



Asia's leading digital asset
and fintech company

2019 Annual Results Presentation

Disclaimer

The information contained in this document is for general informational purposes only and does not constitute an offer, solicitation, invitation or recommendation to subscribe for or purchase any securities, or other products or to provide any investment advice or service of any kind. This document is solely intended for distribution to and use by professional investors. This document is not directed at, and is not intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject BC Group ("BC Group or the "Group") to any registration requirement within such jurisdiction or country.

This document contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs and assumptions of BC Group about the businesses and the markets in which it and its subsidiaries operate. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of BC Group. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this document.

Although the information contained in this document is obtained or compiled from sources believed to be reliable, BC Group does not guarantee the accuracy, validity, timeliness or completeness of the information or data for any particular purpose, and shall not accept any responsibility for, or be liable for, errors, omissions or other inaccuracies in the information or for the consequences thereof. The information set out in this document is provided on an "as is" and "as available" basis and may be amended or changed. It is not a substitute for professional advice which takes account of your specific circumstances and nothing in this document constitutes legal advice. BC Group shall not be responsible or liable for any loss or damage, directly or indirectly, arising from the use of or reliance upon any information provided in this document.

BC Group – Asia’s premier institutional gateway to digital asset capital markets



Institutional and market leading approach to risk management, security and compliance



Positioned to capitalize on regulatory clarity catalyzing institutional flows



World’s only listed, ‘Big Four’ audited, insured firm in the sector



Blue chip investors, best-in-class technology and market-making



Recognized, strong, uniquely positioned digital asset platform and brand

- 1st to apply for a digital asset trading license with Hong Kong’s SFC regulator
- 1st in Asia to launch insured custody solutions for both cold and hot wallets
- ‘0 loss’ track record across platform
- Largest, best-known OTC digital asset brokerage
- Led by pioneers in digital assets, finance, and technology

Strategic focus on digital assets



OSL - DIGITAL ASSET PLATFORM



TRADITIONAL BUSINESSES



Key results highlights

Exceptional growth in digital assets revenues, high volume

- 737% YoY increase for digital asset revenue to RMB72 million
- Digital asset platform largest revenue driver at 44% of total
- Digital asset platform volume surpassed USD1 billion per month in Q4 2019

Expanded global presence, platform reach and customer base

- Active customers up 254% year-on-year for OSL digital assets platform, spanning 50 countries
- Onboarded tier-1 regional bank for SaaS
- OSL Custody supported launch of Asia's first bitcoin tracker fund
- OSL SaaS product suite launched, now servicing 10 active customers
- Opened new office in Singapore in July 2019



