



THE BROOKER GROUP PUBLIC COMPANY LIMITED

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May 15, 2024

Subject: **Submission and Explanation of the Financial Statements for the period of three months ended March 31, 2024**

To: The President
The Stock Exchange of Thailand

We, the Brooker Group Public Company Limited (SET code, "BROOK"), hereby submit the reports on the Company's consolidated results for the period of three months ended March 31, 2024 and comparison to the same period of last year.

Summary of Consolidated Performance

The operating gain of the Company and its subsidiaries for Q1/2024 was Baht 683.87 million, representing an increased gain of Baht 595.45 million or 673.43 % from profit Baht 88.42 million from the same period of last year.

THE MAIN COMPONENTS OF THESE RESULTS ARE AS FOLLOWS:

1. Revenues:

The company and its subsidiaries' total revenue of 2024 increased to Baht 768.59 million from Baht 171.66 million by Baht 596.93 million, 347.74% compared to the same period of last year this was primarily due to;

1.1 Direct Revenues

Sales and Service Income of 2024 increased by Baht 32.00 million or by 151.23 % to Baht 53.16 million from Baht 21.16 million in the same period of 2023.

This was due to the fact that business consulting's work regarding management administrative can recognize the success of the work.

1.2 Unrealized gain from measurement of other current financial assets

It is the unrealized gain of trading securities from the measurement of an investment in listed shares/fund units with fair value when compared to the previous fair value of the trading securities/fund units increased by Baht 298.72 million.

1.3 Gain on sales of other current financial assets

It is the realized gain of trading securities from the sale of an investment in listed shares in SET at the market price when sold compared to the previous fair value of the trading securities. No gain on sales of other current financial assets in this quarter, therefore, it decreased by Baht 1.06 million from the same period of last year.

1.4 Income from digital assets inventory

It is revenue from earning coins from invested coins increased by Baht 47.28 million to Baht 49.29 million from Baht 2.01 million in the same period of 2023

1.5 Gain from exchange digital assets inventory (net) from loss from exchange digital assets inventory

It increased by Baht 123.30 million to Baht 126.07 million from Baht 2.77 million

Gain from exchange Digital Assets Inventory Q1/2024 – 126.07 million Baht (net)

Gain from exchange Digital Asset Inventories (net)	Value
(1) Profit from exchange coins	58.54 million Baht
(2) Profit from BNB Tokens following the Sale and Purchase Agreement Profit from selling coins	52.04 million Baht
(3) Profit from exchange coins to Intellectual Property Punks and Apes Characters	18.01 million Baht
(4) Fees and others	(2.52) million Baht
Total	126.07 million Baht

Interest income increased by Baht 8.03 million due to loans to non-related companies increased when compared with the same period of last year.

1.6 Other Revenues

Total other revenues increased to Baht 225.88 million in 2024 from Baht 137.23 million in 2023 by Baht 88.64 million, and is composed of :

- Gain on exchange rate increased by Baht 93.08 million
It is a difference from the exchange rate in converting the currency US Dollars from overseas subsidiaries into Thai Baht for accounting purposes.
- Reduced value of inventory recovery decreased by Baht 4.35 million

As for accounting principle, Digital Coins will be considered as Digital Assets Inventories following the disclosure in the financial statements of the Company. As inventories, such guideline for disclosure is made on the conservative basis, so, the value of Digital Assets is determined by the cost or the net realizable value (Market price as indicator), whichever is lower.

At Q1/2024, the Company recorded reversal for reduced value of inventories amount Baht 132.65 million because the market price of each coin was higher. For 2023, the Company had also recorded a reduced value of inventory recovery from the increase in the value of inventories in accordance with the accounting principle in total Baht 289.30 million.

- Decrease in others by Baht 0.09 million

2. Expenses:

Total expenses decreased to Baht 60.74 million in 2024 from Baht 86.75 million in 2023 by Baht 26.01 million, 29.98%, this was primarily due to:

2.1 Costs of sales and services increased by Baht 3.17 million, 20.62%, from Baht 15.37 million to Baht 18.54 million, major due to employee benefit increased due to manpower increased.

2.2 Selling and administrative expenses decreased by Baht 22.29 million or by 41.19% from Baht 54.12 million to Baht 31.83 million mainly due to total depreciation decreased and loss from foreign exchange decreased.

2.3 Unrealized loss from measurement of other current financial assets decreased by 15.02 million

It is the unrealized loss from trading securities from investment in securities in the market and investment in fund units at the fair value as at the end of the accounting period as of March 31, 2024, compared to the fair value of the previous period.

2.4 Increase in financial cost by Baht 0.06 million.

2.5 Increase in Share of loss of joint venture accounted for using equity method by Baht 8.07 million

Statements of Financial Position

Other current receivables: Non-related parties

Advance Payment

As of March 31, 2024, remain advance payment amounting to Baht 19.97 million decreased from December 31, 2023 amounting to Baht 65.57 million by Baht 45.60 million as shown in Note 5 to the financial statements for 2023 because an advance payment converted into Tokens following the aforementioned BNB Tokens contract.

These payments in advance will decrease quarterly as the advance payment SWAP to Tokens was due according to the BNB Tokens contract. This quarter Q1/2024 was the last quarter to receive Token.

Loans to Non-related parties

Loans to other persons and other parties decreased by Baht 148.85 million from December 31, 2023 by settlement payment of 1 other person non-related and 1 non-related party.

Yours sincerely,

THE BROOKER GROUP PLC.

(Mr. Chan Bulakul)

Chief Executive Officer

Disclosure

MD&A to provide more information about key strategic holdings relating to digital assets per Note 6 and Note 8

Background of Digital Asset Treasury Program

The new strategic direction kicked off during a brainstorm Board Strategy Meeting of the Brooker Group Plc (the “**Company**”) in Q1 2021 to explore new business models that can bridge traditional and digital services. Therefore, this new Division is part of our normal business operation of expanding new use case for clients’ advisory services.

The majority of asset allocation into Digital Assets was during 2021, from the first day of investment, 29 March 2021, until 31 August 2021, in the amount of Baht 1,225 million.

(Note: All investments are made in US Dollars, so the exchange rate used has an impact on the valuation of investments in Thai Baht at any given moment.)

Rationale of Digital Asset Treasury Program

The Board believes that blockchain technology which powers the Digital Asset Ecosystem has the potential to disrupt traditional financial services. With the growing adoption by retail and major global institutions, the network effect has made the digital asset ecosystem more robust, more secure, and more valuable. The open-source nature of the ecosystem is fueling innovation and congruence at rapid speed. Major companies are now integrating digital asset services into their business models. The Board believes the digital asset ecosystem is still young and has long-term growth potential.

Differentiation between the Company Group with other Cryptocurrency Exchange Companies or Asset Tokenization Companies

The Company through the subsidiary company, Brooker International Company Limited (“**BICL**”), (collectively called the “**Company Group**”) is not a Cryptocurrency exchange trading business that depends on trading volume for revenue. Instead, the Company Group has a direct holding of Digital Assets that will be booked as Digital Assets Inventory. We are the first listed company in Thailand to hold Bitcoin and digital assets on our balance sheet. Through our Bitcoin and digital assets holding, we were able to form strong partnerships with top tier global crypto companies, we were able to build a strong digital asset specialist brand for business consulting services, and we were able to show, in a tangible way, our long term commitment and strong confidence in the future of digital asset ecosystem to our stakeholders.

