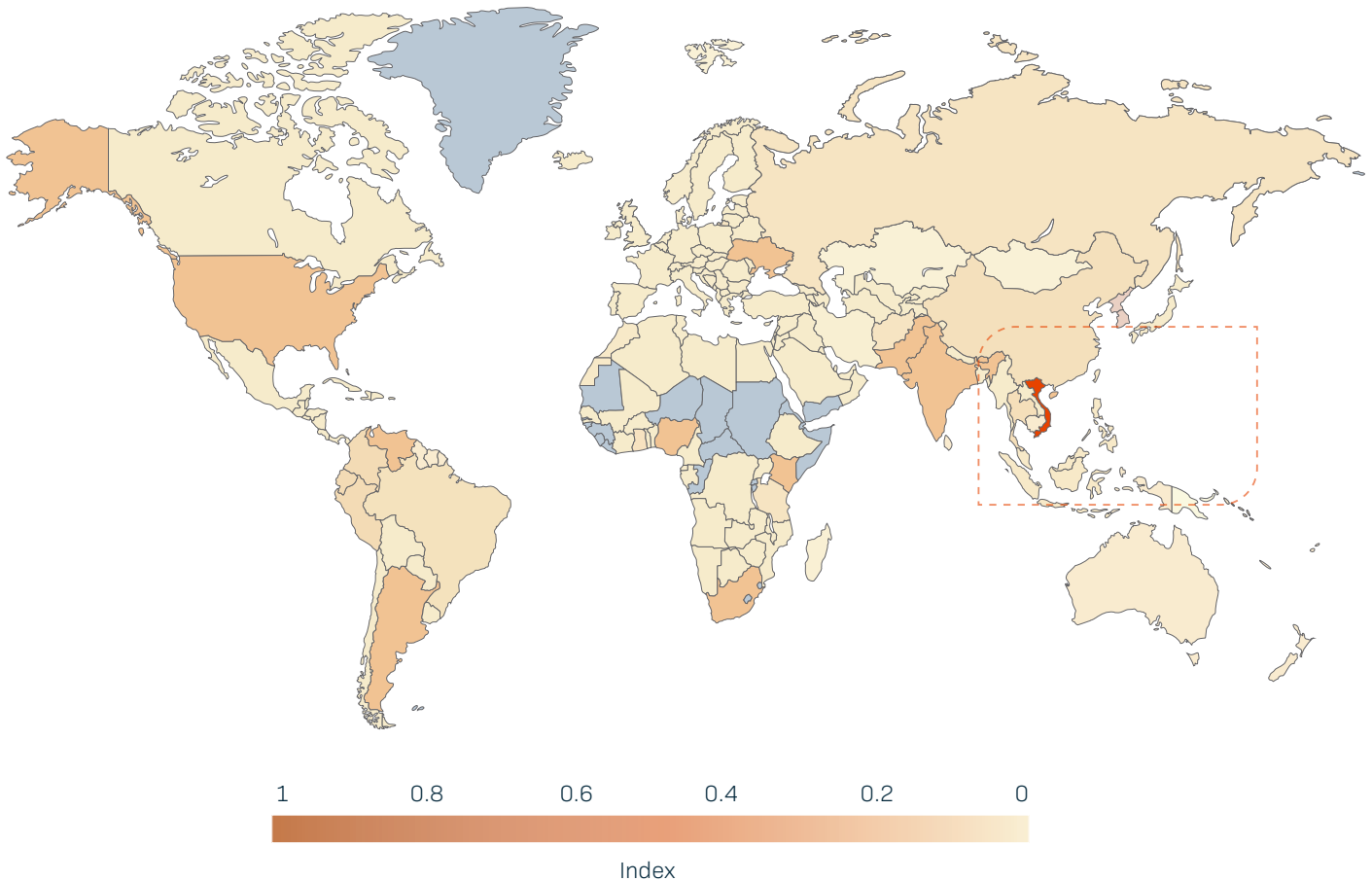


2022 SOUTHEAST ASIA CRYPTOCURRENCY REPORT

SECTION 1: THE DEVELOPMENT OF CRYPTOCURRENCIES IN SOUTHEAST ASIA

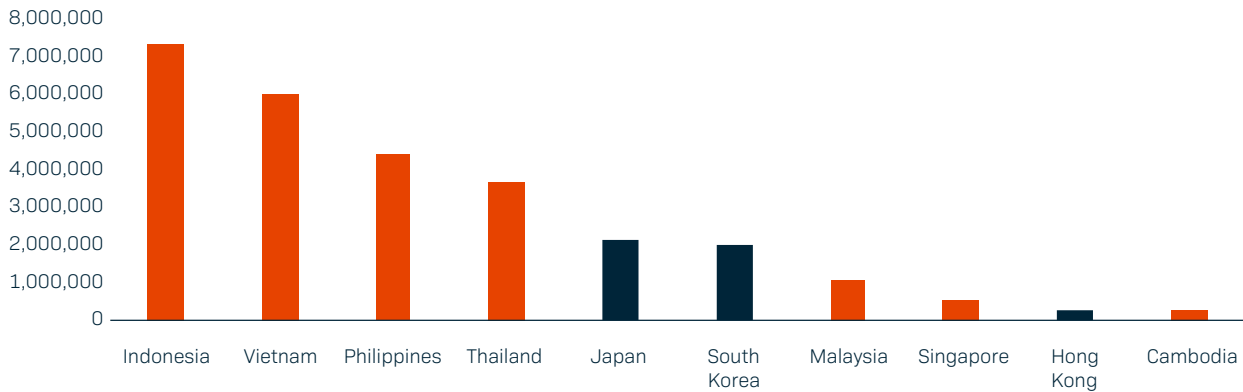
Southeast Asia has emerged as a regional hub for cryptocurrencies in Asia. Chainalysis (Blockchain data platform) tracks the global adoption of cryptocurrencies. Several countries in Southeast Asia, including Vietnam, rank high on the index because they have huge transaction volumes on peer-to-peer (P2P) platforms when adjusted for PPP (Purchasing Power Parity) per capita and internet-using population.

GLOBAL CRYPTOCURRENCY ADOPTION INDEX (JULY 2020 – JUNE 2021)



TripleA (a Singapore-based blockchain technology and cryptocurrency firm) tracks the number of cryptocurrency owners and the penetration rate. We note that the Southeast Asia nations are leading other countries in Asia in both metrics. With the largest population (around 273mn as of January 2022) in Southeast Asia, Indonesia has the highest number of crypto owners. On the other hand, Singapore has the highest penetration rate in Southeast Asia, followed by Vietnam. Vietnam also has the second highest number of crypto owners in the region.