01

2019 financial &
operational
highlights



02

Digital asset
market
opportunity




03


Appendix

Financial highlights

Group revenue

RMB 145m	+ 14 %	RMB 165m
2018		2019

Digital assets revenue

RMB 9m	+ 737 %	RMB 72m
2018		2019

Advertising & business park revenue

RMB 136m		RMB 93m
2018		2019

Selling and admin. expenses

RMB 175m		RMB 293m
2018		2019

Group net loss

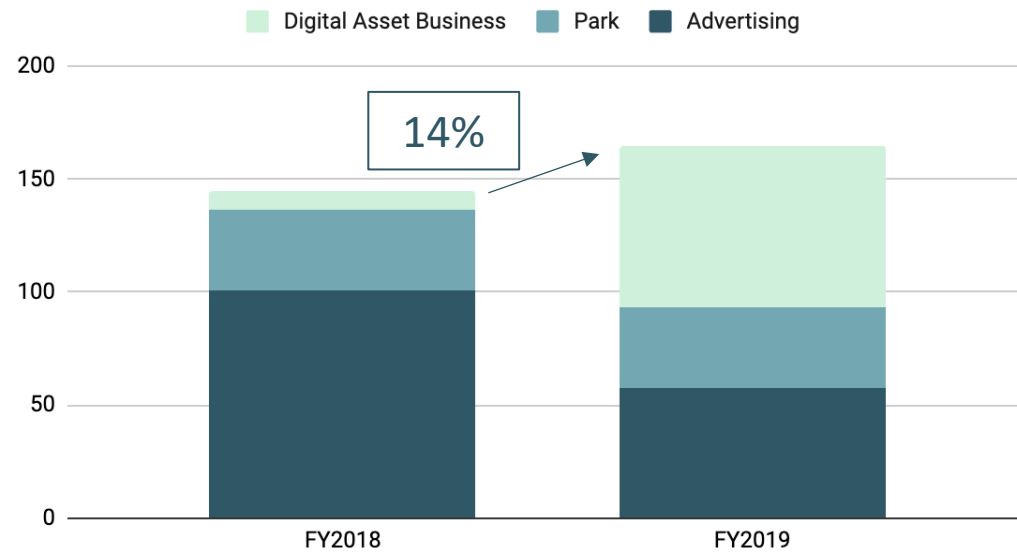
RMB 161m		RMB 245m
2018		2019

Assets

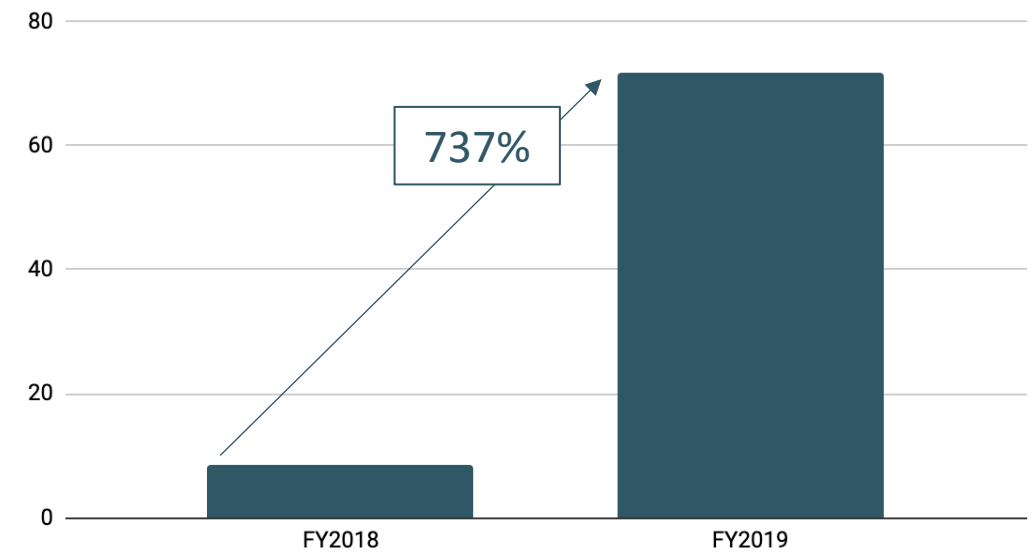
RMB 1b		RMB 1.14b
2018		2019

Digital asset platform is business growth engine at 44% of all revenues

All Business Revenue (in RMB millions)