Through our business partners’ synergy, we received exposure to over 300 crypto projects and gained industry insights with timely and reliable crypto market updates. We gain access to pre-listing tokens in the global markets, and we were able to connect Thai crypto projects to global VC for fund raising.

Since the initial capital allocation into the crypto and digital tokens, the company didn’t allocate any additional funding to purchase more digital asset tokens. The company will maintain the buy and hold strategy until crypto mass adoption is achieved; however, tokens were utilized in web 3.0 yield-earning activities throughout the holding period in order to gain a better understanding of the web 3.0 innovations and R&D to strengthen our business consulting services, which is the core business of the company. Once we achieved our goals, the proceeds

from reduction in digital assets treasury will support normal business activities, r&d for new businesses, potential M&A.

Investment in Digital Asset Tokens (Crypto Currency and Digital Tokens)

Number of Units Tokens/Coins	31 Dec 21	31 Dec 22	31 Dec 23	31 Mar 24
Bitcoin (BTC)	175.17	164.65	164.65	164.66
Ethereum (ETH)	2,140.48	1,404.64	1,540.12	1,473.39
Binance (BNB)	14,207.25	41,167.17	42,970.53	42,986.85
Solana (SOL)	39,212.94	16,895.63	17,701.27	13,527.51
1Inch (1INCH)	189,598.11	189,598.10	189,598.10	189,598.10
Polkadot (DOT)	49,583.72	49,782.68	49,847.14	49,847.14
Cardano (ADA)	823,085.00	823,085.00	823,084.64	823,084.64
Chainlink (LINK)	31,760.18	31,801.88	32,126.71	32,346.86
Pancake (CAKE)	64,531.45	113,760.80	128,920.90	128,938.80
Uniswap (UNI)	33,560.00	33,560.03	33,560.03	33,560.03
Theta (THETA)	81,155.71	81,155.71	81,155.71	81,155.71
Enjin (ENJIN)	327,083.72	327,083.72	327,063.70	327,063.70
File Coin (FIL)	6,046.65	6,046.65	6,046.65	6,046.65
Alogrand (ALGO)	703,358.70	703,358.70	703,358.60	703,358.60
Compound (COMP)	2,169.96	2,169.96	2,169.96	2,169.96
Certik (CTK)	297,012.85	297,810.59	297,810.59	297,810.59
Venus (XVS)	21,334.64	23,456.28	25,199.84	25,938.02
Bitdao (MNT)	1,362,505.00	1,362,505.00	1,362,505.00	1,362,505.00
Other Yield Reward tokens	n/a	n/a	n/a	n/a

In the past 3 years, the Digital Asset Treasury has mostly remained the same with a similar number of tokens since the initial investment. There are changes in some tokens due to web3.0 activities and reallocation within the Digital Asset Treasury which are noted below. The Company Group liquidity position is very strong with D/E around 0.15x and Current Ratio > 5.8x.

Key Token Movement Over The Past 3 Years

- **BNB:** In Q1 2022, we entered an OTC deal to purchase BNB with 2 year lockup and quarterly vesting. Source of funds came from selling BTC, BNB, ETH, and SOL. During the 2 year lockup, unvested tokens to be delivered was recorded as Advance Payment for token per our accounting policy.
- **BNB:** In Q1 2022, small changes in BNB holding due to selling of BrookNFT Brooklingz by Brook to fund new project.
- **BNB:** Small changes in BNB from subscribing to Binance’s yield earning activities
- **ETH:** Sold in Q1 2022 to reallocate into BNB and Q1 2024 buy ETH to purchase NFTs for IP commercial rights. Company is also pilot testing a validator node which has approximately 3% apr token yield.
- **DOT:** Participated in staking yield program and DOT slot auction.
- **LINK:** Participated in staking yield program. (ongoing)
- **CAKE:** Participated in staking yield program.
- **SOL:** partial reduction in Q1 2022 to reallocate into BNB and Q1 2024 to purchase NFTs for IP commercial rights.
- **XVS:** Participated in staking program. (ongoing)
- **BITDAO:** The project migrated and changed name at 1:1 ratio to layer 2 chain called Mantle (MNT).
- **Yield Reward tokens:** These are non-core tokens received from yield rewarding programs in which the company will remove from treasury.

Table of Digital Asset Treasury: update for Q1 2024

	Name	Number of Units (rounded to one decimal place)	Closing Price (rounded to one decimal place)	US Dollar Value Equivalent (million)	Baht Value Equivalent at THB 36.2983 FX rate (million)
1	Bitcoin (BTC)	164.7	71,333.7	11.7	424.7
2	Binance (BNB)	42,986.9	606.9	26.1	947.4
3	Ethereum (ETH)	1,473.4	3,647.9	5.4	196.0
4	Solana (SOL)	13,527.5	202.9	2.7	98.0
5	Others	n/a	n/a	8.5	308.5
			Total	54.4	1,974.6

The total value from top 1-4 tokens/coins accounts for over 80% of total digital asset holdings. Digital Asset Inventory in Note 6 increase from 995 mn baht in Q4 2023 to 1,974 mn baht in Q1 2024.

Access to New Listing Tokens

As part of the strategy to focus on early-stage new technology, the company entered into agreement with Binance to purchase BNB tokens with 2 year lock up and quarterly vesting (distribution). The company has recorded inventory when token is received and advance payment for tokens to be vested. The tokens that have not been vesting will accumulate interest based on market conditions. The final vesting was completed in Q1 2024.

The strategic investment is to strengthen the partnership and allows the company to receive access to new listing tokens on Binance Global Exchange Platform. There are two programs called Launch Pool and Launch Pad. The company receives Launch Pool project tokens with no cost (free) but Launch Pad tokens requires a subscription cost which we allocate from BNB holdings. Terms and Project details can be viewed at <https://launchpad.binance.com/en>

Below are Past Transactions of Launch Pool and Launch Pad Programs:

A. Launch Pool

Date	Token	Tokens Quantity
18/03/2024	ETHFI	35,133.90
13/03/2024	AEVO	80,287.07
29/02/2024	PORTAL	91,570.72
19/02/2024	PIXEL	664,596.02
25/01/2024	ALT	976,519.69
18/01/2024	MANTA	59,047.89
09/01/2024	XAI	154,085.47
04/01/2024	AI	135,489.37
27/12/2023	NFP	168,112.14
18/12/2023	ACE	20,100.57
27/11/2023	MEME	2,851,522.49
31/10/2023	NTRN	71,009.19
31/08/2023	SEI	374,387.05
31/08/2023	CYBER	9,015.49
26/06/2023	MAV	48,232.75
08/05/2023	RDNT	5,325.47
03/05/2023	SUI	25,868.20
28/04/2023	RDNT	31,892.97
01/12/2022	HFT	9,958.75
30/06/2021	ATA	12,620.94

B. Launch Pad

Date	Token	Tokens Quantity	Cost (BNB)
17/7/2023	ARKM	137,189.29	28.22
28/4/2023	EDU	126,278.25	19.29
22/3/2023	ID	186,279.79	13.80
09/3/2022	STEPN (GMT)	687,316.67	17.27
21/2/2022	ALPINE	7,391.37	18.90
20/1/2022	LOKA	37,605.90	12.77
01/12/2022	HOOK	30,338.95	10.25
14/12/2021	VOXEL	50,173.72	19.01
16/11/2021	PORTO	7,221.38	11.81
21/10/2021	LAZIO	7,144.38	14.38
08/10/2021	BETA	97,288.27	13.45
23/7/2021	C98	132,698.69	33.22
Total cost (BNB)			212.37

In Q1 2024, The Company Group realized 46.76 million baht profit from 8 new listing tokens which on average equates to 5.85 million baht per token project.

