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Company News

New Huo Technology and LD Capital US Launch 100% Virtual Asset Fund

On May 31st, New Huo Tech announced a partnership with LD Capital US to launch a fund that will provide eligible professional investors with a unique opportunity to invest 100% in virtual assets. NH Asset will be the fund manager and adopt active investment strategy. The fund will fully focus on virtual assets and will target professional investors who have undergone rigorous risk and virtual asset knowledge assessments.

New Huo Tech's MPC Self-custody Platform Sinohope Partnered with Several Institutions

Sinohope, the MPC self-custody platform of New Huo Tech, has established partnership with multiple institutions in the crypto field, including leading crypto financial service provider Amber Group, and MetaStone, AlgoX, Biquant, Lux capital, SFT Protoco, Vtrading, ForthTech, Aurora-X Labs, Frogbt, Coresky and KingData. As a key product newly launched by New Huo Tech, Sinohope is dedicated to creating a customized digital asset self-custody platform tailored for every institution. The platform adopts MPC-CMP technology to support users to manage private key shards and solve the single-point of risk for private keys, increasing transparency and usability.

Industry Updates

The cryptocurrency market fell overall in May. The price of BTC trended down in the first half of the month and stumbled at 27,000 in the second half with a return rate of -7.2% in May, but the price of ETH was relatively stable, slightly hover around 1800 and 1900 with a monthly return rate of -1.0%. The average return for the top 30 coins in terms of market cap was -8.1%. The S&P Cryptocurrency BDM Ex-MegaCap Index, which tracks the performance of the larger market cap constituents of the S&P Cryptocurrency BDM Index (excluding BTC and ETH) fell -9.6% and the S&P Cryptocurrency DeFi Index fell -12.5%. Overall cryptocurrency market cap declined slightly to end May at \$1.19 trillion.

BTC/USDT spot trading volume decreased from 1.63 million in April to 1.3 million in May. Options implied volatility struck its lowest level since January 2020, indicating low market trading sentiment.

In terms of macroeconomics, the US raised interest rates by 25 basis points in May in line with expectations. CPI for April was 4.9%, 5.0% less than projected and 5.0% lower than the previous. PPI for April was 2.3%, 2.4% less than projected and 2.7% less than the previous. Both figures suggest a slowdown in inflationary pressures, but employment data remained robust, with non-farm payrolls coming at 253,000 in April, above the expected 180,000 and the previous 236,000. FedWatch revealed the projection for a 25 basis point rate hike in June was at 30%, which means the market expects no rate hike in June is very likely. The Nasdaq was up +5.8% in May, sector concepts were divided, with Roblox up +17.6% and Coinbase up +15.6%, but MicroStrategy down -8.1% and Marathon Digital down -2.8%.

➤ Crypto News

- The total value of ETH 2.0 deposit contracts reached 20,772,057 ETH, a record high. Since the completion of **Shanghai upgrade** of the mainnet, about 2.66 million ETH pledged have been released, and about 3.36 million ETH have been deposited as pledges, resulting in a net increase of more than 703,800 ETH in total pledges.
- **MakerDAO** officially launched the lending protocol Spark, open to all DeFi users. The product is DAI-centric and has lending functions for ETH, stETH, DAI, and sDAI. In addition, MakerDAO announced the Endgame roadmap: the first batch will focus on unifying a new brand for the ecosystem and will release a beta version within months. The second phase is launching the first 6 Maker SubDAOs and their NewStable token pools. The third phase is the release of governance AI tools. The fourth phase will be distributing governance incentives. The fifth phase will launch NewChain (a new blockchain tightly coupled with Ethereum). Once deployed, MakerDAO will permanently enter the Endgame state.
- Decentralized storage infrastructure provider, **BNB Greenfield**'s mainnet will launch in Q3 2023. BNB Greenfield is dedicated to serving the data and storage layer of BNB ecosystem. The network will be integrated with smart contracts hosted on the BNB Chain, to support storage needs in games and social media.
- Ethereum's latest **ACDE conference**: developer Alex Stokes proposes a reasonable target time for Cancun activation in October.