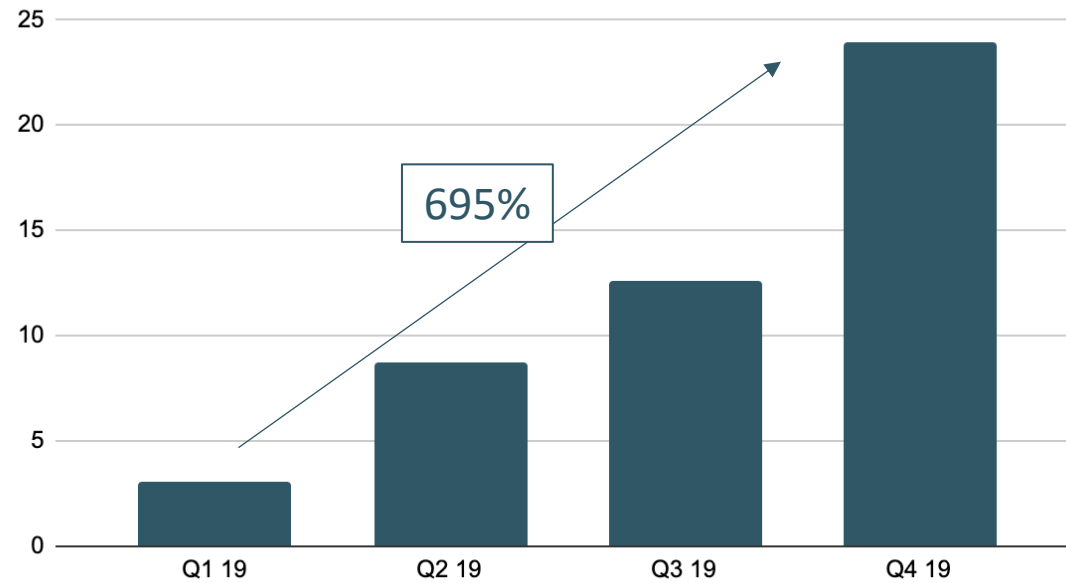


Digital Asset Business Revenue (in RMB millions)

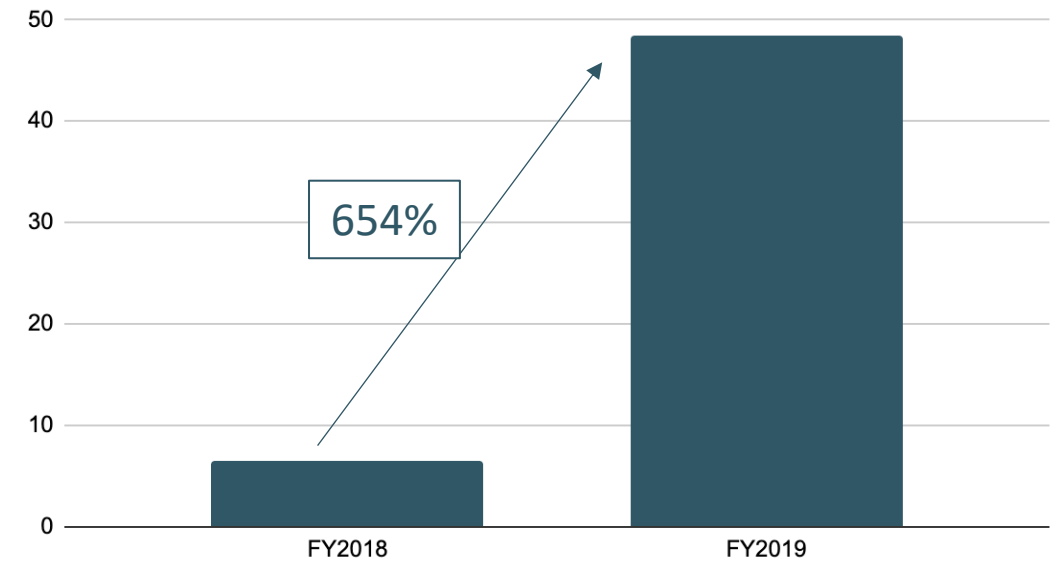


Significant increase in digital asset trading volume

Digital Asset Trading Volume (in RMB billions)