The Company Group plans to sell all new listing tokens based on Investment Committee policy. The remaining tokens waiting to sell are ACE, MANTA, PORTAL, MEME, NTRN. The other tokens have been changed and reflected in the financial statement.

Synergy Partners

Table of Limited Partners Participation:

Name	Inception Date	Lockup (Years)	Total Commit /Capital Call (MUSD)	Estimate NAV Q1 2024 (Baht)	Q1 2024 Gain	Percent Gain Since Inception (%)
OP Crypto Fund	Sep-21	5	1/0.75	23,612,632	-	32.5
UOB Signum Blockchain Fund	Jan-22	8	2/1.4	61,716,507	10,060,618	18.6
Binance Labs Fund 2	May-22	10	10/4.6	619,300,335	303,376,992	273.8
Nomad Capital	Mar-23	5	1/1	44,678,562	7,503,734	23.1
Exponential Age Digital Asset Fund	Mar-22	3	0.5/0.5	22,957,299	13,929,674	26.5

The Company Group's participation in limited partners role is part of our strategic direction to build network relationships, deal flow, and access to the latest market trends in different regions of the world. It is part of our advisory value chain to become one stop service where we can advise our project founder clients to access global resource as well as offer VC portfolio companies' advisory services for localization into Thai and Southeast Asia markets. We believe digital asset is an emerging new sector of the global economy and therefore the Company Group must secure the best partnerships to have competitive edge. As a result, our limited partnerships are all long term with 3 to 10 years lockups. All the limited partnerships are focused on digital assets because it is one of the strategic direction of the Company Group.

The Company Group's advisory business is built upon relationships and network with company owners. Fostering these relationships over the long run has led to large size transaction deal flow which became key milestones for the Company Group branding success. It helped build confidence for new clients and demonstrated successful track record for potential new clients and future deals. The partnership with Venture Capitals gives the Company Group direct access to project founders which otherwise will be very difficult and expensive to establish on a global scale. As project founders will face difficulties in the future, the company can make use of 30 years of advisory experience to help guide founders through capital raising, restructuring, M&A, and more.

Binance Labs Fund 2: The Fund was formed by the Binance group for limited partners with strong business synergy to support high growth potential projects through investment in equities and tokens depending on the situation. The fund has discontinued investing in new projects; however, it had invested in 68 projects since inception and approximately 26% of the projects have realized its value, remaining projects are still pending exit and valuation have not been realized. The Company Group received access to new opportunities and deals in addition to connecting with the strong network of other partners and founders in the ecosystem. The Company Group was also on the advisory board of the Fund.

Inception Capital (Previously known as OP Crypto): The Fund aims to become a leading investor in the new digital assets economy by leveraging a world class team, global investment reach and experience, and industry leading deal flow. The team was previously working at Huobi exchange. The Company Group has reached a wider client base on a global scale through the exchange of project networks and Venture Capital which mainly focusing the US investors.

Exponential Age Digital Asset Fund (EADAF): EADAF capitalizes on deep access to everyone that matters in crypto and an understanding of the groundbreaking technologies that comprise the Exponential Age in Digital Assets. The team combines world-class network with proprietary analytics, and the active monitoring of performance and new crypto developments. The Fund was founded by Raoul Pal, which is also the founder of Real Vision. Real Vision is a financial long form content with institution grade research. The Group Company has requested permission to use some of Real Vision's intellectual property educational content to translate into Thai for the Group's social media content.

UVM Signum Blockchain Fund: UOB and Signum Capital jointly launch a blockchain fund called UVM Signum Blockchain Fund: The Fund's mission is to partner with visionary founders, who are building the next wave of category-leading blockchain companies. The Fund will invest globally into early and growth stage blockchain companies and blockchain related assets. The Fund will focus on four (4) key investment areas: (i) Blockchain Infrastructure Innovation and Advancement; (ii) Financial Services and Systems; (iii) Asset Tokenization Platforms; (iv) Applications and Tools. The Fund may also invest beyond these key investment areas into other types of blockchain technologies. The Company Group was previously in talks with portfolio projects to introduce the new technology to listed companies in Thailand. This will help Thai companies access breakthrough technology to stay competitive in the web3 ecosystem.

Nomad Capital: The investment objective of the Fund is to achieve capital appreciation and generate returns by participating in early-stage investment opportunities in companies trading in, investing in, and/or providing services to the digital assets and cryptocurrency business, and make other investments related thereto. The Fund may also invest in or trade in digital assets or cryptocurrencies. The Fund has already invested in 30 projects. The Company Group has signed an advisory mandate to help Nomad Capital to provide general advice, deal sourcing

for investment, provide preliminary advice on the appropriate financial structure, tokenomics, and fund raising for portfolio companies. This is part of the Company Group's strategic partnership network to reach a wider client base on a global scale.

Digital Intellectual Property

Cryptopunks NFT. Another strategic direction of the company is digital IP for commercialization. The Company Group purchased Cryptopunks which is the number one NFT project in the world with a market cap over 2 billion dollars in Q1 2024. It is a branding initiative where we own IP rights for derivative works, and we connected with Yuga Labs, the project owner, to explore new business opportunities. The company owns 12 Cryptopunks NFTs and has completed the collection.

About Cryptopunks

What Is the CryptoPunks NFT Collection?

CryptoPunks is an Ethereum-based NFT collection of 10,000 unique art characters. Out of the 10,000 Punks – there are 6,039 males, 3,840 females, 88 zombies, 24 apes, and 9 alien punks. Due to their rarity, the zombie, ape, and alien punks are priced significantly higher. The CryptoPunks collection is one of the earliest and most popular collections in the NFT space, with some high-profile celebrities owning their own Punk. Some of these celebrities include Serena Williams, Logan Paul, Mark Cuban, and SnoopDogg. The CryptoPunks NFT collection was so highly sought after by art collectors that they were even sold at Sotheby's and Christie's, which are international auction houses. The CryptoPunks NFT collection was algorithmically generated by a pixelated character generator that assigned each individual character their unique traits. The algorithm ensures that no two NFTs in the collection are the same, making each of them unique. Generally speaking, the CryptoPunks that do not have many unique features have a lower floor price.