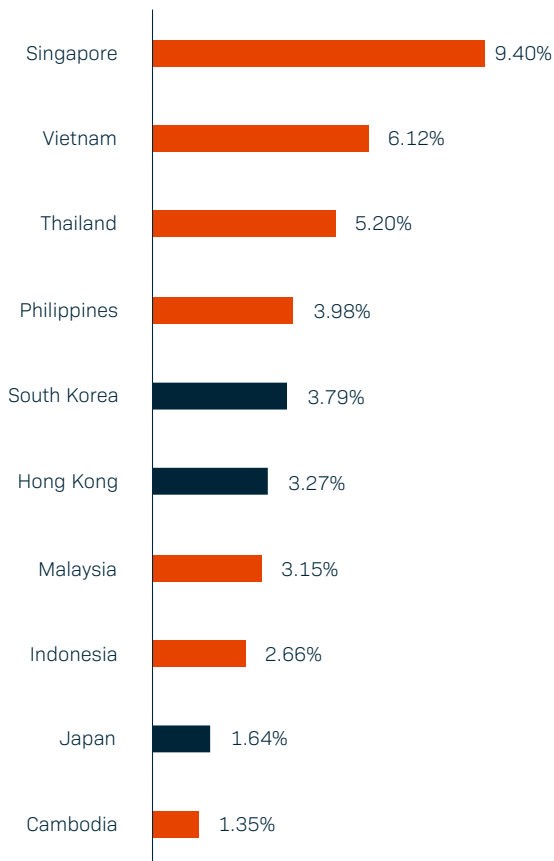
NUMBER OF CRYPTO OWNERS IN SOUTHEAST ASIA COUNTRIES



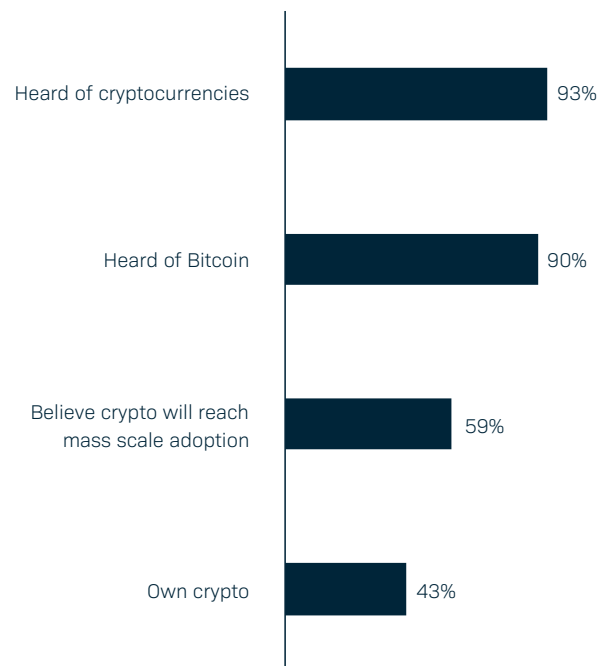
Singapore is fast becoming a crypto-hub in Asia. The Monetary Authority of Singapore has already approved crypto licenses to a few players including Independent Reserve, DBS Bank and FOMO Pay.

According to IRCI Singapore 2021 (a yearly survey of 1,000 respondents), 93% of Singaporeans have heard of crypto and 90% of them have heard of Bitcoin. The data revealed 43% of Singaporeans own crypto and that 74% of the respondents that owned crypto reported an increase in their wealth through that investment. In addition, 59% of respondents believe crypto will reach mass scale adoption. According to Blockchain magazine, there are over 230 blockchain or DLT (distributed ledger) focused organizations operating in Singapore.






CRYPTOCURRENCY PENETRATION COMPARISON IN SOUTHEAST ASIA COUNTRIES



SINGAPORE USER BEHAVIOR IN CRYPTOCURRENCIES



REGULATORY LANDSCAPE OF CRYPTO CURRENCIES IN SOUTHEAST ASIA

	Singapore 	Malaysia 	Thailand 	Indonesia 	Philippines 
Legal status	It is legal to both own and trade cryptocurrencies in Singapore	Digital assets are recognised as securities under the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 ("Prescription Order 2019"), for the purposes of securities laws in Malaysia	Trading cryptocurrencies is legal in Thailand	Indonesia recognizes Cryptocurrency as a Trading Commodity Only	Cryptocurrency is legal in Philippines and it is regulated by the Bangko Sentral ng Pilipinas (BSP)
Regulator	Monetary Authority of Singapore	The Securities Commission	Thai Securities and Exchange Commission The Bank of Thailand (BoT)	Commodity Futures Trading Regulatory Agency	The central bank of the Philippines, Bangko Sentral ng Pilipinas (BSP)