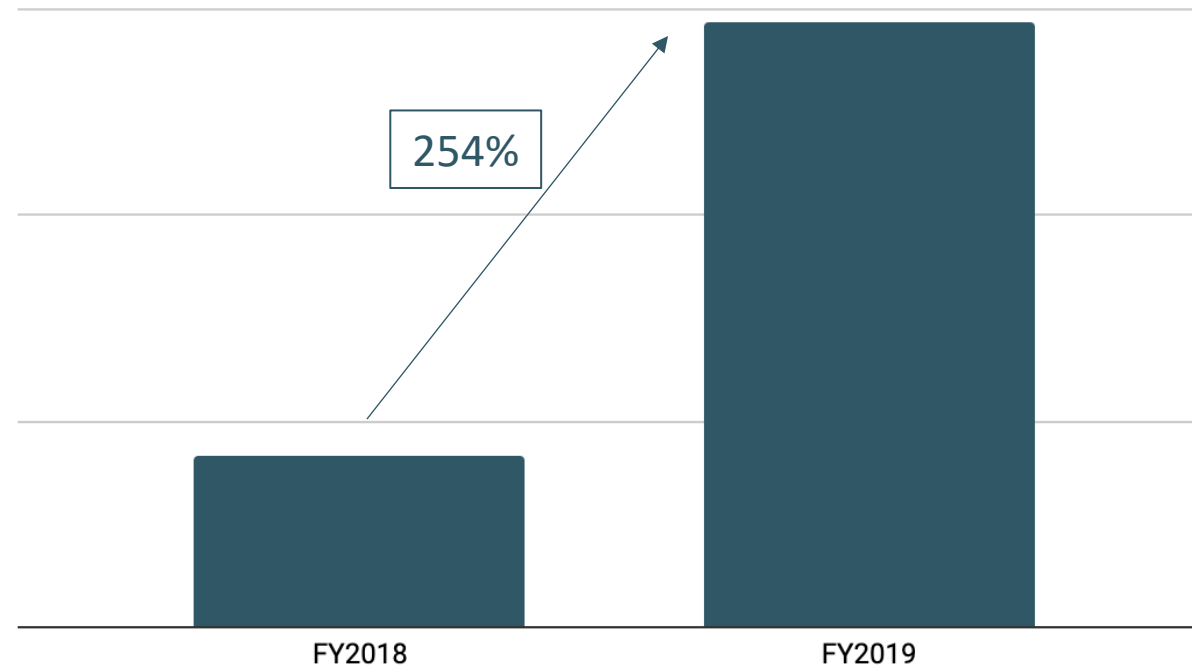


Digital Asset Trading Volume (in RMB billions)



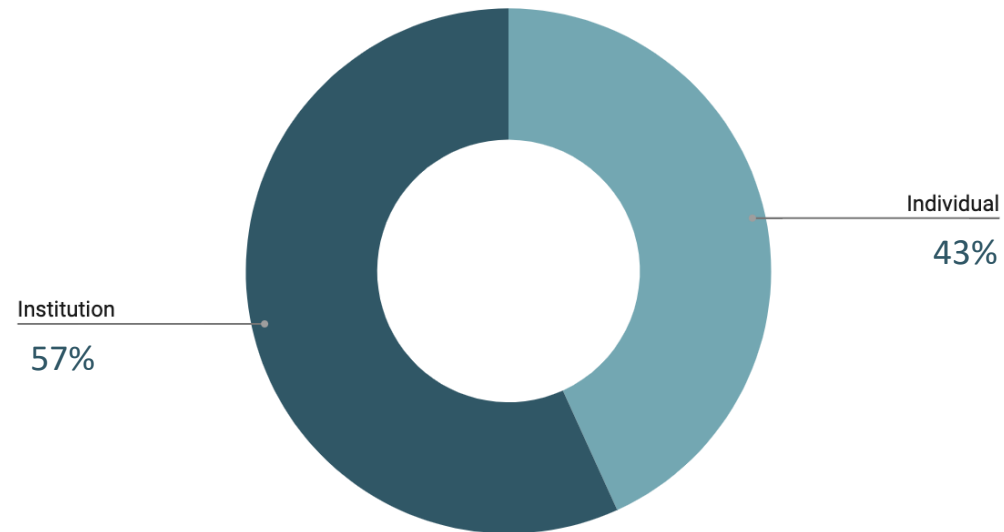
Strong client growth for digital assets, driven by institutions

