Newsletter Dec. 2024

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Company News

SINOHOPE: Expected to turn loss into profit for the full year ending September 30, with a net profit of HK$60 million for the year

On December 12, Sinohope Technology Holdings Limited (referred to as "SINOHOPE", stock code: 1611.HK) released a positive profit forecast for the period ending September 30, 2024, disclosing that it is expected to turn loss into profit for the full year ending September, and is expected to record a net profit of approximately HK$60 million. The company recorded a net loss of approximately HK$289 million in the same period of 2023.

The expected net profit is mainly attributable to a gain of approximately HK $96.3 million on the disposal of FTX claims and the reversal of impairment provisions after the completion of the disposal of FTX claims in June this year. Continued strengthening of cost management resulted in a reduction in administrative expenditure of approximately 44% compared to last year. As a result of the increase in virtual asset prices and the increase in the total value of assets under continuing fund management, fund performance fee income and management fee income increased, and gross profit increased by about HK $34 million.

SINOHOPE: Plans to distribute spot Bitcoin and Ethereum ETFs to professional investors next year

On December 16, Sinohope Technology Holdings Limited (referred to as "SINOHOPE", stock code: 1611.HK) released the annual results announcement for the year ended September 30, 2024, which disclosed:

1. Based on the latest FTX net book value available as at 30 September 2024, and with reference to the trading price of FTX claims, the recognised impairment loss has been reversed back to HK $85,897,000 and has been recognised in profit or loss for the year ended 30 September.
2. Gross profit as at 30 September 2024 was approximately HK $44.2 million and net profit was approximately HK $56.38 million.
3. In 2025, in addition to the compliance virtual asset fund business under the original No. 9 license plate, the business of distributing virtual asset (VA) related products to professional investors will be added, including but not limited to virtual asset funds, spot Bitcoin and Ethereum ETFs, and virtual asset structured products. In addition, after the license 4 upgrade is approved, it is planned to provide virtual asset (VA) advisory services only to professional investors.

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Industry Updates

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In December 2024, the cryptocurrency market experienced significant volatility, and despite reaching an all-time high of $3.91 trillion at the beginning of the month, there was a sharp correction at the end of the month, with an overall mixed performance.

In December, the total market capitalization of the cryptocurrency market reached a record high of $3.91 trillion, driven by the Bitcoin price breaking through $108,000. This increase was primarily attributed to optimism in the regulatory environment, increased institutional investment, and increased demand for Bitcoin following MicroStrategy's inclusion in the Nasdaq 100 index. However, as the Fed scaled back the number of rate cuts planned for 2025 from four to two, the market saw more than $0.5 trillion in market value wiped out in late December. Despite the pullback in late December, Bitcoin's full-year market cap grew 123.4%, making it the seventh-largest asset in the world, ahead of Saudi Aramco and silver and behind Nvidia. This performance was driven by the approval of spot Bitcoin ETFs, continued buying by institutional investors and expectations of a more favorable regulatory environment. If this growth continues into 2025, Bitcoin's position as a leading asset class could be further solidified.

In December, the cryptocurrency market experienced a roller coaster market, BTC began to decline after hitting a new high in the middle of the month, and the yield turned from positive to negative, with a yield of -2.49%. ETH followed the performance of the BTC market, with a yield of -6.35%. The 30 currencies with the highest market value all showed varying degrees of retractable gains, and the highest yield was BGB (+273.0%). HYPE (+186.0%), HBAR (+64.5%); The lowest yields are XLM (-36.57%), APT (-34.38%), and NEAR (-29.18%). The S&P Cryptocurrency BDM Ex-MegaCap Index, which reflects Altcoin performance other than BTC and ETH, fell 12.77%, while the S&P Cryptocurrency DeFi Index, which reflects the decentralized sector, fell 11.05%. The overall market capitalization of cryptocurrencies followed Bitcoin's roller-coaster ride, rising from $3.6 trillion in early December to $3.91 trillion before falling to $3.3 trillion at the end of December.