In March 2022, Yuga Labs, the company that created the Bored Ape Yacht Club NFT collection, closed \$450 million in a seed funding round that gives it a post-money valuation of \$4 billion. The round was led by venture-capital firm Andreessen Horowitz's a16z crypto fund. Other investors joining the round included game studio Animoca Brands and its subsidiary The Sandbox; investment firms LionTree, Sound Ventures and Thrive Capital; and crypto players FTX and MoonPay. The funds were used to acquire IP rights of CryptoPunks.

Digital IP is becoming a pivotal part of modern brand strategies, particularly among tech-savvy and younger demographics. Luxury brands are finding new ways to connect with younger demographics demonstrated by LVMH group's Tiffany launched a jewelry limited edition of CryptoPunks.

Notable CryptoPunk Owners

- Gary Vaynerchuk : Entrepreneur and internet personality, known for his work in digital marketing and social media.
- Jay-Z: Renowned musician and entrepreneur, who changed his Twitter profile picture to a CryptoPunk, signaling a significant endorsement.
- Visa: The multinational financial services corporation purchased a CryptoPunk as part of its collection of historic commerce artifacts.
- 3LAU: Famous DJ and musician, involved in the NFT space.
- Steve Aoki: Internationally renowned DJ, who has been active in the NFT space, including ownership of CryptoPunks.

- **CryptoPunks Display in Museums:** ICA Miami & Centre Pompidou, Europe's largest modern art museum

Risks

- **Project Owner Rug Pull:** Yuga Labs is backed by many famous VCs and has strong funding for development of their IP business. The founder of Yuga Labs recently returned to the role of CEO this year to further expand the project. The Company Group are currently in constant conversation with the Yuga Labs team to inquire about the future business plans of various NFT projects.
- **Market Volatility:** The value of CryptoPunks, like all NFTs, is subject to market fluctuations. However this is a long term strategic investment for branding purposes.
- **Regulatory Changes:** Potential regulatory shifts in the cryptocurrency and NFT market could impact value and liquidity.
- **Technological Risks:** Smart contract vulnerabilities or blockchain instability. However, the project is the most famous project and has been trading since June 2017 without smart contract failure.

Strategic Benefits

• Branding Enhancement:	Associating with a high-profile and culturally significant asset class.
• IP Development:	Laying the groundwork for Brooker’s future IP ventures, such as digital merchandise, collaborations, events, festivals. As owners of the NFT, the Brooker is granted full commercialization rights with no limit on profit. Brooker can copyright trademark on derivative work and sublicense to the third parties.
• Innovation Leadership:	Positioning our company as a forward-thinking player in the digital asset space as first listed company in Thailand to buy CryptoPunks.

Bored Ape Yacht Club (BAYC) and Mutant Apes Yacht Club (MAYC) NFT. These NFT projects are also owned by Yuga Labs and the NFT ownership allows commercial license for derivative works which has been used by over 400 businesses worldwide (<https://madeby.yuga.com/apes>). This NFT community is more suitable for tourism and festival event demonstrated by Yuga Labs previously hosted two APEFEST festival events in New York and Hong Kong. The strategic investment is for the company to setup a festival event IP in Thailand with global partners that caters to premium tourism market in Q1/2024. The Company Group currently owns 78 MAYC NFTs and plans to purchase 100 MAYC NFTs and 1 BAYC NFT.

About BAYC and MAYC

The Bored Ape Yacht Club (BAYC) and its offshoot, the Mutant Ape Yacht Club (MAYC), are among the most iconic and prestigious digital collectibles in the realm of Non-Fungible Tokens (NFTs). Launched by Yuga Labs in April 2021, BAYC consists of 10,000 uniquely generated digital apes, each with its own set of distinctive traits and accessories, varying from common to ultra-rare. The collection quickly became a cultural phenomenon, blending art, community, and exclusivity into a single compelling vision.

The Bored Ape Yacht Club is more than just a series of digital images; it is a membership card into an exclusive club. Owning a Bored Ape NFT is not only about possession of a unique piece of digital art but also about gaining access to a "swamp club for apes," which includes member-only benefits such as parties, concerts, and other social events both online and in the real world. Additionally, BAYC owners have access to collaborative graffiti boards and can participate in exclusive activities and releases, such as additional NFT drops.

In terms of design, each Ape is algorithmically generated by combining over 170 possible traits, including expression, headwear, clothing, and more. The rarity and the mix of these traits define the value of each NFT, with some Apes featuring exceedingly rare components that fetch higher prices on the market. The aesthetic of the collection draws heavily on a stylized, edgy interpretation of apes that carry a certain irreverent, laid-back vibe, resonating deeply with the crypto community and beyond.

Building on the success of the original Bored Ape Yacht Club, Yuga Labs introduced the Mutant Ape Yacht Club in August 2021. This new collection serves both as an extension and an enhancement of the BAYC ecosystem. Consisting of 20,000 NFTs, the MAYC was created to include more people in the community at a lower entry price point and to invigorate the existing ecosystem with fresh energy and opportunities for interaction and growth.

The Mutant Apes were distributed through a two-tier system: existing Bored Ape owners were given a vial of "Mutant Serum," which could transform their original Ape into a Mutant version, thereby creating a new NFT while retaining the original. Additionally, 10,000 Mutant Apes were sold directly to the public, rapidly selling out and generating millions in sales. These mutants share the original ethos and style of the BAYC but introduce new traits and variations, expanding the narrative and diversity of the community.

Both BAYC and MAYC have cultivated a robust community ethos, with a strong presence on social platforms and regular community-led events that emphasize creativity and participation. The clubs have attracted a wide array of members, including celebrities and notable figures in the entertainment and tech industries, which has further elevated their profile and desirability.

As flagship projects of Yuga Labs, the Bored Ape Yacht Club and Mutant Ape Yacht Club are more than just collections of NFTs—they are at the forefront of a new era of digital collectibles that offer both cultural cachet and community benefits. These projects exemplify how blockchain technology can be leveraged to create unique, interactive communities bound by shared digital assets and experiences, setting a high bar in the NFT space for innovation and community engagement.

Risks

- **Project Owner Rug Pull:** Yuga Labs is backed by many famous VCs and has strong funding for development of their IP business. We recently visited APEFEST HK 2023 and the event was well setup, adding confidence to management team.
- **Market Volatility:** The value of BAYC and MAYC, like all NFTs, is subject to market fluctuations. However this is a long-term strategic investment for branding purposes.
- **Regulatory Changes:** Potential regulatory shifts in the cryptocurrency and NFT market could impact value and liquidity.
- **Technological Risks:** Smart contract vulnerabilities or blockchain instability. However, the project is the second most famous project and has been trading since April 2021 without smart contract failure.

Strategic Benefits

• Branding Enhancement:	Associating with a high-profile and culturally significant asset class for Festival Concert and Tourism. NFTs will also grant access to APEFEST festivals so we can invite 100 of our own stakeholders to enjoy as perks.
• Strong Partner:	Yuga Labs is the number one NFT company in the world with multiple NFT projects.
• IP Development:	Laying the groundwork for the Company Group's future IP ventures, such as digital merchandise, collaborations, events, festivals. As owners of the NFT, the Company Group is granted full commercialization rights with no limit on profit. The Company Group can copyright trademark on derivative work and sublicense to third parties.