No. of Active Clients

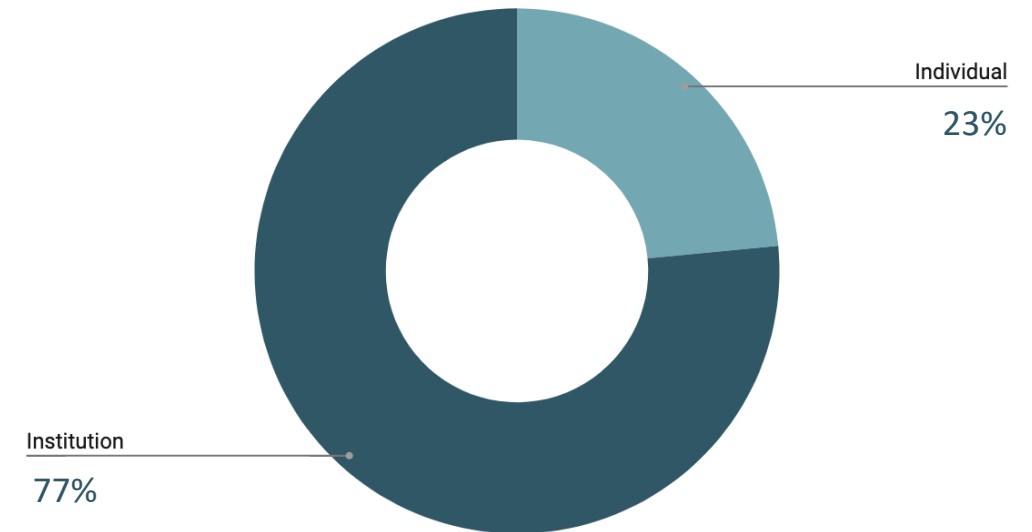


Institutions drove over 75% of trading volume in 2019

FY 2018 - Digital Asset Trading Volume Mix



FY 2019 - Digital Asset Trading Volume Mix





01

2019 financial &
operational
highlights



02

Digital asset
market
opportunity



03

Appendix

Digital assets platform highlights and milestones

H2 2018

- Appointed PwC as independent auditor
- Launched the digital asset business under the OSL brand
- Established corporate and technical infrastructure for SaaS offering

FY 2019

- Launched 1st-in-Asia insured digital custody service
- Strong assets-under-custody growth, continuous onboarding of institutional-level clients
- Increased SaaS revenues
- Rebranded digital asset platform to OSL
- Completed an HKD114 million share placement to fund the Group's continued expansion
- 1st to submit application for SFC digital asset trading platform licence in Hong Kong
- Singapore office opened
- Custody supported launch of Asia's 1st bitcoin tracker fund
- Strengthened management team – appointment of Hugh Madden as CEO
- Annualized trading volume was ~USD13 billion as of December 2019

1Q 2020

- Closed HKD280 million share placement
- Public launch of OSL Exchange automated trading service
- 10 active SaaS clients across several geographies including Australia, New Zealand, the UK and in APAC, including tier-1 regional bank
- Record trading volumes in the month of March

Exceptional growth opportunity as traditional securities digitize

Global value by asset class, USD

----- Anticipated growth of digital asset securities

Capturing 1% market share of the traditional asset classes over the next 5 years will translate into
59x of growth for digital assets