On the macroeconomic front, despite the small rate cut of 0.25% in December, the uncertainty of the Fed on the pace of future rate cuts caused market concerns. This policy change directly affects the liquidity and investor confidence of the cryptocurrency market. Market participants are now more focused on the upcoming Federal Open Market Committee (FOMC) meeting and its implications for the economic outlook.

In December 2024, after a brief period of glory, the cryptocurrency market faced a correction and uncertainty. Nevertheless, institutional investor interest in Bitcoin and other crypto assets remains strong, which provides potential support for future development. With the changing regulatory environment and the possibility of policy support, the cryptocurrency market is still expected to continue to develop in 2025.

Crypto News

Since Trump's election victory, the U.S. spot Bitcoin ETF has seen inflows of nearly $10 billion

Since Trump was elected president, the U.S. Bitcoin spot ETF has seen inflows of nearly $10 billion.
A dozen funds from issuers such as BlackRock and Fidelity attracted net inflows of about $9.9 billion in the period after Election Day on Nov. 5, lifting total assets to about $113 billion, according to data compiled by Bloomberg.
In addition, nine spot Ethereum ETFs saw net inflows of nearly $2 billion after Trump's election victory.

jump.fun launched 2.0 Beta version on Base

Jump.fun, a decentralized memecoin launchpad and PvP platform, launched its 2.0 Beta version and one-click coin issuance function on the Base chain on December 11, 2024. Users only need to spend $0.2 to deploy Memecoin. At the same time, the platform smart contract will automatically provide 6 ETH of initial liquidity support for each project and complete 100% token liquidity pool injection in Uniswap V2, providing basic guarantees for project launch.
For this 2.0 upgrade, jump.fun also launched a community revenue sharing plan. 100% of the platform's revenue will be used to repurchase JUMP, of which 50% will be directly airdropped to Memecoin deployers. This mechanism is designed to encourage developers to actively participate and further enhance the activity and sustainability of the community ecosystem.

Coinbase: Removed wBTC due to unacceptable risk posed by Justin Sun

According to CoinDesk, Coinbase (COIN.O) said it removed wBTC due to the "unacceptable risk" that Justin Sun would pose. In early December, BiT Global, the issuer of wBTC, filed a wide-ranging lawsuit accusing Coinbase of improperly favoring its competitor cbBTC. But in a 25-page response, Coinbase said the decision was related to crypto billionaire Justin Sun, founder of the Tron Network, who has also been charged with fraud and market manipulation in the United States. According to Coinbase documents, Justin Sun was linked to wBTC through a partnership announced in August. "Given Justin Sun's involvement, Coinbase, like many others in the industry, has serious questions about whether BiT can be a reliable steward," Coinbase said.

The Fed cuts interest rates by 25 basis points

The Fed’s annual interest rate decision for 2024 concluded. The bank decided to cut the benchmark interest rate by 25 basis points to the range of 4.25%-4.50%, which is the third consecutive interest rate cut, in line with expectations. In the eight resolutions this year, the Fed has cut interest rates by a total of 100 basis points, including one 50 basis point cut, two 25 basis point cuts, and another five times keeping interest rates unchanged.
In addition, Morgan Stanley predicts that the Fed will cut interest rates twice in 2025, each time by 25 basis points, while the previous forecast was for three 25 basis point cuts.

Giant Moves

NYSE-listed Cango spends $256 million to buy Bitmain mining machines with a total computing power of 32 EH/s

As part of its transformation into Bitcoin mining, NYSE-listed auto dealer platform Cango announced that it has spent $256 million to purchase Bitcoin mining machines with a computing power of 32 EH/s from Bitmain.

In addition, Cango has agreed to acquire additional rack-mounted Bitcoin mining machines with a total computing power of 18 EH/s from Golden TechGen (a company owned by former BitMain CFO Max Hua) and other entities through the issuance of $144 million worth of common stock.