➤ Giant Moves

- **Deloitte**, the accounting firm has announced that it is integrating the Polkadot ecological identity protocol, the KILT Protocol, to publish reusable digital certificates to support its Know Your Customer/Know Your Business (KYC/KYB) process. KILT technology eliminates the existing inefficiencies of KYC/KYB. These credentials have multiple use cases, including regulatory compliance for banks and DeFi, age verification for e-commerce, private logins, and fundraising, etc.
- Hong Kong digital asset management platform **OSL** has submitted application to the Hong Kong Securities and Futures Commission (SFC) to upgrade its existing license to obtain a license for digital asset retail trading to expand its business to retail clients.
- Digital asset custody provider **Rakkar Digital** announced the launch of Rakkar Digital Asset Custodian, powered by Fireblocks' MPC-CMP direct custody technology. It is reported that recently Rakkar Digital has also obtained a Trust or Company Service Provider (TCSP) license in Hong Kong and operates as a qualified custodian. In October last year, RakkaR Digital completed a \$10 million seed round financing, which was independently invested by SCB 10X, the fintech investment department of The Kingdom of Thailand Bank of Siam.
- Hong Kong-based **ZA Bank** has announced plans to launch virtual asset trading services to retail investors. By partnering with a local licensed virtual asset exchange, ZA Bank will seek regulatory approval to enable retail investors to use fiat currency through the ZA Bank App to buy and sell virtual assets. In addition to virtual asset trading, ZA Bank also plans to launch US stock trading services in due course.

➤ Regulatory Update

In the West

- **The US Internal Revenue Service (IRS)** is stepping up efforts to combat international cybercrime. The IRS will strengthen its oversight of "tax and financial crimes using Cryptocurrency, DeFi, peer-to-peer payments, and commingling services" through a pilot set up by the agency. In the US, the IRS has warned of an impending crackdown on crypto when it comes to digital assets and tax avoidance measures. The IRS is expected to update tax regulations under Sections 6045 and 6045A, both of which cover brokers reporting digital asset information.
- European Union (EU) finance ministers signed landmark new crypto rules on Tuesday. The Council of the European Union, representing 27 member states, unanimously approved

the **Crypto Asset Market Regulation (MiCA)**, making it the first major jurisdiction to have a crypto licensing regime. It also agreed to adopt new Anti Money Laundering measures on crypto transfers. The MiCA requires crypto companies such as wallet providers and exchanges to seek operating licenses and requires stablecoin publishers to hold appropriate amount of reserves. European Union finance ministers will officially agree on the new measures on Tuesday to allow tax authorities to share data on cryptocurrencies held by people.

In the East

- According to the official website of **the Hong Kong Securities Supervision Commission**, the consultation period on the proposed regulatory requirements applicable to operators of virtual asset trading platforms licensed by the Securities and futures Commission ended on March 31, 2023, and respondents generally supported the proposed regulatory requirements applicable to licensed virtual asset trading platforms. The revised proposed regulatory requirements will take effect on June 1, 2023.
- **HKMA (HKMA)** announced the launch of **Digital Hong Kong Dollar Pilot Program**. 16 selected companies from the financial, payments and technology sectors will conduct the first round of trials this year to conduct in-depth research on potential use cases of the Digital Hong Kong Dollar in six areas, including universal payments, programmable payments, offline payments, tokenized deposits, third generation Internet (Web3) transaction settlement and tokenized asset settlement.
- Hong Kong announced that retail investors can trade cryptocurrency according to new rules for the digital asset industry. **The Hong Kong Securities and futures Commission (SFC)** detailed the consultation summary document for retail participation this afternoon. It is expected that individual investors will be able to trade major cryptocurrencies such as BTC and ETH under appropriate guidance starting June 1st.

** Note: The terms "virtual assets", "digital assets", and "crypto assets" mentioned above may be varied depending on the region, however they all refer to the same concept.*

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About New Huo Tech

New Huo Technology Holdings Limited ("New Huo Tech" , Stock Code: 1611.HK) is a leading one-stop digital asset service platform. We are committed to leading traditional finance into digital assets, with professional, compliant, secure, and efficient services. Currently, the Company services cover MPC self-custody, virtual asset management, staking technology service, virtual asset custody, OTC desk, lending and SaaS.

New Huo Tech understands the importance of compliance. We have been actively applying for various virtual asset and finance-related licenses in major global markets. Up to now, New Huo Tech' s subsidiaries have successfully obtained: (i) approval from the Securities and Futures Commission of Hong Kong to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities and to manage portfolios that invest 100% in virtual assets; (ii) obtained a Trust or Company Service Provider ("TCSP") License (Hong Kong) and registered as a Trust Company in Hong Kong; (iii) registered the Money Services Business (MSB) from the Financial Crimes Enforcement Network (FinCEN) in the United States

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