\$187B*
Appx size of the digital asset value
3.27.2020



Est. size of the digital asset securities market by 2024
\$11 trillion+

Equity market
\$73 trillion

FX market
\$77 trillion
In notional value

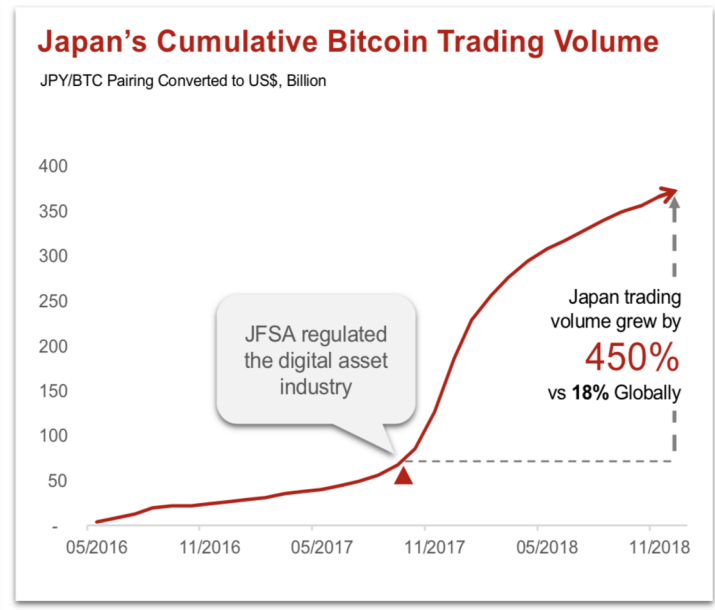
Real estate market
\$217 trillion

Fixed income
\$250 trillion

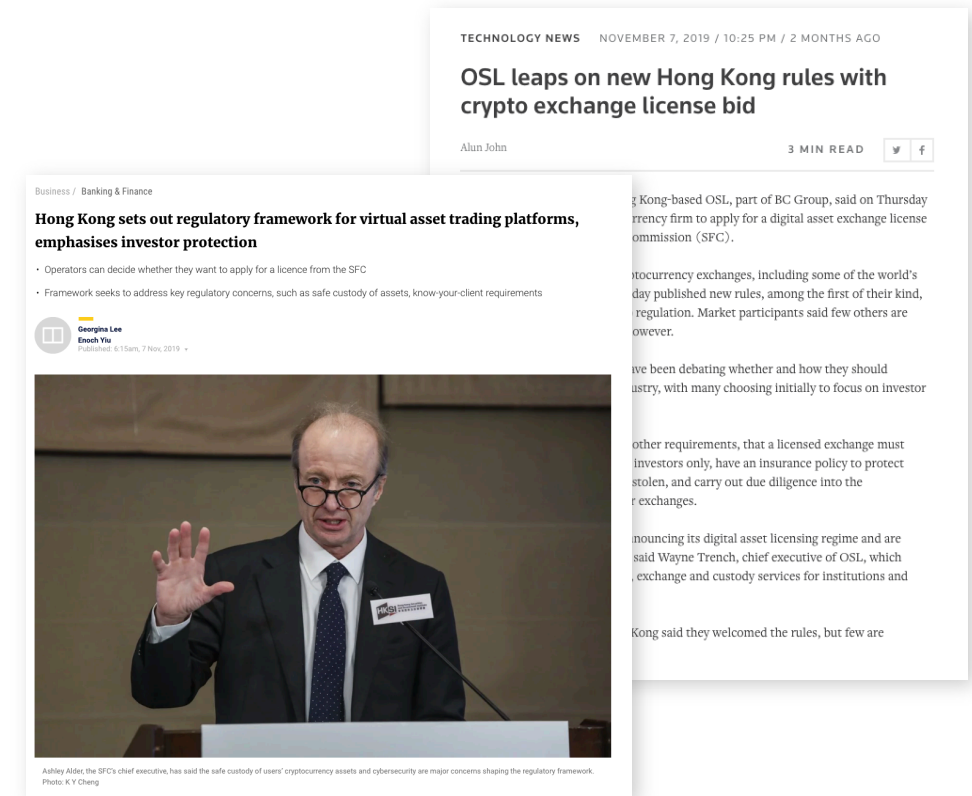
Derivatives market
\$544 trillion
in notional value

Total: \$1,161 trillion

Regulation drives institutional flow



- Regulation can assist growth and encourage investment in digital assets, as it did in Japan in 2017
- Regulatory clarity helps protect consumers and opens asset classes to regulated entities to do business



- Hong Kong's Securities and Futures Commission announced pioneering regulatory framework for digital asset trading platforms in November 2019
- BC Group's OSL was the first to apply for types 1 and 7 licenses under the framework

Global regulatory validation and clarity galvanizing institutional appetite



In June 2019, the FATF released requirements for all of its 39 member jurisdictions to introduce licensing and SWIFT- like AML/CTF obligations.

This has led to the emergence of licensing frameworks for digital asset business as regulated financial intermediaries, providing access to traditional market players.



In Nov. 2019, the SFC created a regulatory framework to licence digital asset trading platforms in Hong Kong.

In Nov. 2019, the SFC issued a terms and conditions paper on digital asset management.



Japan was one of the earliest countries in advancing the regulations in digital assets.

In September of 2017, JFSA required all digital asset exchanges to obtain licenses. There are currently 22 digital asset exchange service providers licenced by JSA.



Singapore is emerging as a global digital asset hub as MAS takes a supportive approach to regulations.

MAS applies existing legal frameworks where possible and is reported to be proactively working on creating a more robust framework.



SEC has prioritized examination of the digital asset industry in 2020. A draft bill that seeks to provide a comprehensive regulatory frameworks was introduced to Congress in March.

State governments have also been proactive in establishing regulations. Regulations have invited the biggest financial players to enter the market.



Since 2018, the UK has established a taskforce to assess potential impacts of digital assets and DLT. The FCA has also launched a number of consultations.

