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Company News

SINOHOPE Asset' s Type 1 License Application and Type 4 License Upgrade Approved, Set to Focus on Structured Products

On August 2, SINOHOPE announced that its subsidiary, SINOHOPE Asset, had received approval from the Hong Kong Securities and Futures Commission (SFC) for its Type 1 license (dealing in securities) application and an upgrade to its Type 4 license (advising on securities). SINOHOPE Asset will now expand its offerings to distribute virtual asset (VA)-related products to professional investors, including VA funds, Bitcoin and Ethereum ETFs, and VA structured products. Additionally, as a holder of the Type 4 license, SINOHOPE Asset has been further approved to provide virtual asset advisory services under this license.

SINOHOPE Hosted “FireNow: Asian Web 3.0 Institutional Summit”

The inaugural “FireNow: Asian Web 3.0 Institutional Summit,” hosted by SINOHOPE, officially kicked off on August 13 at the Ritz-Carlton Hotel in Hong Kong. The summit brought together leading Web3 entrepreneurs, investors, experts, and scholars from around the world to discuss the hottest topics and the most cutting-edge investment and technology trends in the Web3 industry. The event focused on six key topics, including exploring the “Hong Kong Solution” for virtual asset spot ETFs, building a future-oriented Bitcoin ecosystem, investment strategies in the latter half of the cycle, how crypto asset management can integrate with traditional markets, virtual asset security, and the compliance journey of virtual asset exchanges. The goal of the summit was to provide an open and inclusive platform for Web3 builders in Asia and beyond to exchange ideas.



SINOHOPE Discloses Li Lin's 31.25% Stake in ABCDE Capital

On August 12, SINOHOPE issued an announcement revealing that it had signed a framework agreement for asset management services with its controlling shareholder Li Lin. The agreement involves providing asset management services to his affiliated funds, including ABCDE Capital, New World Fund, New Era Fund, and MS Fund. As of June 30, ABCDE had total assets under management of \$40 million, with Li Lin holding a 31.25% stake. New World Fund had total assets under management of \$20 million, with Li Lin holding a 50.00% stake. MS Fund had total assets under management of \$18.1 million, with Li Lin holding a 96.13% stake.

SINOHOPE Announced Acquisition of Japanese Cryptocurrency Exchange BitTrade for Over \$33.23 Million

On August 19, SINOHOPE announced that it had acquired the entire issued share capital of Avenir Asset Holding for approximately \$30.46 million (around HKD 238 million). The company paid by issuing up to 110 million new shares. Avenir Asset Holding indirectly held approximately 84.62% of the issued share capital of BitTrade. Additionally, the company acquired around 7.69% of BitTrade's issued share capital from Goldenway for \$2.7694 million (approximately HKD 21.6 million), which was also paid by issuing up to 9.909 million new shares. After the completion of these transactions, Avenir Asset Holding became a wholly-owned subsidiary of the company, and BitTrade became an indirect subsidiary. BitTrade was a licensed cryptocurrency exchange service provider in Japan and had joined three self-regulatory associations officially recognized by the Financial Services Agency. These associations were capable of establishing and enforcing Japan's cryptocurrency trading rules and standards, as well as facilitating the introduction and development of Japan's security token system. BitTrade was also a member of two associations in the Japanese crypto asset industry.

Industry Updates

In August 2024, the cryptocurrency market experienced an overall decline. On July 31, the Bank of Japan raised interest rates by 25 basis points, reaching the highest level since 2008. The market anticipated a major reversal in yen carry trades, which led to a continued decline in Bitcoin prices at the beginning of August. Although prices slightly rebounded in the second half of the month, the overall downturn remained evident, with BTC's return for August at -8.7% and ETH continuing its downward trend with a return of -22.3%. Among the top 30 cryptocurrencies by market cap, the highest performers were TRX (+22.5%), XMR (+6.4%), and LEO (+1.7%), while the worst performers were BCH (-22.1%), ATOM (-21.5%), and INJ (-21.4%). The S&P Cryptocurrency BDM Ex-MegaCap Index, reflecting the performance of altcoins excluding BTC and ETH, fell by -14.3%, while the S&P Cryptocurrency DeFi Index, representing the decentralized finance sector, dropped by -15.7%. The total market capitalization of cryptocurrencies declined to \$2.17 trillion by the end of August. Binance's BTC/USDT spot trading volume increased from 908,000 in July to 1.01 million in August.