Earlier this month, Cango reported that it produced 363.9 BTC at a deployed computing power of 32 EH/s in November without liquidating any assets. This production makes Cango the fifth largest listed Bitcoin miner by realized computing power and the third largest Bitcoin miner by deployed computing power.

US SEC approves Hashdex and Franklin Crypto Index ETF listing applications

Documents released by the US Securities and Exchange Commission (SEC) show that it has approved the listing applications of Hashdex Nasdaq Crypto Index US ETF and Franklin Crypto Index ETF. These two ETFs will hold both Bitcoin and Ethereum spot, determine the allocation ratio based on market value free float, and will be listed and traded on Nasdaq and Cboe BZX exchanges respectively.
The SEC pointed out in the approval document that CME Bitcoin and Ethereum futures markets are highly correlated with the spot market, and the comprehensive regulatory sharing agreement between Nasdaq and Cboe BZX and CME can effectively monitor and prevent market manipulation. The two ETFs must comply with strict information disclosure requirements, including updating the fund reference net value every 15 seconds and publishing information such as net asset value on the exchange website.

Bitwise submits application for listing of Bitcoin Standard Corporations ETF to the US SEC

According to Cointelegraph, Bitwise has applied to the US Securities and Exchange Commission (SEC) for the Bitcoin Standard Corporations ETF. The fund aims to invest in stocks of companies that adopt the Bitcoin standard, with at least 1,000 BTC in the company's funds.

Strive Asset Management applies to the US SEC for listing of Bitcoin bond ETF

Strive Asset Management, founded by Vivek Ramaswamy, co-leader of the US government's efficiency department DOGE, has applied to the US SEC for listing of Bitcoin bond ETF, which mainly invests in convertible bonds issued by MicroStrategy and other companies.

Volatility Shares applies to launch leveraged ETF based on Solana futures

Nate Geraci, president of The ETF Store, published a post on the X platform, revealing that VolatilityShares has submitted an application to US regulators to launch a leveraged ETF based on Solana futures, covering 1x, 2x and -1x leverage exposure.

MicroStrategy holds 446,440 BTC

Michael Saylor, founder and executive chairman of MicroStrategy (MSTR), announced on the X platform that after increasing its holdings by 2,138 BTC at a price of US$209 million, MicroStrategy's holdings reached 446,440 BTC as of December 29, with a quarterly return of 47.8% and an annual return of 74.1%. MicroStrategy has brought shareholders a net return of 120,600 BTC since the beginning of the fourth quarter of 2024, with a return of 47.8%. Based on US$96,000, the revenue for this quarter is US$11.6 billion.

Regulatory Update

In the West

Ukraine may legalize cryptocurrencies in early 2025

Ukraine may legalize cryptocurrencies in the first quarter of 2025, but it is unlikely to offer tax breaks. Danylo Hetmantsev, chairman of the Finance, Taxation and Customs Policy Committee of the Ukrainian Parliament, said: "When it comes to cryptocurrencies, the working group of the Parliament is completing the first reading of a draft law. I am confident that the text developed in cooperation with the National Banks and the International Monetary Fund (IMF) will be ready after the New Year. Our goal is to pass this law and legalize cryptocurrencies in the first quarter of 2025." According to Hetmantsev, "Cryptocurrencies will not be exempt from taxation, and the form of taxation will be similar to that of securities, where profits are taxed when assets are converted into currency." "After consulting with European experts and the IMF, we have taken a very cautious approach to using cryptocurrencies for tax exemption, as this could exacerbate tax evasion in traditional markets."