Total cost in Digital IP as of 31 March 2024

NFT for Digital IP	Number of NFTs	Average Cost per NFT (US\$)	Total Cost (US\$)
Cryptopunks	12	154,105	1,849,263
MAYC	78	7,981	622,499
BAYC	0	n/a	n/a
Total	n/a	n/a	2,471,762

As of 31 March 2024, the floor price per unit was US\$165,930 for Cryptopunks and US\$7,639 for MAYC

Accounting Treatment

NFTs is recognized as an Intangible Asset in the financial statement.

General Information of Core Investments in Digital Asset

In the past, The Company Group invested in two types of Digital Assets, which are Cryptocurrencies and Digital Token, which details are as follows:

Cryptocurrencies is an electronic data unit created as a medium for the exchange of goods, services, digital assets or any other rights. It can be used as a medium for the exchange of goods and services if users accept it. Currently, Cryptocurrencies are not legalized by any central bank in the world. Although Cryptocurrencies have not yet been introduced, but payment transactions in the global Cryptocurrency market is expanding drastically. Especially in the second half of 2017, mainly due to speculative transactions in the price of Cryptocurrencies. Some well-known Cryptocurrencies such as Bitcoin (BTC) and Ethereum (ETH), etc.

Bitcoin: BTC is the first ever Cryptocurrency in the market. Today, it is still the most popular among others in terms of market capitalization and trading volume. Bitcoin was created by Satoshi Nakamoto, a pseudonymous person or team who outlined the technology in a 2008 white paper. It's an appealingly simple concept: bitcoin is digital money that allows for secure peer-to-peer transactions on the internet. The principles behind Bitcoin first appeared in a white paper published online in late 2008 by a person or group going by the name Satoshi Nakamoto. This paper wasn't the first idea for digital money drawing on the fields of cryptography and computer science. In fact, the paper referred to earlier concepts, but it was a uniquely elegant solution to the problem of establishing trust between different online entities, where people may be hidden (like bitcoin's own creator) by pseudonyms, or physically located on the other side of the planet. Nakamoto devised a pair of intertwined concepts: the bitcoin private key and the blockchain ledger. When you hold bitcoin, you control it through a private key, a string of randomized numbers and letters that unlocks a virtual vault containing your purchase. Each private key is tracked on the virtual ledger called the blockchain.

When Bitcoin first appeared, it marked a major advance in computer science, because it solved a fundamental problem of commerce on the internet: how do you transfer value between two people without a trusted intermediary (like a bank) in the middle? By solving that problem, the invention of bitcoin has wide ranging ramifications: As a currency designed for the internet, it allows for financial transactions that range across borders and around the globe without the involvement of banks, credit-card companies, lenders, or even governments. When any two people—wherever they might live—can send payments to each other without encountering those gatekeepers, it creates the potential for an open financial system that is more efficient, more free and more innovative. That, in a nutshell, is bitcoin explained as follows;

- Unlike services like Venmo and PayPal, which rely on the traditional financial system for permission to transfer money and on existing debit/credit accounts, bitcoin is decentralized: any two people, anywhere in the world, can send bitcoin to each other without the involvement of a bank, government, or other institution.
- Every transaction involving Bitcoin is tracked on the blockchain, which is similar to a bank's ledger, or log of customers' funds going in and out of the bank. In simple terms, it's a record of every transaction ever made using bitcoin.
- Unlike a bank's ledger, the Bitcoin blockchain is distributed across the entire network. No company, country, or third party is in control of it; and anyone can become part of that network.
- There will only ever be 21 million bitcoin. This is digital money that cannot be inflated or manipulated in any way.

- It isn't necessary to buy an entire bitcoin: you can buy just a fraction of one if that's all you want or need.
- One BTC was valued at a fraction of a U.S. penny in early 2010. During the first quarter of 2011, it exceeded a dollar. In early 2021, the value of Bitcoin hit a high of \$60,000, and by August 2021, it fluctuated between \$40,000 and \$50,000.

Background Information of Bitcoin

Since Bitcoin's creation, thousands of new cryptocurrencies have been launched, but bitcoin (abbreviated as BTC) remains the largest by market capitalization and trading volume. Depending on your goals, bitcoin can function as an investment vehicle, a store of value similar to gold, a way to transfer value around the world and even just a way to explore an emerging technology.

Bitcoin is a currency native to the Internet. Unlike government-issued currencies such as the dollar or euro, Bitcoin allows online transfers without a middleman such as a bank or payment processor. The removal of those gatekeepers creates a whole range of new possibilities, including the potential for money to move around the global internet more quickly and cheaply, and allowing individuals to have maximum control over their own assets.

Bitcoin is legal to use, hold, and trade, and can be spent on everything from travel to charitable donations. It's accepted as payment by businesses including Tesla, Microsoft and Expedia. It's been used as a medium of exchange, a store of value, and a unit of account, which are all properties of money. Meanwhile, it only exists digitally; there is no physical version of it.

How Bitcoin works

Unlike credit card networks like Visa and payment processors like Paypal, bitcoin is not owned by an individual or company. Bitcoin is the world's first completely open payment network which anyone with an internet connection can participate in. Bitcoin was designed to be used on the internet and doesn't depend on banks or private companies to process transactions.

One of the most important elements of Bitcoin is the blockchain, which tracks who owns what, similar to how a bank tracks assets. What sets the Bitcoin blockchain apart from a bank's ledger is that it is decentralized, meaning anyone can view it and no single entity controls it. Specialized computers known as 'mining rigs' perform the equations required to verify and record a new transaction. In the early days, a typical desktop PC was powerful enough to participate, which allowed pretty much anyone who was curious to try their hand at mining.

These days the computers required are massive, specialized, and often owned by businesses or large numbers of individuals pooling their resources. (In October 2019, it required 12 trillion times more computing power to mine one bitcoin than it did when Nakamoto mined the first blocks in January 2009.)

The miners' collective computing power is used to ensure the accuracy of the ever-growing ledger. Bitcoin is inextricably tied to the blockchain; each new bitcoin is recorded on it, as is each subsequent transaction with all existing coins. How does the network motivate miners to participate in the constant, essential work of maintaining the blockchain, verifying transactions?

The Bitcoin network holds a continuous lottery in which all the mining rigs around the world race to be the first to solve a math problem. Every 10 min or so, a winner is found, and the winner updates the Bitcoin ledger with new valid transactions. The prize changes over time,

but as of early 2020, each winner of this raffle was awarded 12.5 bitcoin. At the beginning, a bitcoin was technically worthless. As of the end of 2019, it was trading at around \$7,500. As bitcoin's value has risen, its easy divisibility (the ability to buy a small fraction of one bitcoin) has become a key attribute. One bitcoin is currently divisible to eight decimal places (100 millionths of one bitcoin); the bitcoin community refers to the smallest unit as a 'Satoshi.' Nakamoto set the network up so that the number of bitcoin will never exceed 21 million, ensuring scarcity. There are currently around 1.3 million bitcoin still available to be mined, which will happen more and more slowly. The last blocks will theoretically be mined in 2140.