In terms of macroeconomic trends, expectations for a Fed rate cut in September fluctuated significantly throughout the month. At the beginning of August, when crypto prices were falling, the market generally anticipated a 50-basis-point rate cut in September. However, by the end of the month, this expectation shifted to a 25-basis-point cut. The July price index generally declined, with CPI increasing by 2.9% year-on-year, lower than the previous value of 3.0%, and PPI rising by 2.2%, significantly lower than the previous value of 2.6%. However, employment data worsened, with non-farm payrolls increasing by only 114,000 in July, a sharp drop from the previous value of 206,000, raising concerns about a potential recession. The Nasdaq index fell by -0.1% in August, with mixed performance among industry stocks: Roblox rose by +18.2%, while MicroStrategy and Riot Platforms dropped by -18.0% and -17.6%, respectively.

➤ Crypto News

- In August 2024, the Bitcoin development team announced further optimizations to the Taproot upgrade, introducing a new privacy feature that allows users to hide specific transaction details. This upgrade enhances the privacy and security of the Bitcoin network, further solidifying its position among mainstream crypto assets, particularly attracting institutional investors who prioritize privacy protection.
- Binance Holdings Ltd. plans to hire 1,000 employees this year, with many designated for compliance roles. The cryptocurrency exchange's annual compliance expenditure to meet regulatory requirements (including U.S. regulatory actions following a plea agreement) will exceed \$200 million. CEO Richard Teng outlined this goal in an interview in New York, stating that Binance aims to have over 700 compliance employees by the end of 2024, up from the current count of approximately 500.
- According to an official announcement by Mt. Gox, following multiple payments made in July 2024, the exchange, as part of its compensation plan, made payments to some creditors on August 21, 2024, in the form of BTC and Bitcoin Cash through certain designated cryptocurrency exchanges. To date, Mt. Gox has made payments to more than 19,000 creditors.
- X (formerly Twitter) published a shareholder list, revealing that several crypto and AI-related companies participated in Elon Musk's \$44 billion acquisition of the platform in 2022. Shareholders include Binance Capital Management and Andreessen Horowitz (a16z), which has invested in companies like Coinbase and Anchorage Digital. Other investors include ARKInvest, which holds stakes in Robinhood and AI developer Anthropic. The list also includes nearly 30 entities associated with Fidelity. This disclosure was made following a court order, as most of the shareholder identities were previously undisclosed.

➤ Giant Moves

- Circle announced a partnership with global payment giant Visa, where USDC will be utilized in Visa's cross-border payment system. This move accelerates the practical application of cryptocurrency, particularly in the payments industry, highlighting the innovative potential of crypto assets within traditional financial sectors.

- Japanese tech giant Sony Group, in collaboration with Singapore's Startale Labs, announced the launch of a new Layer 2 network on the Ethereum blockchain called Soneium. Soneium is expected to go live on a test network in the coming days, utilizing Optimism Rollup technology and built on the OP Stack from the Optimism blockchain ecosystem.
- Animoca Brands revealed that it is considering an initial public offering (IPO) in Hong Kong or the Middle East by late 2025 or early 2026. Co-founder Yat Siu added, "Frankly, I think 2026 is more likely." Siu mentioned that the company has not yet selected potential IPO advisors but plans to hold a non-deal roadshow in September as part of its preparations. These roadshows allow investors to understand the company's current efforts and future plans, such as an IPO, without the intent of selling securities.
- On August 27, MakerDAO officially announced its rebranding, changing its name to Sky. Its decentralized stablecoin, DAI, will be renamed USDS, and MKR will be upgraded and split into SKY.

➤ Regulatory Update

In the West

- Russia is planning to establish two cryptocurrency exchanges in Moscow and St. Petersburg to support foreign economic activities. These exchanges are likely to operate within an experimental legal framework and initially will only be open to "blue-chip" companies. Despite technical challenges and liquidity issues, the issuance of stablecoins based on a basket of currencies from China and BRICS nations is expected. However, due to the risk of sanctions, the functionality of these exchanges may be limited.
- In August, the U.S. Internal Revenue Service (IRS) released an updated draft version of tax form 1099-DA, which is used by cryptocurrency brokers and investors to report certain transaction gains. The new version of form 1099-DA is more streamlined than the initial draft presented by the IRS in April. The sections requiring the reporting of wallet addresses and transaction IDs have been removed, following privacy concerns when the form was first introduced. Additionally, investors are no longer required to provide the time of transactions, only the date.

** Note: The terms "virtual assets", "digital assets" and "crypto assets" mentioned above may vary from region to region, but they actually have the same concept.*

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About SINOHOPE

Sinohope Technology Holdings Limited (1611.HK) serves as an all-in-one digital asset custody platform, committed to help every enterprise use digital assets safely and easily. Adhering to the principles of "Secure, Compliant, Professional and All-in-one", SINOHOPE provides easy-to-use services, covering MPC self-custody, OTC Desk, digital asset custody and virtual asset management.

SINOHOPE 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, SINOHOPE' 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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