 2022

Major bank

- ▶ APAC/Oceania focus
- ▶ Significant potential customer base

Key Drivers and Outlook in 2023



Shift of global trade volume towards regulated platform like OSL



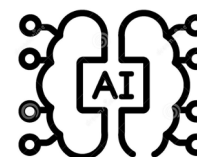
Hong Kong market opening up retail investor participation in digital assets



The rise of tokenized financial products and Security Token Offering



Financial institutions adopting OSL SaaS solutions to enter into the digital asset market



Technology and AI as the most critical strategy

New Market Opportunities – HK Retail Market



Consultation Paper on the Proposed Regulatory Requirements for Virtual Asset Trading Platform Operators Licensed by the Securities and Futures Commission

20 February 2023

“We are optimistic about the future of the digital asset market in Hong Kong and are committed to working with the SFC to ensure the new licensing regime provides a safe, secure, and compliant environment for retail traders to participate in the market”

- Gary Tiu, OSL Executive Director and Head of Regulatory Affairs



Capturing the Market Through SFC-HKMA Joint Circular

The addressable market in Hong Kong is massive



1,400

Type 1 licensed securities



110

Banks engaged in brokerage activities



1,700

Licensed securities fund managers

The circular provides the first official regulatory green light for banks and Type 1 licensed intermediaries to enter digital assets (also referred to as virtual assets or VA) at scale in Hong Kong and digital assets are for professional investors only

- ▶ **Type 1 Licensed brokers and banks must work with a regulated VA partner platform**
- ▶ **OSL DS is the first SFC-licensed Type 1 and 7 firm for digital assets in Hong Kong**



4.5 T

AUM



8%

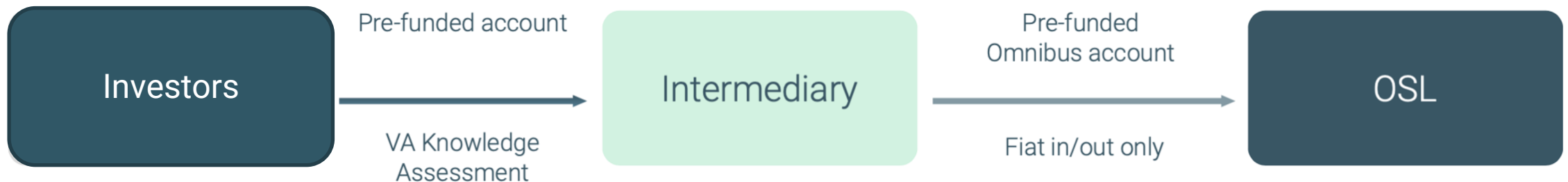
Of assets allocated to alternatives

Omnibus Service Agreement Partners Growing

Thinking forward to B2B2C

OSL and its institutional partners strongly support this ground-breaking step, which will help enhance investor protection, promote market integrity, and foster the development of a vibrant digital asset market in Hong Kong.

The unique strength of OSL is in its B2B capabilities, combined with the B2C distribution of its institutional partners. This integrated approach allows OSL to deliver a unique value proposition in scaling up within the digital asset ecosystem, providing institutional-grade trading, custody, and brokerage services to a wide range of clients, including retail investors.



STO – Opportunity in Digitizing Assets

The market potential is huge, with issuers including:

Traditional financial institutions:

- Money market funds
- Index funds
- Warrants
- Various structured products

Corporates and Individuals:

- Real estates
- Commodities
- Art

Digital Asset Natives:

- Exchanges
- Start-ups
- Mining companies
- Stablecoin issuers
- DAOs

A regulated offering of securities backed by real assets using blockchain technology

OSL Launches HK's First BTC-Linked STO Bond

OSL became the first Type 1 SFC-licensed digital asset broker to distribute security tokens to professional investors in Hong Kong in a private security token offering (STO).

Participants included :



volΣort



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

Introducing FinLink

Why **FinLink**?

While having key wins early, we quickly realized that the market was changing. With traditional financial institutions increasingly interested in digital assets, OSL introduced FinLink, a suite of comprehensive digital asset solutions tailored specifically to the needs of all financial institutions. (not just those seeking to provide crypto products).

"We need to be in the digital asset markets but we don't know where to start"

"We must comply with local and global regulator's rules, laws and guidance notes."

"We want to give our clients access to the digital asset markets"

"We want to be able to tokenize Debt!"

"How do I book this crypto?"

We want to launch our own stablecoins!

What is **FinLink**?

FinLink is a technology and professional services solution reduce time to market by 12 months.

An off the shelf Proof of Concept (PoC) package to get your organization operational in a sandbox environment, with an aim to:

- Help scope and design projects
- Run SME workshops on core digital asset topics
- Define and configure a set of standard workflows on the platform
- Provide an environment hosted in OSL's financial services grade AWS hosting cloud
- Deploy our Core Product Platform
- Assist teams with any integrations via professional services agreement
- Empower different parts of the business (risk, compliance, operations) with first hand experience of interacting with this new asset class



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Q&A

THANK YOU FOR YOUR ATTENTION



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SaaS · Brokerage · Custody · Exchange



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OSL Stands Apart in the Global Digital Asset Market



FOUNDING

- OSL live in 2018
- Licensed in Dec. 2020



GAINING MARKET TRACTION

- Incorp. into MSCI Small Index
- Constituent of Coinshares, Amplify, Han ETF's



KEY INVESTORS: GIC, FIDELITY

- And other top global institutions



KEY CLIENTS / PARTNERS

- Animoca Brands
- Interactive Brokers
- Standard Chartered
- DBS



SECURE AND COMPLIANT

- World's only, SFC-licensed, insured, listed, "Big 4"-audited player in the sector



ESG CONSCIOUS

- Carbon neutrality - fully offset carbon footprint for 2018-2022



GLOBAL PRESENCE

- Hong Kong & Singapore
- Americas
- UK
- Australia



THE TRUSTED
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Visionary and Experienced Management Team



Hugh Madden
CEO, BC Group

Formerly BC Technology Group CTO, 18+ years of experience in technology and finance, including with HSBC, CBA, HBOS and Lloyd's Bank.



Ken Lo
Executive Director

20+ years of experience as an entrepreneur and management consulting, including Verizon, BT, Accenture and the Bank of Montreal.



Dave Chapman
Executive Director

15+ years of experience in senior roles at HSBC, Credit Suisse, Barclays Capital, ABN AMRO and Bear Stearns.



Gary Tiu
Executive Director

20+ years of experience as corporate legal counsel, including at Yunfeng Financial Group, Cantor Fitzgerald, Macquarie and CITIC Capital.



Onno Sterk
Chief Operating Officer

20+ years of experience in banking, asset management and life insurance. Worked in senior roles for HSBC, most recently as regional COO for institutional sales in Asia-Pacific.



Davin Wu
Chief Financial Officer

17+ years of experience in senior roles at financial management, including DIT Group, Digital China, Credit Suisse, Goldman Sachs and PwC.



Marek Sikora
Group Chief Risk Officer

30+ years experience at risk management, Sikora brings his experience from holding senior positions at CLSA, Deutsche Bank, and ANZ. Prior to joining BC Group, he was the COO and CRO of CLSA.



Karen So
General Counsel

20+ years of experience in senior legal and compliance roles at a global crypto derivatives exchange and Goldman Sachs.



Deep involvement in digital asset regulatory development



20+ avg. years of industry experience



Best-in-class practices from multi-sectors



Broad and deep talent pool

Institutions Comprise Vast Majority of Trading Volumes

Client mix by trading volumes