How to get Bitcoin

The easiest way to buy bitcoin is to purchase it through an online exchange like Coinbase. Coinbase makes it easy to buy, sell, send, receive, and store bitcoin without needing to hold it yourself using something called public and private keys. However, if you choose to buy and store bitcoin outside of an online exchange, here's how that works.

- Each person who joins the bitcoin network is issued a public key, which is a long string of letters and numbers that you can think of like an email address, and a private key, which is equivalent to a password.
- When you buy bitcoin—or send/receive it—you get a public key, which you can think of as a key that unlocks a virtual vault and gives you access to your money.
- Anyone can send bitcoin to you via your public key, but only the holder of the private key can access the bitcoin in the “virtual vault” once it's been sent.
- There are many ways to store bitcoin both online and off. The simplest solution is a virtual wallet.

How to use Bitcoin

Back in 2013, a bitcoin enthusiast named Laszlo Hanyecz created a message-board post offering 10,000 BTC – which then was worth around \$25 – to anyone who would deliver two pizzas to his Jacksonville, Florida, home. As the legend goes, those two pizzas, which another bitcoin early adopter bought from a local Papa John's, marked the first successful purchase of non-virtual goods using bitcoin. Thankfully it's a lot easier to use bitcoin these days!

- It's private: One of the benefits of paying with bitcoin is that doing so limits the amount of personal information you need to provide. The only time you need to share your name and address is if you're purchasing physical goods that need to be shipped.
- It's flexible: As to what you should do with your bitcoin, that depends completely on your personal interests. Here are some ideas:
- You can sell it for cash using an exchange or a Bitcoin ATM.
- You can spend it online or in brick-and-mortar retailers as you would any other currency by using a Bitcoin debit card.
- You can hold on to some or all of it as part of your investment and savings strategy.

What makes Bitcoin a new kind of money?

- Bitcoin is global. You can send it across the planet as easily as you can pay with cash in the physical world. It isn't closed on weekends, doesn't charge you a fee to access your money, and doesn't impose any arbitrary limits.

- Bitcoin is irreversible. Bitcoin is like cash, in the sense that transactions cannot be reversed by the sender. In comparison, credit cards, conventional online payment systems, and banking transactions can be reversed after the payment has been made, sometimes months after the initial transaction—due to the centralized intermediaries that complete the transactions. This creates higher fraud risk for merchants, which can lead to higher fees for using credit cards.
- Bitcoin is private. When paying with bitcoin, there are no bank statements, or any need to provide unnecessary personal information to the merchant. Bitcoin transactions don't contain any identifying information other than the bitcoin addresses and amounts involved. Bitcoin is secure. Due to the cryptographic nature of the Bitcoin network, bitcoin payments are fundamentally more secure than standard debit/credit card transactions. When making a bitcoin payment, no sensitive information is required to be sent over the internet. There is a very low risk of your financial information being compromised or having your identity stolen.
- Bitcoin is open. Every transaction on the Bitcoin network is published publicly, without exception. This means there is no room for manipulation of transactions (save for a highly unlikely 51% attack scenario) or changing the supply of bitcoin. The software that constitutes the core of Bitcoin is free and open-source so anyone can review the code.
- Bitcoin is safe. In more than fifteen years of existence, the bitcoin network has never been successfully hacked. And because the system is permissionless and open-sourced, countless computer scientists and cryptographers have been able to examine all aspects of the network and its security.

Recently, Bitcoin has continued to attract significant attention not only for its role as a pioneer in the digital currency space but also for its investment potential and its contentious environmental impact. The asset has seen substantial price volatility, with dramatic peaks and corrections often driven by global economic factors, regulatory news, and its adoption by mainstream finance. For instance, the integration of Bitcoin into payment systems by major companies and the listing of Bitcoin futures and exchange-traded funds (ETFs) have both legitimized its investment credentials and influenced its market dynamics. Moreover, the environmental concerns associated with Bitcoin's energy-intensive mining process have prompted discussions about sustainability in the crypto community, leading to initiatives aimed at promoting more energy-efficient practices within the industry. This includes the increasing popularity of "green Bitcoin" mining operations using renewable energy sources. Despite its challenges, Bitcoin remains the most recognized and widely used cryptocurrency, often referred to as "digital gold" due to its ability to store value and hedge against inflation. Its continued evolution, market fluctuations, and the ongoing debates over regulatory and environmental issues keep it at the forefront of the cryptocurrency conversation, making it a critical subject of study for investors, technologists, and policymakers alike.

Ethereum: ETH which launched in 2015, is the second-biggest cryptocurrency by market cap after Bitcoin. Ethereum's founders set out to build a new kind of global, decentralized computing platform that takes the security and openness of blockchains and extends those attributes to a vast range of applications.

Ethereum-based apps are built using "smart contracts." Smart contracts, like regular paper contracts, establish the terms of an arrangement between parties. But unlike an old-fashioned contract, smart contracts automatically execute when the terms are met without the need for either participating party to know who is on the other side of the deal — and without the need for any kind of intermediary.

Much like Bitcoin's decentralized blockchain allows any two strangers, anywhere in the world, to send or receive money without a bank in the middle, smart contracts running on Ethereum's decentralized blockchain allow developers to build complex applications that should run exactly as programmed without downtime, censorship, fraud, or third-party interference.

How does Ethereum work?

Bitcoin blockchain is a lot like a bank's ledger, or even a checkbook. It is a running tally of every transaction made on the network going back to the very beginning and all the computers on the network contribute their computing power towards the work of ensuring that the tally is accurate and secure.

The Ethereum blockchain, on the other hand, is more like a computer: while it also does the work of documenting and securing transactions, it's much more flexible than the Bitcoin blockchain. Developers can use the Ethereum blockchain to build a huge variety of tools, everything from logistics management software to games to the entire universe of DeFi applications (which span lending, borrowing, trading, and more).

Ethereum uses a 'virtual machine' to achieve all this, which is like a giant, global computer made up of many individual computers running the Ethereum software. Keeping all of those computers running involves investment in both hardware and electricity by participants. To cover those costs, the network uses its own Bitcoin-like cryptocurrency called Ether (or, more commonly, ETH). ETH keeps the whole ecosystem running. You interact with the Ethereum network by using ETH to pay the network to execute smart contracts. As a result, the fees paid in ETH are called "gas." Gas rates vary depending on how busy the network is. A new version of the Ethereum blockchain called Ethereum 2.0, which aims to increase efficiency, began rolling out in December 2020.

What is Ethereum 2.0?

Ethereum 2.0 (often referred to as ETH2) is a major upgrade to the Ethereum network. It's designed to allow the Ethereum network to grow while increasing security, speed, and efficiency.

