



Dear Investors,

On 22 August, BC Technology Group announced its [2023 interim results](#).

For the first half of the year, our Group revenue was HK\$126 million, representing a YoY increase of 350% from HK\$28 million. Our operating expenses for the period were HK\$169.9 million, representing a YoY decrease of almost 50% from HK\$333.5 million. This significant cost reduction demonstrates our commitment to optimizing our operational efficiency. Notably, our loss from continuing operations witnessed a remarkable narrowing, coming in at HK\$94.7 million compared to HK\$312.1 million for the same period last year.

Digital finance veterans and those that review our monthly investor updates will be well aware that the first half of this year has been met with various headwinds AND tailwinds, impacting both traditional finance and digital asset spaces. However, we are proud to announce that we have successfully navigated these challenges. Our resilience and adaptability have enabled us to not only endure but also thrive amidst adversity. Even in the face of market volatility, we have remained steadfast in maintaining a healthy balance sheet. Furthermore, OSL became [the first platform in Hong Kong to offer crypto trading services to retail investors](#) with our launch on August 3. Combined with our new AI initiatives, we are looking forward to a promising second half of the year.

With that said, the month of August began calmly, with a sense of stability permeating the market. However, midway through the month, an unexpected turn of events transpired. In what can be described as a sudden and tumultuous shift, the digital asset landscape experienced a [violent sell-off](#). This abrupt downturn led to a sharp decline in the price of Bitcoin (BTC), causing it to plummet to levels below US\$25,000. While ultimately impossible to identify the exact reason that led to the price drop, it is believed to be caused by a [combination of a broader sell-off of risky assets, high number of leveraged funds holding shorts on BTC, SpaceX's allegation of selling BTC, and continued surge in global interest rates, particularly in the US](#).

Aside from this, we continue to see positive developments in the digital asset space:

[On 10 August, PayPal launched its own dollar-backed stablecoin called PayPal USD \(PYUSD\)](#). PYUSD is fully backed by U.S. dollar deposits, short-term U.S. Treasuries, and similar cash equivalents. PayPal's entry into the stablecoin space is a significant milestone, as it further highlights the intersection of traditional finance and the digital asset landscape. The launch of PYUSD demonstrates PayPal's continued confidence in the trajectory of stablecoin legislation and its belief in the transformative power of blockchain technology.

[On 22 August, Coinbase took a stake in Circle, the issuer of the USDC stablecoin](#). This move signifies a closer relationship between the two crypto heavyweights. Additionally, the two companies decided to close down the Centre Consortium, a private governance organization for USDC, as they now see "regulatory clarity" on stablecoins. Amidst growing interest in the HK region, particularly in HKD stablecoin

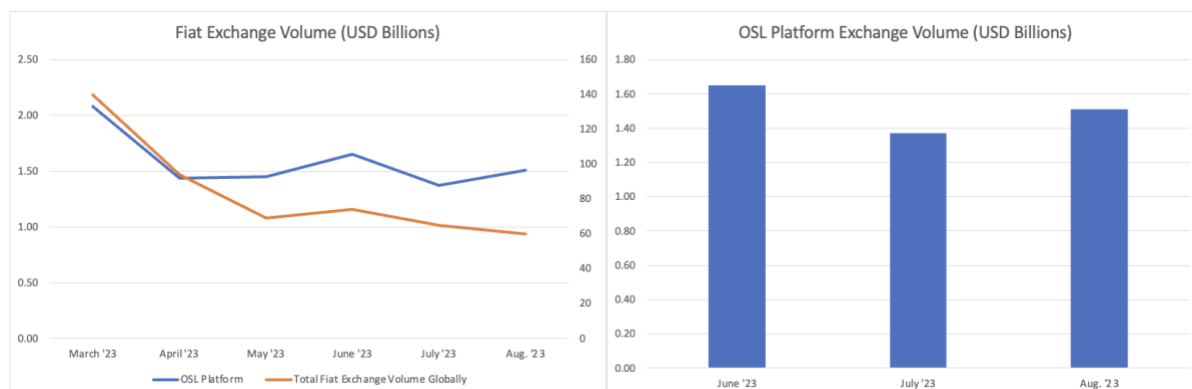


initiatives, the involvement of Coinbase in Circle and USDC underscores stablecoins' rising significance in the crypto ecosystem, holding the potential to reshape traditional financial paradigms.

[On 29 August, X, formerly known as Twitter, acquired the Rhode Island Currency Transmission License, which allows the platform to be able to store, transfer, and exchange Bitcoin and other digital assets on behalf of its users.](#) With over 400 million users worldwide, X's integration of crypto trading and payments is expected to play a significant role in increasing crypto adoption.