In January 2020, the FCA assumed the role of AML/CTF supervisor for all digital assets



BaFin has always treated digital assets as financial instruments or artificial currencies for payments. All trading and brokerage services thus require licensing under the German Banking Act.

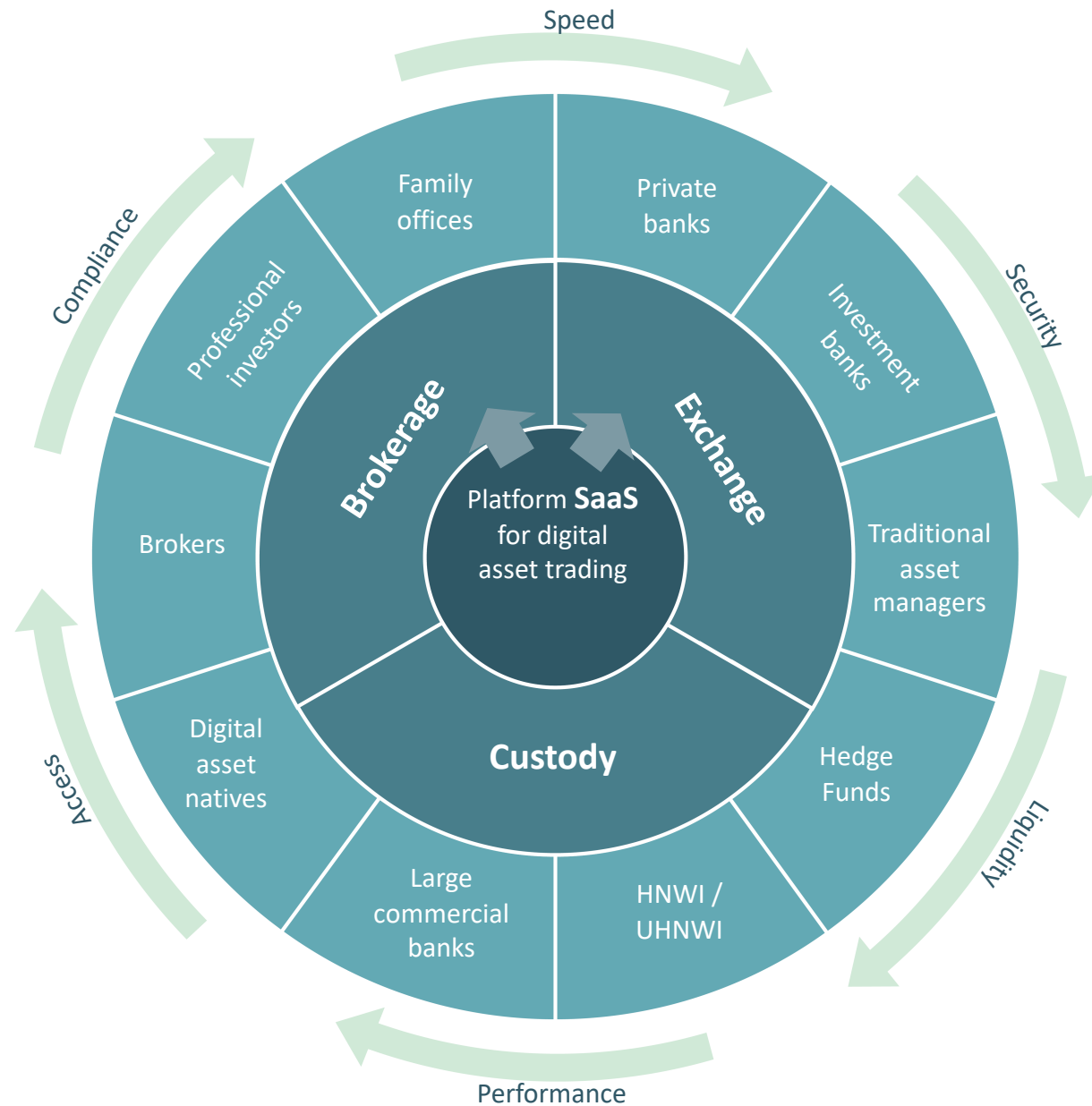
Implemented a new regulatory regime for digital assets in January 2020, including a licence for digital asset custody businesses.