During early 2021, Ethereum 2.0 and Ethereum 1.0 existed side by side, but the original blockchain merged with ETH2 blockchain. Moving a popular Crypto asset to a new platform is a complex endeavor, but for Ethereum to scale and evolve, it needs to happen. That's because the "Proof of Work" method used by the ETH 1.0 blockchain to verify transactions causes bottlenecks, increases fees, and consumes substantial resources (particularly electricity). How do Cryptocurrency networks make sure that nobody spends the same money twice without a central authority like Visa or Paypal in the middle? They use a consensus mechanism. When ETH 1.0 launched, it adopted the consensus mechanism pioneered by Bitcoin: the aptly named Proof of Work.

Proof of Work requires a huge amount of processing power, which is contributed by virtual "miners" around the world who compete to be the first to solve a time-consuming math puzzle. The winner gets to update the blockchain with the latest verified transactions, and is rewarded with a predetermined amount of ETH. This process happens every 30 seconds (compared to Bitcoin's approximately 10-minute cadence). As traffic on the network has increased, the limitations of Proof of Work have caused bottlenecks during which fees spike unpredictably.

Ethereum's transition to a proof-of-stake (PoS) consensus mechanism is a significant shift from the original proof-of-work (PoW) system it inherited from Bitcoin. This change, central to the Ethereum 2.0 upgrade, addresses several of the limitations associated with PoW, particularly

scalability and energy efficiency. In proof of stake, the process of validating transactions and creating new blocks is handled by validators instead of miners. Validators are chosen based on the amount of cryptocurrency they hold and are willing to "stake" as collateral.

Ethereum's impact extends significantly with the advent of Initial Coin Offerings (ICOs), a fundraising mechanism that has become synonymous with the platform. Startups and projects issue their own token in exchange for Ether, thus democratizing funding and creating a new dynamic in venture capital.

Moreover, Ethereum is pivotal in the rise of Non-Fungible Tokens (NFTs). NFTs are unique digital items such as artworks, music, and collectibles represented as tokens on Ethereum's blockchain, illustrating ownership and provenance of digital and sometimes physical assets. As Ethereum continues to evolve, it not only expands its technological capabilities but also its potential to revolutionize how we understand digital ownership and decentralized systems. The ongoing development of Ethereum 2.0 promises to further cement its position at the forefront of blockchain innovation, potentially transforming sectors far beyond just cryptocurrency.

Binance Coin (BNB) emerged in 2017, introduced by the Binance cryptocurrency exchange—one of the largest and most influential crypto exchanges globally. BNB was initially launched through an Initial Coin Offering (ICO) to fund the development of the Binance platform. Initially issued as an ERC-20 token on the Ethereum blockchain, BNB has since transitioned to Binance's own blockchain, the BNB Smart Chain (BSC), marking a significant step in its evolution.

As one of the top cryptocurrencies by market capitalization, BNB's rapid ascent in the cryptocurrency market reflects its broad utility and growing integration within the Binance ecosystem. The primary use of BNB is to provide users with transaction fee reductions on the Binance exchange, incentivizing its holders to use BNB for their financial transactions on the platform. This utility is crucial, as it directly benefits users by lowering the cost of trading and operations within the Binance exchange, one of the busiest in the world **with over 190 million KYC users**.

Beyond its role in fee reductions, BNB's utility extends to various other applications within the Binance ecosystem. For instance, it is used to pay transaction fees on BNB Smart Chain, Binance's proprietary blockchain. It also plays a vital role in participating in token sales hosted on Binance Launchpad, the platform's avenue for launching new cryptocurrencies which has become a central feature in the crypto-asset launching landscape.

BSC is designed to enable smart contracts and decentralized applications (DApps) to run with greater efficiency than on Ethereum, the leading platform for DApps.

One of the innovative features of BSC is its consensus mechanism—Byzantine Fault Tolerance (BFT). This mechanism enhances the blockchain's ability to finalize transactions quickly and securely, a critical attribute given the high transaction volumes Binance handles. The BFT mechanism allows BNB Smart Chain to offer reduced transaction fees and faster transaction times compared to its competitors, features that are highly attractive in the fast-paced world of cryptocurrency trading and finance.

In terms of financial performance, BNB has seen remarkable growth. Its price surged in 2021, reflecting the widespread adoption of BSC in the cryptocurrency market. This price increase is a testament to BNB's integral role in the Binance ecosystem and its effectiveness in reducing transaction costs, speeding up transactions, and facilitating easier and more efficient use of blockchain technology.

As BNB continues to evolve, its potential for future integration and utility within the broader blockchain and financial ecosystems seems promising. The ongoing developments in blockchain technology and the expanding acceptance of cryptocurrency in mainstream finance could see BNB playing an increasingly central role, potentially rivaling Ethereum in terms of utility and adoption.

Overall, the significance of BNB in the cryptocurrency landscape is immense and growing. As Binance continues to expand its services and platforms, the value and utility of BNB are likely to increase, solidifying its position as a leading cryptocurrency and a vital component of the global crypto infrastructure. Its role in reducing transaction fees, enabling new crypto offerings, and fostering the development of DApps positions it as a central figure in the future of blockchain-based financial systems.

BNB Burn program

BNB acts as the native coin of the BNB Smart Chain (BSC), the opBNB L2s, and BNB Greenfield blockchain. It also serves as a governance token and allows holders to transact with projects built on those chains.

When BNB was launched in 2017, a commitment was made to remove 100 million BNB (half of its total supply) from circulation through a burning process. This ultimately will keep only 100 million BNB in circulation. This commitment is automatically honored each quarter and calculated according to the Auto-Burn formula.

The BNB Auto-Burn provides an independently auditable, objective process. The figures are reported quarterly, and the mechanism is independent of the Binance centralized exchange. On top of that, BNB Chain continues to burn a portion of BNB Chain's gas fees in real-time using the Real-Time-Burn mechanism.

Unlike the previous quarterly Auto-Burn, this quarter's burn – and the subsequent burn – will take place directly on BNB Smart Chain (BSC) due to the ongoing BNB Chain Fusion. The corresponding BNB amount will be transferred to the "blackhole" address: 0x00000000000000000000000000000000dEaD.

Pioneer Burn Program

The Pioneer Burn Program also permanently removes an amount of BNB from circulation equal to provable lost funds by eligible BNB Chain users. This number is then counted towards the total quarterly burn figure.

Since the introduction of BEP95, roughly 210K BNB has been burnt under this mechanism.

On 24 April 2024, the BNB Foundation has officially announced the successful completion of the 27th quarterly BNB token burn by BNB Chain with details below:

- Auto-Burn (Total BNB burned): 1,944,452.51 BNB
- Approximate value in USD around the time of burn: ~\$1.17B
- Transaction ID (TXID) for BNB burn:
0xcb7c733619b81875d1735a1ecc09d505d6881fbe722c65f5e8425b36237ea564
- BNB burned from the Pioneer Burn Program: Nil

Binance Web3 Wallet

Binance Web3 Wallet is a self-custody crypto wallet within the Binance app, designed to empower users in the realm of decentralized finance (DeFi). Serving as a digital gateway to blockchain-based applications (dApps), it offers users a secure and streamlined method to manage their cryptocurrencies, execute token swaps across multiple chains, earn yields, and interact with a variety of blockchain platforms.

