Crypto Flow

Crypto Flow Technology Limited
加幂科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8198)

VOLUNTARY ANNOUNCEMENT

(1) MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE INVESTMENT IN SOUTH PACIFIC; AND (2) ACQUISITION OF 20% EQUITY INTERESTS IN THE TARGET COMPANY AND GRANT OF CALL OPTION TO FURTHER ACQUIRE 35% EQUITY INTERESTS

This announcement is made by the Company on a voluntary basis to provide the Shareholders and potential investors with the latest business information about the Group.

(1) THE MOU FOR POSSIBLE INVESTMENT IN SOUTH PACIFIC

The Board is pleased to announce that on 25 July 2025, the Investor and South Pacific entered into the MOU in relation to the Possible Investment, pursuant to which the Investor intends to subscribe for new shares of South Pacific, subject to the conditions to be set out in the share subscription agreement and shareholders' agreement to be entered into between the Investor and South Pacific.

Pursuant to the MOU, the Investor as subscriber of the Possible Investment shall be entitled to conduct due diligence on the business, financial and legal aspects of the South Pacific Group within 30 days from the date of the MOU (or such other date as may be agreed between South Pacific and the Investor in writing).

The parties to the MOU shall negotiate in good faith to enter into a formal share subscription agreement and shareholders' agreement in respect of the Possible Investment within 90 days from the date of the MOU (or such other date as may be agreed between the parties in writing). In the event that the formal share subscription agreement and shareholders' agreement are not entered into within 90 days from the date of the MOU (or such other date as may be agreed between the parties in writing), the MOU shall terminate. Neither party shall have the right to claim against the other party save for any antecedent breach.

The MOU does not create legally binding obligations on the parties in relation to the Possible Investment but is legally binding as to such terms relating to confidentiality, notices and costs, governing law and jurisdiction.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of South Pacific and its ultimate beneficial owners is a third party independent of the Company and its connected person.

Information of South Pacific Group

South Pacific is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. It is the intention of the South Pacific Group to develop stablecoins business. According to South Pacific, it currently holds the license to issue cryptocurrency stablecoins that will be supervised and regulated by the government of Vanuatu, with one of its substantial shareholders being held by Department of Finance and Treasury of the government of Vanuatu. As at the date of the MOU, cryptocurrency stablecoins have been issued by South Pacific Group, which will be launched globally by the end of this year. It is expected that the sovereign-supervised cryptocurrency stablecoins issued by the South Pacific Group would ensure user and market confidence and attract institutional and individual users for global circulation and application within the Web3.0 ecosystem, encompassing commodity trading, online and offline payments, which would create multiple income opportunities, such as the charging of issuance and redemption fees of subscribing and redeeming the stablecoins, transaction fees of using the stablecoins, as well as investment return by investing its fiat reserve assets.

It is the plan of the South Pacific Group to focus on collaboration with major cryptocurrency exchanges to promote the liquidity and user acceptance of its stablecoins, as well as partnering with payment processors, banks and cross-border e-commerce platforms to facilitate the widespread adoption of its stablecoins in global payment and trade settlement.

Reasons of entering into the MOU

Hong Kong is making significant strides in the Web3.0 and digital asset field. In addition to the *Digital Asset Development Policy Declaration 2.0* released by the Hong Kong government stressing its commitment to position the city as a trusted and innovative global hub for digital assets, the recent enactment of the *Stablecoins Ordinance* is set to take effect on 1 August 2025 to introduce a licensing regime for regulated stablecoin activities in Hong Kong, aiming to bolster market confidence and align with global standards. In view of the favorable environment in Hong Kong for the sustainable development of the Web3.0 industry, the Group is optimistic on the potential of the emerging market in the stablecoins application aspects, which shall favor the launch of stablecoins by the South Pacific Group in the future.

As a more prominent type of cryptocurrency with its value pegged to fiat currency, stablecoins have seen growing attention in numerous application areas. With the advantage of the on-chain data analysis platform ("**ChainStream**") developed by the Group which supports high frequency trading, real-time computing capability and AI-driven risk control system, it is expected that the Possible Investment would signify the strategic collaboration between the Group and South Pacific by boosting the launch and applications of its stablecoins in Web3.0 developed area including Hong Kong to foster the growth and global expansion of the stablecoins ecosystem.

The Directors consider that the entering into of the MOU represents an effort of the Group to tap into the investment of stablecoins through the Possible Investment, enabling the Group to establish a first-mover advantage to capitalise on the emerging opportunities, further deepen its expansion within the Web3.0 ecosystem, and expand the application scenarios in the "Belt and Road" countries, which is in line with the Group's development strategy. It is expected that the Group by relying on the technology of ChainStream will be able to promote the development of the stablecoins issued by the South Pacific Group, thereby enjoying the potential upside as a stakeholder in the stablecoins business through the Possible Investment, which is in the interest of the Group and the Shareholder as a whole.

