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Crypto Flow

Crypto Flow Technology Limited

加幂科技有限公司

(formerly known as Loto Interactive Limited 樂透互娛有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8198)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE CONSULTANCY AGREEMENT**

On 6 April 2023 (after trading hours), YCI, a wholly-owned subsidiary of the Company, and GLE entered into the Consultancy Agreement, pursuant to which GLE will provide the consultancy services to YCI in relation to the construction of the Big Data Centre.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Transaction is 5% or more but is less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements, but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 6 April 2023 (after trading hours), YCI, a wholly-owned subsidiary of the Company, and GLE entered into the Consultancy Agreement, pursuant to which GLE shall provide the consultancy services to YCI in relation to the construction of the Big Data Centre.

THE CONSULTANCY AGREEMENT

The principal terms of the Consultancy Agreement are set out below:

Date

6 April 2023

Parties

- (1) YCI; and
- (2) GLE

Subject matter

Pursuant to the Consultancy Agreement, GLE shall provide consultancy services to YCI in relation to the construction of the Big Data Centre which shall include the followings:

- (i) conducting preliminary market research;
- (ii) identifying suitable location and electricity supplier for the Big Data Centre;
- (iii) assisting YCI in contract negotiations with the landlord and electricity supplier of the Big Data Centre;
- (iv) assisting YCI in obtaining the necessary approval(s) and ensuring legal compliance of the construction of the Big Data Centre; and
- (v) confirming the designs for the construction of the Big Data Centre, including the designs for electric engineering, civil engineering, structural engineering, mechanical hydraulic engineering and network surveillance.

Consultancy fee

In consideration of GLE providing the consultancy services as described above, YCI shall pay the consultancy fee to GLE in the following manner:

- (i) US\$400,000 (equivalent to approximately HK\$3.14 million), representing 50% of the total consultancy fee, within five Business Days upon signing of the Consultancy Agreement; and
- (ii) US\$400,000 (equivalent to approximately HK\$3.14 million), representing the remaining 50% of the total consultancy fee, within five Business Days upon completion of consultancy services provided by GLE;

The consultancy fee in the total amount of US\$800,000 (equivalent to approximately HK\$6.28 million) was arrived at after arm's length negotiations between YCI and GLE under the Consultancy Agreement after taking in account, among other things, (i) the scope of consultancy services to be provided by GLE; and (ii) the expected timetable for the construction of the Big Data Centre.

Termination

If any party to the Consultancy Agreement finds that the other party has materially breached the contract provisions, it shall notify the other party in writing and require it to make corrections within the specified time limit. If it is not corrected within the specified time limit, it shall be deemed that the other party waives the contractual rights to the Consultancy Agreement.

If the Consultancy Agreement cannot be performed due to force majeure and other reasons, the parties shall negotiate and resolve the matter. If the matter cannot be resolved, the parties shall negotiate to terminate the Consultancy Agreement.

Default

If GLE fails to perform its service obligations in accordance with the Consultancy Agreement, YCI has the right to require GLE to compensate for all losses caused thereby.

If YCI fails to fulfill its payment obligations in accordance with the Consultancy Agreement, GLE has the right to require YCI to pay 20% of the total contract amount payable as liquidated damages, which cannot be reduced or exempted. If the liquidated damages are insufficient to cover all losses, GLE has the right to claim compensation from YCI.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in (i) the provision of data analysis and storage services; and (ii) money lending business in Hong Kong.

With reference to the Company's announcement dated 3 January 2023 in relation to the Disposal (the "**Disposal Announcement**") and the Company's annual report for the year ended 31 December 2022, it is the intention of the Company to continue the development of its existing businesses in Hong Kong and expand the existing businesses of the Group through, among other things, the development of big data centre(s) in the overseas markets. The development of the Big Data Centre is consistent with the business objectives of the Group in seeking business development and expansion in the overseas market.

As set out in the Disposal Announcement, part of the net proceeds from the Disposal (approximately HK\$22 million) will be used to increase or upgrade the fixed assets of the Group's big data centre (including any big data centres to be developed or acquired by the Group in the future). The consultancy fee under the Consultancy Agreement will be financed by such part of net proceeds from the Disposal.

The Directors considers that the Transaction would enable the Group to continue strengthening its business portfolio. The Group will be benefited from the additional income from the operation of the Big Data Centre upon completion of its development. Accordingly, the Directors are of the view that the Transaction is in the interests of the Company and the Shareholders as a whole and the terms of the Consultancy Agreement are fair and reasonable and on normal commercial terms.

INFORMATION ON THE PARTIES

YCI

YCI is a wholly-owned subsidiary of the Company, which is principally engaged in the operation of big data centre.

GLE

GLE is a corporation incorporated in the state of Delaware of the USA and is principally engaged in the trading of electrical resources, trading of cryptocurrency mining machine and construction and management of big data centres. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, GLE is directly owned as to 100% by Ms. Li Ping, and each of GLE and its ultimate beneficial owners is an Independent Third Party.

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DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Big Data Centre”	the big data centre to be developed and operated by YCI in the USA
“Board”	the board of the Directors

“Business Day(s)”	means any day other than a Saturday, Sunday or legal holiday in the USA
“Company”	Crypto Flow Technology Limited (formerly known as Loto Interactive Limited) (stock code: 8198), a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Consultancy Agreement”	the agreement entered into on 6 April 2023 between YCI and GLE in relation to the provision of consultancy services by GLE to YCI for the construction of the Big Data Centre
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire equity interests in Brighten Express Limited, details of which are set out in the Company’s announcement dated 3 January 2023 and circular dated 28 February 2023
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“GLE”	Green Land Energy Inc., a corporation incorporated in the state of Delaware of the USA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) (if applicable) which are independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction”	the transactions contemplated under the Consultancy Agreement
“US\$”	United States dollars, the lawful currency of USA
“USA” or “United States”	the United States of America
“YCI”	Your Choice Investment Inc., a corporation incorporated in the state of Delaware of the USA and a wholly-owned subsidiary of the Company
“%”	per cent.

For illustrative purpose of this announcement only, conversion of US\$ into HK\$ is made at the rate of US\$1.00 = HK\$7.85.

By order of the Board
Crypto Flow Technology Limited
Huang Yibin
Chief Executive Officer and Executive Director

Hong Kong, 6 April 2023

As at the date of this announcement, the executive Directors are Mr. Li Hongbin (Chairman) and Mr. Huang Yibin (Chief Executive Officer) 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.