Digital Token is an electronic data unit created to determine a person's right to an Investment Token, the right to acquire a product and Service or other rights (Utility Token) as agreed with the Token issuer. The Token may be offered through the Initial Coin Offering (ICO) process, which is a form of fundraising that uses blockchain technology. The project will offer and set Token sales that determines the rights or benefits of investors, such as profit sharing from the project or the right to acquire the product or a service that is specific which required investors who wish to venture can participate by bringing in Cryptocurrencies or money to exchange the Tokens issued by the project and the rights to be obtained with the Smart Contract by blockchain technology.

- 1. Payment Tokens** is a Cryptocurrency primarily intended for transactions. It has the potential to be used in enhancing the efficiency of the financial sector or payment systems to reduce costs as well as reduce the lead time of the transaction by refer to a currency such as the Utility Settlement Coin (USC) which the large banking conglomerate plans to implement international payments between the banks in the group. J-Coin that the Japanese banking conglomerate plans to issue a Payment Token as a medium for 2020 Tokyo Olympics will be backed by at the rate of 1 Yen to 1 Cryptocurrency. Another well-known Token is Ripple: XRP by Ripple Co. This Token focuses on providing a fast and low-cost international payment platform. The company will focus on working with financial institutions. Nowadays, many commercial banks have tested the Ripple platform. When conducting money transfer transactions using official currency as a medium for transaction payment on the platform (without using XRP). While Ripple's current international payment system does not use XRP, Ripple's approach is focused on working with the central bank's regulator. This gives market players trust and interested in holding XRP, resulting in value and trading volume, known as Crypto Assets XRP, has increased as well. Currently, XRP has the 3rd largest market capitalization following Bitcoin and Ethereum.
- 2. Asset Tokens is an asset-like Token issued by the private sector.** This may be the result of the Initial Coin Offering (ICO) process, which is a new form of fundraising in ICO, an issued Token, possibly a Utility Token that grants investors to leverage the utility of the application or any digital services that company seek such funds, or it could be a Security Token that is similar to securities, ie., granting the right to have a financial stake in the Token issuer business or the right to receive dividends or interest payment. In practice, a Security Token may not explicitly specify such rights. In order to interpret which token is a Utility Token or a Security Token, it may be necessary to consider some relevant issues. For example, FINMA, the regulator of Switzerland was pointed out that if Utility Token issuers offer Token sales through ICO without a business that can actually use the Utility Token, or is it a pre-sale token prior to the ICO issuance, they may be interpreted as a Security Token because the investors in the Token expect future returns rather than the benefits received from current Token ownership.

Sources of Information

<https://www.sec.or.th/digitalasset>

<https://www.coinbase.com/th/learn/crypto-basics>

Key Risks

Digital Assets are volatile in the near term and the prices may be subject to fluctuations. Accordingly, the Company's shareholders and potential investors are advised to exercise caution when dealing in the shares or securities of the Company. In addition, since Digital Assets transactions are in US dollar, the Company Group will be exposed to foreign exchange risk.

Despite the risk discussed above, and regardless of such volatility, the Company Group's Statement of Income will not overstate the profit from such investment. The investment is conservatively recorded as "Digital Asset Inventory", whereby the inventory value is booked at cost or net realizable value, whichever is lower. With this accounting policy, the Company Group's Statement of Income will show Digital Assets profit only at the time there is the sale of investment with profit and show losses when the value of investment is lower than the investment cost or when there is the sale of investment with losses. Therefore, with this accounting policy, the Statement of Income will not overstate the Company Group's profit.

To view the value of our Digital Asset Investment, please see the notes to the reviewed financial statements for the period – Note number 6 "Digital Asset Inventory - Net".

The nature of Digital Assets may lead to an increased risk of fraud or cyber attacks, and may mean that technological difficulties may prevent the access to or use of Digital Assets.

Key risks of investing in Digital Assets and risk mitigation strategies.

Type	Likelihood	Mitigation Measures
1) Risk of price volatility	High	This is the nature of the digital asset class with annualized volatility over 80%. However, Bitcoin volatility is dropping as market cap gets bigger. We will closely monitor on a daily basis by using live dashboard and Investment team will report to the Investment Committee if any urgent meeting needed.
2) Risk of execution	Low	We use only top exchanges in the world that have transactions over billions of dollar per day.
3) Risk of seizure confiscation	Low	We invest through top exchanges in the world. They have extremely strong balance sheets and also insurance program SAFU for loss of funds
4) Risk of losing wallet ledger, password, computer, keys	Low	For centralize exchange we use company name institutional account. For our institutional grade wallets, we have multi-signature keys and purchase data recovery insurance from Coincover.

Type	Likelihood	Mitigation Measures
5) Risk of price collapse/black swan	High	Black swan is a risk we must accept in emerging technology. However, as seen in historical records, digital asset adoption is still growing at a rapid speed faster than internet adoption.
6) Risk of regulation	Medium	Global regulation is complex and different across jurisdictions. However, in the US, bitcoin is already recognized by US SEC as digital property. US SEC has already approve spot ETFs and BlackRock, the largest asset manager in the world launched Bitcoin ETF product. Binance Exchange has reached settlement with US Department of Justice and we see much lower risk of compliance in the future.
7) Risk of hacking/theft/bug of exchange	Medium	Binance has been hacked for USD 40mn. It represents only 2% and Binance fully refund all users from the SAFU insurance fund. Coinbase has never been hacked. We also split holdings in two exchanges and one multi-signature vault and using top class exchange and asset custodian.
8) Risk of scam	Low	We invest in some of the largest market cap coins/tokens. A lot of the coins have been approved for Grayscale Fund in the US.
9) Currency risk	Medium	Digital assets are mostly priced in dollar terms so there is currency risk. However, the company considers diversification into US dollar asset also as diversification of Thai baht risk.

Recent Developments in Digital Asset Industry

The global digital asset industry has grown horizontally covering many sub sectors. Although Bitcoin is the most famous, there are thousands of tokens that provide products and services in, decentralize finance, storage, exchanges, physical infrastructure, art, ecosystem platforms, autonomous organizations, security, domain name, memes, and more. We have highlighted impactful key updates and progress below.

- Bitcoin is recognized as digital property by US SEC.
- Financial Accounting Standards Board in the US has officially adopted Fair Value Accounting for Bitcoin for fiscal years beginning after December 15, 2024. The new accounting standard will allow the adoption of Bitcoin as a treasury reserve asset by US corporations.
- 11 Bitcoin Spot ETF approved by US SEC on January 10, 2024. The ETF launch was the most successful product in 30 years history.
- Hong Kong SEC approve BTC and ETH spot ETF on April 30, 2024.
- BlackRock launched BUIDL, a tokenized treasury fund on Ethereum blockchain with \$375 mn AUM as of 30th April 2024.
- 4th Halving event on Bitcoin completed on April 20, 2024.
- BlackRock is a major shareholder in 4 out of 5 largest Bitcoin mining companies.
- Gulf Binance Exchange officially launched January 16, 2024.
- Japan's Ministry of Economy, Trade, and Industry (METI) declared the establishment of a Web3 policy office in the Minister's Secretariat.