(2) THE ACQUISITION OF 20% EQUITY INTERESTS IN THE TARGET COMPANY AND GRANT OF CALL OPTION TO FURTHER ACQUIRE 35% EQUITY INTERESTS

On 25 July 2025 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 20% of the entire issued share capital of the Target Company.

Pursuant to the Sale and Purchase Agreement, the Vendor has also conditionally granted the Option to the Purchaser at a premium of HK$1 to, during the one-year period from completion of the Sale and Purchase Agreement, purchase from the Vendor the Option Shares, representing 35% of the entire issued share capital of the Target Company.

Following completion of the Acquisition, the Group will hold 20% interest in the Target Company, which will not become a subsidiary of the Company and will not be consolidated into the Group's consolidated financial statements.

Information of the Target Company

The Target Company was registered in Australia with limited liability on 16 November 2021. The Target Company is principally engaged in the provision of financial services and possessed the requisite licenses as a digital currency blockchain exchange platform and an over-the-counter (OTC) service provider issued by the Australian Government, and had generated minimal revenue primarily from the spread between the bid and ask prices of assets.

Reasons for the Acquisition

The Group is principally engaged in (i) the big data centre services providing storage, electricity and related services; (ii) money lending business in Hong Kong; and (iii) Web3.0 business providing services to Web3.0 developers/operators.

It is the plan of the Group to continue to focus on business development relating to Web3.0. Apart from developing ChainStream, the Group has been considering investment in other Web3.0 products. With the necessary license to provide digital currency exchange service, the Target Company would be able to establish a platform enabling users to execute transactions of cryptocurrencies. By leveraging on the established infrastructure and coverage of the Target Company, it is anticipated that business synergy would be created through the Acquisition by enhancing the Group's diversification within the Web3.0 service supply chain, which would further advance the Group's Web3.0 initiatives.

Based on the above, the Directors consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and the Acquisition and the grant of the Option are in the interests of the Company and the Shareholders as a whole.

GEM Listing Rules implications

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners is a third party independent of the Company and its connected persons. Therefore, the Acquisition does not constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. As all of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Sale and Purchase Agreement are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules.

As the exercise of the Option is at the discretion of the Purchaser, according to Rule 19.75(1) of the GEM Listing Rules, on the acquisition of the Option, only the premium will be taken into consideration for the purpose of transaction classification. As only a nominal premium of HK$1 was payable for the acquisition of the Option, such acquisition does not constitute a notifiable transaction of the Company under the GEM Listing Rules.

The Company will comply with all applicable requirements under the GEM Listing Rules in the event that it exercises the Option as and when required. Further announcement(s) will be made by the Company in this regard as and when appropriate.

WARNING

As the Possible Investment may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If the Possible Investment when materialised constitutes a notifiable transaction for the Company under the GEM Listing Rules, further announcement(s) will be made by the Company as and when appropriate.

As completion of the Acquisition is subject to the fulfilment of conditions precedent set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser under the Sale and Purchase Agreement
"Board"	the board of Directors
"Company"	Crypto Flow Technology Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM (stock code: 8198)

"connected person(s)"	as defined under the GEM Listing Rules
"Director(s)"	the director(s) of the Company
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Investor"	Digital Chain Innovation Enterprises Limited, an indirect wholly owned subsidiary of the Company
"MOU"	the memorandum of understanding dated 25 July 2025 entered into between the Investor and South Pacific
"Option"	the call option granted by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement to purchase the Option Shares
"Option Shares"	28 ordinary shares in the Target Company, representing 35% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
"Possible Investment"	the possible subscription of new shares of South Pacific by the Investor pursuant to the MOU
"Purchaser"	Metamind Innovation Limited, being the purchaser of the Sale Shares
"Sale and Purchase Agreement"	the sale and purchase agreement dated 25 July 2025 entered into between the Vendor and the Purchaser in relation to the Acquisition
"Sale Shares"	16 ordinary shares in the Target Company, representing 20% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
"Share(s)"	ordinary share(s) of a par value of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"South Pacific"	South Pacific Investment Limited
"South Pacific Group"	South Pacific and its subsidiary
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

“Target Company”	Rhino Trading Pty Ltd
“Vendor”	Golden Cactus Pty Ltd, being the vendor of the Sale Shares
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
Crypto Flow Technology Limited
Li Hongbin
Chairman

Hong Kong, 25 July 2025

As at the date of this announcement, the executive Directors are Mr. Li Hongbin, Mr. Huang Yibin and Ms. Xiong Jiayan; and the independent non-executive Directors are Mr. Sun Yuqiang, Mr. Chu, Howard Ho Hwa and Mr. Tong, I Tony.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company’s website at www.cryptoflowhk.com.