Related Regulations	The Payment Services Act (PSA) - 28 January 2020	The Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 (order 2019)	The Digital Asset Act - May 2018	The Ministry of Trade Regulation No. 99 of 2018 Bappebti Regulation No. 7 (2020), Bappebti Regulation No. 5 (2019)	Circular No. 944 - 2017
Mining of cryptocurrencies	Mining of cryptocurrency is legal in Singapore but due to the high electricity cost in the country, this is not popular	Malaysia ranks among popular spots for bitcoin mining alongside Kazakhstan, Iran and Russia, but behind the US	China's ban on cryptocurrencies has spurred an increase in crypto mining in Thailand, as citizens look to capitalize on the trend during the pandemic and buy up Chinese stock of computer processors integral to Bitcoin mining operations	Crypto mining is legal in Indonesia	Crypto mining is legal in Philippines
Licensing	MAS approved crypto licenses to Independent Reserve, DBS Bank and FOMO Pay	Registered digital asset exchanges include 1) Luno Malaysia Sdn. Bhd; 2) MX Global Sdn Bhd; 3) SINEGY Technologies (M) Sdn. Bhd; 4) Tokenize Technology (M) Sdn. Bhd.	One of the registered crypto exchanges in Thailand is Bitkub.com	The platforms that you can use to buy crypto assets in Indonesia includes 1) Indodax; 2) TokoCrypto; 3) Binance; 4) Bitcoin ATMs	As of 2020, there are 16 cryptocurrency exchanges in Philippines
Taxation	No capital gains on crypto	Malaysia does not impose CGT (capital gain tax) on gains from trading shares in Bursa Malaysia or cryptocurrencies	The income generated from the trading or exchange of digital assets shall be subject to taxes applicable in Thailand in accordance with the Royal Decree and the Amendment of the Revenue Code (2018)	There is no taxation on the trading and the mining of cryptocurrencies in Indonesia	Depending on the type of cryptocurrency transactions, the Philippine Bureau of Internal Revenue (BIR) may impose an income, percentage, or other business tax under the NIRC regulation