The German Parliament has passed the legislation needed to fully implement the EU crypto regulation MiCAR

The German parliament (Bundestag) passed the Financial Market Digitization Act in December. The council has responded to industry requests to ensure that legislation is in place before MiCAR comes into full effect on December 30.
FinmadiG not only deals with cryptocurrencies and MiCAR, but also affects other EU laws such as DORA and the Funds Transfer Regulation. For MiCAR, it introduced the Cryptocurrency Market Regulation Act (KMAG), which replaced the old German cryptocurrency rules with MiCAR.
MiCAR is technically a regulation and therefore does not require a local law. However, legislation is required to designate BaFin as a regulator, otherwise BaFin cannot issue a license. This will allow EU companies with cryptocurrency licenses in other countries to operate in Germany, but German companies will not be able to operate in the EU.
In addition, MiCAR allows companies holding existing licenses to continue operating for up to 18 months, with a transition period at the discretion of each jurisdiction. The new German legislation provides for one year.

The U.S. Treasury Department and the Internal Revenue Service finalized tax reporting requirements for certain cryptocurrency brokers

The U.S. Department of the Treasury and the Internal Revenue Service finalized tax reporting requirements for certain cryptocurrency brokers (RIN 1545-BR39, TD 10021). The Biden administration's progress on this regulatory regime has been delayed by the cryptocurrency industry's resistance to tracking transactions.

In the East

The MAS has issued licences for digital token services to about 30 payment companies

Around 30 payment companies are currently licensed by the MAS for digital token services, including Us-Based Coinbase and Ripple, as well as Hong Kong-based Futu. The central bank is also experimenting with a digital Singapore dollar.
With the approval of Bitcoin and Ethereum spot ETFs in the United States, Gen Z and even baby boomers are increasingly accepting that cryptocurrency trading can become mainstream. According to a survey by exchange Independent Reserve earlier this year, about 40 percent of investors in Singapore own cryptocurrencies.
With Trump returning to the White House and promising to usher in a new era of support for the crypto industry, this could pay off for Singapore in 2025.

The SFC issues licences to virtual asset trading platforms under the expedited licensing procedure

In December, the Hong Kong Securities and Futures Commission issued licences to four virtual asset trading platform applicants under the expedited licensing procedure. The four virtual asset trading platform applicants are Cloud Account Greater Bay Area Technology (Hong Kong) Limited, DFX Labs Company Limited, Hong Kong Digital Asset Trading Group Limited and Thousand Whales Technology (BVI) Limited. The SFC is considering the remaining applications under the same expedited licensing procedures.

The Philippines has issued comprehensive rules for the regulation of crypto assets covering disclosure, public offerings, trading and marketing activities

The Philippine Securities and Exchange Commission (SEC) has introduced extensive rules governing crypto assets, covering disclosure, public offerings, trading and marketing activities. These regulations aim to strengthen investor protection and promote transparency in the booming digital asset market.
Under the new guidelines, crypto asset offerings must file disclosure documents with the SEC at least 30 days before any marketing activity or public sale. The document must detail the provider, issuer, key characteristics, risks, and underlying technology of the crypto asset, as well as clearly state potential risks, including loss of value and limited transferability. Crypto assets classified as securities require a registration statement approved by the SEC before they can be publicly offered. Entities that issue or trade crypto assets must comply with anti-Money laundering (AML) laws and SEC reporting requirements. It stressed that failure to comply could result in fines, suspension or revocation of licenses.

The Japanese government has issued an official response to the Bitcoin reserve plan: the volatility of crypto assets is not in line with the current foreign exchange reserve system

The Japanese government has made an official response to a question from Satoshi Hamada, a member of the Upper house of Parliament, about the latest developments in the push for bitcoin reserves in the United States and other countries. The written response, issued in the name of Prime Minister Shigeru Ishiba, clarifies the government's position on the possibility of holding crypto assets as reserves.
Upper House member Satoshi Hamada said on the 11th of this month, "I think Japan should follow the example of the United States and consider investing some of its foreign exchange reserves in crypto assets such as bitcoin," and seek the government's opinion on this. The reply pointed out that Japan does not understand the movement of the United States and other countries on the launch of bitcoin reserves at this stage, because these plans are still in the discussion stage, and it is difficult for the government to express its own views.

* 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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Disclaimer

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 1 (Dealing in Securities), 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

Investor Inquiry

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