Furthermore, [Grayscale Investments recently won a significant legal victory against the SEC in its efforts to convert its over-the-counter Grayscale Bitcoin Trust \(GBTC\) into a listed BTC ETF.](#) The SEC had previously rejected Grayscale's GBTC application, arguing that the products were not "designed to prevent fraudulent and manipulative acts and practices". However, the appeals court ruled that the SEC's decision was "arbitrary and capricious," stating that the SEC failed to explain its different treatment of similar products. This legal victory is a major milestone for the crypto industry, as it could pave the way for the first Bitcoin ETF, potentially tapping into billions of dollars from everyday investors.

Prior months of trading volume for OSL\* can be viewed below:



## Business updates

In a major move that underscores its commitment to the digital asset space, on 3 August, OSL became the first to offer its services to facilitate regulated trading for BTC and ETH for retail clients in Hong Kong. This expansion comes on the heels of technology and automation upgrades, reinforcing OSL's pledge to offer a seamless and intuitive trading and custody experience to its users.

Unlock the world of retail excellence via our upgraded website [here!](#)

## In the news

- 31 August, 2023 - Harris Chiu, our Sales Trader, delved deep into the evolving realm of digital assets in the newest [insight piece](#) which looked at the significant



trends and events, such as Grayscale's groundbreaking win against the SEC, that promised a transformative journey ahead for BTC.

- 25 August, 2023 - OSL expressed gratitude to [Meta Era](#) featuring CFO, Davin Wu, who participated at the [Hong Kong Web3 Summer Summit](#). Davin shared insights on how tokenization is enabling new possibilities across industries, from securities to tangible assets. He emphasized OSL and BC Group's commitment to paving the path for further collaboration between traditional finance and digital assets.
- 25 August, 2023 - [Metro Finance](#) featured CFO Davin Wu's recent interview in sharing perspectives on the latest finance industry trends and the promising future of digital assets.
- 24 August, 2023 - The tremendous success of OSL's [Resurgence 2.0](#) event underscores our progress in bridging traditional finance and digital assets, a core part of its mission. With OSL's doors open and operations running smoothly, the company remains dedicated to supporting and shaping the future of retail participation in digital assets.
- 15 August, 2023 - Our CFO, Davin Wu, participated at the [ITA2023](#) conference. Davin emphasized how Hong Kong's robust digital asset framework, coupled with regulated exchanges and banking access, positions the city to facilitate seamless fiat-to-crypto investing. He noted the further expansion of regulated products like Security Token Offerings will continue attracting investors and institutions.
- 3 August, 2023 - OSL received an [SFC license uplift](#) enabling retail trading of Bitcoin and Ethereum, garnering significant media coverage from [RTHK](#), [HKEJ](#), [Nikkei Asia](#), [Cointelegraph](#), [Coindesk](#), and more. This milestone underscores the company's commitment to providing secure, regulated digital asset trading services as adoption grows.

### **Additional digital asset market developments**

- [Robinhood Revealed to Be Third-Largest Bitcoin Holder With \\$3B in BTC](#)
- [JPMorgan sees 'limited downside' for crypto markets over the near term](#)
- [Crypto bank SEBA obtains approval-in-principle in Hong Kong for crypto-related services, and HKVAX receives approval-in-principle from the SFC to carry out Type 1 and Type 7 regulated activities](#)
- [Singapore's biggest bank DBS unveils metaverse concept for reducing food waste](#)
- [Ethereum developers to debut new testnet 'Holesky' next month](#)
- [Coinbase takes stake in Circle, launching USDC on six new blockchains](#)
- [Shanghai plans massive blockchain infrastructure](#)
- [SEC set to greenlight ether-futures ETFs in win for crypto industry](#)
- [Coinbase wins approval to sell crypto futures in US](#)
- [Bitcoin dominates as crypto fund inflows rebound amid US inflation data](#)



- [China's Sichuan province aims to grow metaverse industry to \\$34.4 billion by 2025](#)
- [Singapore central bank releases regulatory framework for stablecoins](#)
- [PayPal pushes deeper into crypto payments with stablecoin launch](#)
- [ProShares and Bitwise file applications with SEC for Bitcoin and Ether equal weight ETF](#)
- [Franklin Templeton plans blockchain money market funds on Avalanche, Aptos, Arbitrum](#)

As always, the team at BC Technology Group and OSL are available to discuss August's updates.

A replay of BC Technology Group's investor call recording is available for viewing [here](#), and the investor presentation is available for viewing [here](#).

Thank you again for your continued support.

Sincerely,

Dave Chapman  
Executive Director  
BC Group (863 HK)

\* Total platform volume data are an estimated aggregate total of all trading activities on the OSL platforms over the stated period. Such data are unaudited, based on various assumptions and methodologies that are subject to change, and may be subject to subsequent adjustments and corrections which we may later publish. Source: TheBlockCrypto as of 1 Sep., 2023