SECTION 2: THE KEY DRIVERS BEHIND THE EMERGENT

We believe there are a few drivers behind the emergence of cryptocurrencies in Southeast Asia, including

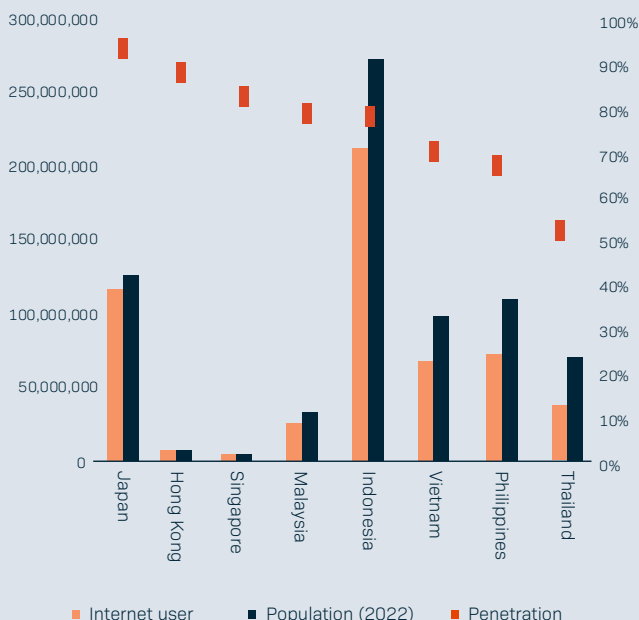
1. the high internet penetration rate and large unbanked population;
2. government support;
3. the fact that other major economies in Asia have stricter policies towards cryptocurrencies (e.g. China, South Korea); and
4. the high inflation rate in emerging countries.

DRIVER 1: HIGH INTERNET PENETRATION WITH LARGE UNBANKED POPULATION

Internet penetration rates in Southeast Asia countries have already reached a relatively high level even though they still lag behind other developed Asian countries. In Singapore, 82.4% of the population already have access to the internet while the other Southeast Asia countries which have surpassed 70% internet penetration rate include Malaysia, Indonesia and Vietnam.

This compares with an average of 40% internet penetration rate in Southeast Asia in 2015. This enables the region to compete effectively in the global economy and support the development of the digital asset market. More importantly, most of the cryptocurrency transactions are done online.

INTERNET PENETRATION COMPARISON OF COUNTRIES IN ASIA



At the same time, Southeast Asia is home to an unbanked population of about 290mn. This makes cryptocurrency an alternative payment channel.

DRIVER 2: GOVERNMENT SUPPORT

The support from the government is essential for the development of cryptocurrencies in the region. While crypto is banned in some Southeast Asia countries (e.g. Brunei and Laos), most of other countries have been supportive:

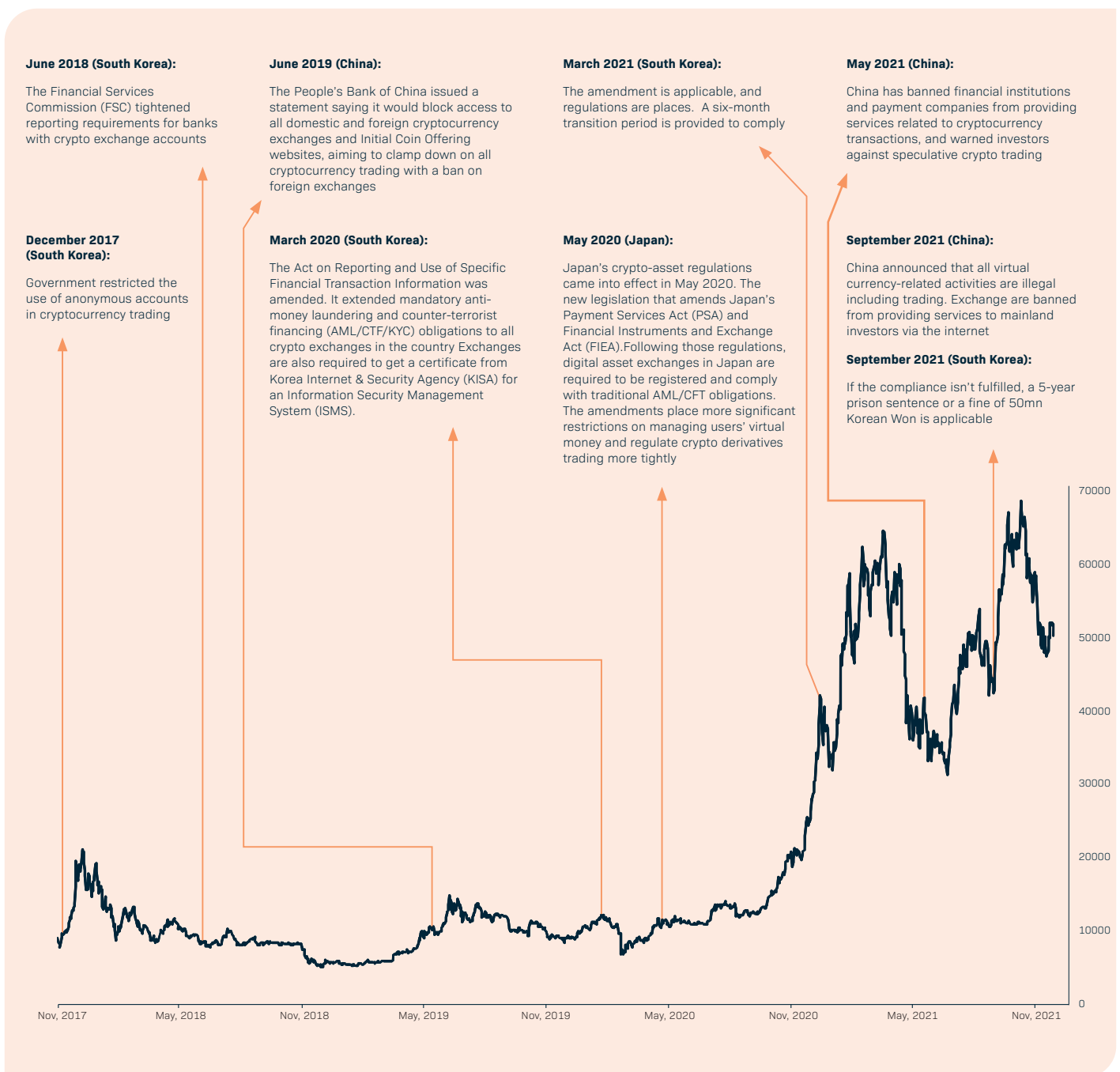
- Singapore:** Grants including Startup SG Equity offer US\$220 million funding for deep tech projects while the Singapore Blockchain Innovation Programme (SBIP) provides up to US\$8.9 million capital support for blockchain technology research
- Thailand:** A collaboration between the country's Chulalongkorn University and blockchain network, Tezos, has led to the creation of the country's first blockchain education and research program, with the syllabus designed to focus on the concepts and fundamentals of advanced computer science, as well as the Tezos' blockchain platform
- Philippines:** UnionBank's Blockchain Institute has introduced a six-month program aimed at equipping developers with blockchain coding skills in addition to educating them about the technology's use cases
- Malaysia:** The Malaysian government, for one, has partnered with NEM Foundation to establish the NEM Blockchain Centre (NBC) - a learning center, incubator, and accelerator for organisations looking to understand and explore blockchain technology and its applications for their industries
- Cambodia:** has introduced a central bank-backed digital currency - the Bakong - that utilizes blockchain technology to enable a more seamless payments system

DRIVER 3: OTHER REGIONS IN ASIA HAVE STRICTER POLICIES TOWARDS CRYPTOCURRENCIES

Another driver for Southeast Asia to emerge as the crypto hub in Asia is the fact that the other major economies in Asia have stricter policies towards cryptocurrencies. This includes

1. China, which has announced a strict ban on cryptocurrencies;
2. South Korea, which has imposed taxation and reporting requirements on the holding of cryptocurrencies and
3. Japan, which require digital asset exchanges to be registered and comply with traditional AML/CFT obligations.

