



BC Group's OSL Sees Digital Asset Revenue Increase 47% YoY in 1H 2020, Reaches Record RMB192 Bln in Annualized Trading Volume During Period

- *Group posts positive adjusted EBITDA in 1H 2020*
- *Outperformance of OSL leads to overall Group revenue increase of 6% YoY despite macro headwinds*
- *Digital asset revenues accounted for 68% of all Group income and revenues 1H2020*

Hong Kong – 13 August 2020 – BC Technology Group Limited (the Group), Asia's leading listed (stock code: 863 HK) digital asset and fintech company, today announced its results for the six months ended 30 June 2020, with its wholly owned OSL digital asset platform business delivering exceptional growth and performance, achieving year-on-year (YoY) revenues of RMB61 million, an increase of 47% compared to the same period in 2019.

The OSL platform saw a surge in activity during the Period, and reached a record high of RMB192 billion in annualized trading volume. Total trading volumes for the Period increased by 420% to RMB61 billion from RMB 12 billion during the same period the previous year.

As a result of outperformance from the OSL platform, the Group posted a positive adjusted EBITDA* during the Period and saw overall revenues grow 6% YoY to RMB90 million (1H 2019: RMB85 million), despite a very challenging macroeconomic environment for its traditional businesses due to the impact of COVID-19.

In addition, digital asset revenues accounted for 68% of all Group income and revenues in the Period, compared to 49% for the first six months of 2019.

OSL provides digital asset brokerage, automated trading services, Software-as-a-Service (SaaS) solutions and custody services for institutions and professional investors.

The successful revenue growth and performance by the Group and the OSL platform was mainly as a result of an increase in trading volume from the Group's digital asset trading services and client growth from the Group's SaaS and related services.

The public launch of *OSL Exchange* and the formal roll-out of OSL's SaaS product suite also accelerated growth over the course of the period.

Commenting, BC Technology Group CEO Hugh Madden said: "As the world grapples with the economic fallout from COVID-19 and turns increasingly toward doing business online, BC Group and OSL remain resilient and growth-focused. Continued volatility in the digital asset market, higher trading volumes and critically, rapid adoption of the asset class among regulators, governments and investors, is driving top-line performance of our OSL digital asset platform.

"Looking to the remainder of the year, we are confident that we can continue to build market share as the digital asset ecosystem expands exponentially," he added.

The Group's two PRC businesses delivered mixed results in the first half of the year as China's economy stalled. The business park management services business performed admirably, reporting a slight increase in revenues to RMB17 million (1H 2019: RMB17 million) as the Group's business park commercial property remained fully leased. The advertising business saw a 56% decline in revenues, as a result of a continuing softening in consumer confidence in the China domestic automotive industry and government policies and restrictions stemming from the COVID-19 pandemic.

Reflecting the strong performance of the digital assets business and tighter control of operating expenses, the net loss for the Period decreased by 31% to RMB91 million (H1 2019: RMB132 million).

“Our digital assets business continued to outperform, enabling us to achieve revenue growth at the Group level, a superb feat considering the challenging macroeconomic backdrop. Furthermore, achieving positive adjusted-EBITDA is a significant milestone, and is a testament to the scalability of our business model. Buoyed by the regulatory progress we are making in Hong Kong and elsewhere, we believe 2020 is a critical year for OSL to continue to build on its position as one of the world’s preeminent providers of institutional grade digital asset investment solutions and services to professional investors,” said Group CFO Steve Zhang.

Launches and Fundraising Support Building Momentum in Digital Assets

In the first half of the year, the Group saw two important product launches, a comprehensive OSL SaaS product suite for digital asset trading; the OSL Exchange, its best-in-class digital asset exchange designed for professional traders. In addition, the company successfully raised USD 36 million in a share placement that included a significant investment from a blue-chip international financial institution and other institutional investors.

OSL SaaS now services more than 10 active customers, including a major regional bank. Other new customer highlights in the period included providing exchange SaaS for PDAX, the Philippines’ largest and central bank-licensed digital asset trading service, and being selected as the official digital asset custodian for Equities First Holdings LLC (EFH), a global investment firm headquartered in the United States. OSL was also chosen in May 2020 to provide digital asset safekeeping services to the SFC-licensed blockchain and crypto-related asset manager MaiCapital’s crypto-themed quantitative hedge fund, the Bitcoin+ Investment Fund.

OSL continues to see a strong pipeline of revenue growth opportunities as momentum in the institutional space gathers pace, evidenced by a steady increase in participation in digital assets from leading financial players such as State Street Bank, Paul Tudor-Jones, Standard Chartered, JP Morgan, Fidelity, Deutsche Borse, Nomura, and ING, among others.

The exceptional performance of Bitcoin, which experienced its third halving event (a once-every-four-year event that reduces the number of new Bitcoin entering circulation every 10 minutes by half) in the period, helped to reinforce its status as one of the best performing assets of the decade, spurring greater interest among global investors for digital assets. Leading altcoin Ethereum also recently posted strong performance growth as decentralized finance related to its ecosystem has gathered steam.

Strategy and Prospects

The Group’s strategic priorities for the rest of 2020 are threefold: (1) Continue to grow market share of the digital asset business in both trading and SaaS as a multi-jurisdictional licenced entity serving tier-1 institutional clients; (2) remain financially disciplined and strengthen the diversity of digital asset revenue streams; and (3) maintain and continuously improve its best-in-class technology offerings and capture market developments to achieve scale.

While global economic conditions remain highly uncertain due to COVID-19 and escalating geo-political tensions, the digital evolution of the financial services ecosystem is set to continue.

As global regulatory clarity continues to sharpen, institutional participation in the digital assets space is increasing exponentially, driving customer acquisition and the expansion of counterparty relationships for the Group.

It is expected that revenue growth in the Group’s digital asset trading platform and SaaS offerings will continue to outpace existing advertising and business park area management services businesses. While these legacy business lines will continue to be key revenue streams in the near term, the Group sees strong upside potential in digital asset revenues for this year and beyond.



About BC Group and the OSL Platform

BC Group (stock code: HK 863) is Asia's leading public fintech and digital asset company. It is the parent company of OSL, the region's most comprehensive digital asset platform. OSL is the region's premier institutional gateway to global digital asset capital markets, and provides Software-as-a-Service, brokerage, exchange and custody services for institutions and professional investors.

In a world first for a listed, digital asset-focused business, BC Group is 'Big-Four'-audited, and fully compliant with industry leading anti-money laundering and know-your-customer standards.

BC Group and the OSL platform are enabling institutional adoption of the digital asset class, setting standards for performance, security and compliance.

For more information: bc.group and osl.com.

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**Adjusted EBITDA is used by management as a measure of the Group's operating performance against those of our peers. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this press release may not be comparable to other similarly titled measures of other companies operating in the same or different business industry sectors.*