OSL platform customer matrix

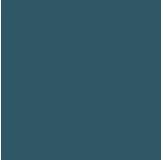
- Seamless access across products and services
- SaaS distribution model allows scale
- Increasing inflow of institutional customers and capital

Key


	Platform and distribution
	Products / services
	Customers
	Benefits



Summary and outlook



In the past two years, the Group successfully built the region's leading digital asset platform




The platform saw outperformance during FY2019, evidenced by strong operational, financial progress and an increase in institutional clients and volume



Given our strong brand and unique positioning in the sector, we expect to see continued strong organic growth



In the next year, BC Group aims to continue to grow and transform revenues and cashflow profile



BC Group is thriving and we expect to see developing macro conditions offer non-organic opportunities to greatly accelerate our client acquisition and distribution

Q&A

01

2019 financial &
operational
highlights

02

Digital asset
market
opportunity

03

Appendix

Leadership team



Hugh Madden
Chief Executive Officer

18+ years of experience in technology and finance, including with HSBC, CBA, State Street and Lloyd's Bank



Dave Chapman
Executive Director

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



Ken Lo
Deputy Chairman

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



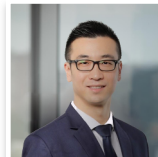
Gary Tiu Ka Chun
Head of Regulatory Affairs

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



Phillip Pon
Chief Operating Officer

20+ years of experience at leading finance and consulting firms including KKR, McKinsey & Company, GLG and Egon Zehnder



Steve Zhang
Chief Financial Officer

15+ years of experience at leading technology and financial services firms including iTutorGroup, Kingdee International, HSBC and Macquarie



Marek Sikora
Chief Risk Officer

20+ years of experience in risk management institutions including as CRO of CLSA and Head of Risk Management at Calyon Asia



Wayne Trench
OSL Chief Executive Officer

20+ years of experience as an entrepreneur and in senior roles at Morgan Stanley and Macquarie Bank



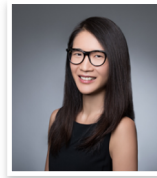
Usman Ahmad
Chief Information Officer

20+ years of experience at global leading organizations in financial services IT, including at HSBC and Merrill Lynch



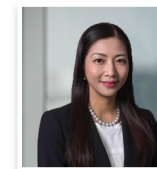
Nathan Simmons
Chief Compliance Officer

15+ years of experience specialized in financial legal affairs and compliance, including senior roles at Octagon Strategy, Nova Pacific Group, Dorsey & Whitney, HMRC and the Australian Government



Melody Ma
General Counsel

15+ years of senior legal experience in finance and technology including seven years at Linklaters and roles with HKEX and Barclays



Julia Pang
OSL Chief Operating Officer

20+ years of experience at international banks, including Standard Chartered, Citibank, ANZ and Banco Santander Asia Pacific

Board of directors



Ken Lo
Deputy Chairman

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



Mr. Johnson Ko
Executive Director

A securities industry veteran, Ko is also the Chairman of Reorient Financial Markets Limited and Deputy Chairman of HK-listed Frontier Services Group Limited



Hugh Madden
Executive Director

18+ years of experience in technology and finance, including with HSBC, CBA, State Street and Lloyd's Bank



Dave Chapman
Executive Director

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



Gary Tiu Ka Chun
Executive Director

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



Lawrence Chia
Non-Executive Director

30+ years of experience in initial public offerings, mergers and acquisitions and corporate finance. Current CEO of the Samling Group of Companies, previously served as Greater China CEO for Deloitte.



Mr. David Chau
Non-Executive Director

CEO of CEN – 1 Partners Limited. Chau led the M&A division of Deloitte Hong Kong and is currently a member of the Hong Kong Securities Institute



Benedict Tai
Non-Executive Director

MD and co-founder of Latitude Capital Group, Tai is a seasoned investment banker in the technology, media and telecom sectors

Contacts

Dan Simon
Vice President, BC Group
dan.simon@bc.group

Sandpiper Communications
BC@sandpipercomms.com