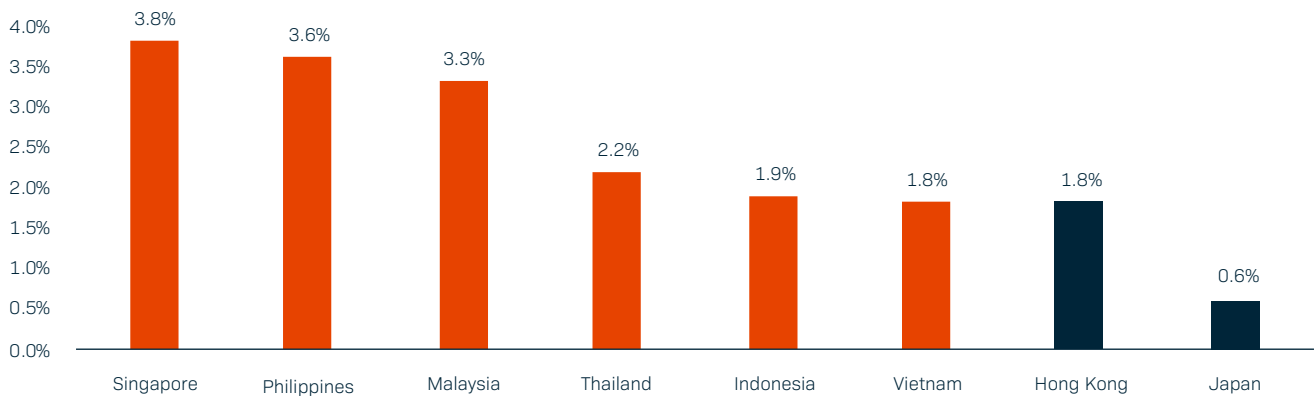
TIMELINE OF THE REGULATORY CHANGES IN THE CRYPTOCURRENCIES SPACE



DRIVER 4: HEDGE AGAINST INFLATION IN EMERGING MARKETS

The investment in crypto currencies can also help with the hedge against inflation, especially in emerging markets. As expected, the inflation rate in Southeast Asia countries is higher than the developed countries in Asia including Hong Kong and Japan.

INFLATION RATE COMPARISON BETWEEN SOUTHEAST ASIA AND OTHER DEVELOPED COUNTRIES



SECTION 3: DEMAND FOR CRYPTOCURRENCY BACKED LENDING SERVICES

We also see an increasing demand for crypto-backed lending services. Digital asset holders with long-term views often have short-term liquidity needs to invest in DeFi projects, pay electricity bills for mining operations, etc. This presents opportunities and demand for crypto-backed lending services.

We have seen our clients and friends gain exposure to cryptocurrencies in several ways. These include:

- Direct investment in coins
- Investment in crypto-linked securities like Grayscale Bitcoin Trust (GBTC)
- Investment in cryptocurrencies funds
- Trading arbitrage (spot/future, different exchanges)
- Direct investment in crypto/blockchain start-up
- Investment in NFTs
- Investment in listed crypto companies, including Coinbase
- Investment in crypto derivatives

We believe there will be more ways to gain exposure to digital assets in 2022, and investors will prefer to invest via the regulated and secured channels.

We believe the same applies to crypto-backed lending services, and EquitiesFirst stands out as a regulated financial institution from the traditional equities space. OSL is also EquitiesFirst's trusted partner and provides custody and execution services through its regulated institutional platform.

REGULATORY STATUS OF EQUITIESFIRST



Australia:

Australian Securities and Investments Commission
Financial Services License

Hong Kong:

Hong Kong Securities and Futures Commission Type 1
License & Hong Kong Money Lenders' License

European Union:

F.C.A Passporting Rights to conduct certain regulated
activities in EU jurisdictions

South Korea:

Korea Money Lender License & Korea Money Lending
Brokerage License

United Arab Emirates:

Approved by the Dubai Financial Market as the first
and only REPO Buyer in the region

United Kingdom:

U.K. Financial Conduct Authority (FCA) authorization to
advise on and arrange investments

REGULATORY STATUS OF OTHER CRYPTO-BACKED LENDERS

Cryptocurrency Lender 1

United States:

- Licensed across > 30 states
(lending license)

Cryptocurrency Lender 2

Europe:

- FinCEN MSB Registration;
- FATCA FFI Registration;
- European Trademark;
- Virtual Currency Provider;
- Financial Institutional License

Cryptocurrency Lender 3

- Licensed Finance Lender in
California

Cryptocurrency Lender 4

- Class 3 Virtual Financial Assets
(VFA) License from the Malta
Financial Authority (MSFA)
Austrian Financial Service
License (AFSL)

Cryptocurrency Lender 5

- The Virtual Currency
Exchange Service License
- The Virtual Currency Wallet
Service License

Cryptocurrency Lender 6

- European Union Financial
Commission License

Cryptocurrency Lender 7

- Regulated by a BitLicense from
the state of New York

Cryptocurrency Lender 8 - 15

From our research, these lenders
either:

- do not have any licenses;
- currently applying for a license;
- unknown

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