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## **HUOBI TECHNOLOGY HOLDINGS LIMITED**

**火币科技控股有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock code: 1611)**

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REFERRAL SERVICES FRAMEWORK AGREEMENT**

#### **REFERRAL SERVICES FRAMEWORK AGREEMENT**

On 30 November 2021, HBIT, an indirect wholly-owned subsidiary of the Company, and Block Matrix, entered into the Referral Services Framework Agreement, pursuant to which HBIT has agreed to provide referral services to Block Matrix for a term commencing from 1 December 2021 and expiring on 30 September 2024.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Li is beneficially interested in approximately 59.65% of the issued Shares in the Company and is therefore a controlling shareholder of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As Block Matrix is ultimately controlled by Mr. Li, Block Matrix is an associate of Mr. Li and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, HBIT is an indirect wholly-owned subsidiary of the Company. Hence, the Referral Services Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps of the transactions contemplated under the Referral Services Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the continuing connected transactions contemplated under the Referral Services Framework Agreement are of a revenue nature in the ordinary and usual course of business of the Company, pursuant to Rule 14.04(1)(g) of the Listing Rules, the continuing connected transactions do not constitute notifiable transactions of the Company and will be exempted from the requirements under Chapter 14 of the Listing Rules.

Among the existing Directors, the connected Director, Mr. Li, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Referral Services Framework Agreement and the annual caps of the transactions contemplated thereunder. Save for Mr. Li, none of the other Directors has a material interest in the transactions contemplated under the Referral Services Framework Agreement, and none of the Directors (save for Mr. Li) is required to abstain from voting on the relevant Board resolutions.

## **INTRODUCTION**

On 30 November 2021, HBIT, an indirect wholly-owned subsidiary of the Company, and Block Matrix, entered into the Referral Services Framework Agreement, pursuant to which HBIT has agreed to provide referral services to Block Matrix for a term commencing from 1 December 2021 and expiring on 30 September 2024.

## **PRINCIPAL TERMS OF THE REFERRAL SERVICES FRAMEWORK AGREEMENT**

The principal terms of the Referral Services Framework Agreement are as follows:

### **Date**

30 November 2021 (after trading hours)

### **Parties**

- (1) HBIT; and
- (2) Block Matrix

### **Provision of Referral Services**

Pursuant to the Referral Services Framework Agreement, HBIT shall provide referral services to Block Matrix by way of introduction of Borrowers to Block Matrix for the provision of Loans, and Block Matrix shall pay referral fees to HBIT as consideration for such referral services.

### **Term**

The Referral Services Framework Agreement is for a term commencing on 1 December 2021 and expiring on 30 September 2024 (both days inclusive).

### **Termination**

Either party may terminate the Referral Services Framework Agreement upon giving one-month prior written notice to the other.

HBIT may also terminate the Referral Services Framework Agreement with immediate effect without further notice to Block Matrix upon, *inter alia* (i) any failure by Block Matrix to submit to HBIT any documents reasonably requested by HBIT necessary for it to comply any applicable laws, statutes or other regulations; (ii) material breach by Block Matrix of any of the terms of the Referral Services Framework Agreement and/or default in the observance of any rules and regulations of any governmental authority or self-regulatory organization; (iii) Block Matrix being unable to pay its debts as they fall due or the filing of any bankruptcy petition against Block Matrix; and (iv) any representation or warranty made by Block Matrix to HBIT in the Referral Services Framework Agreement or in any document being or becoming false, incorrect or misleading to a material extent.

## Referral Fees and Pricing Basis

The referral fees payable by Block Matrix to HBIT under the Referral Services Framework Agreement shall be invoiced monthly and calculated at a percentage of 0.2–0.5% of the Loan amount based upon the nature and type of the Loan to be provided by Block Matrix to the Borrowers, such rate to be agreed by the Parties from time to time.

The referral fees standards were determined based on arm’s length negotiations between the Parties, taking into consideration factors including industry practice, market competition and customer demand, and the corresponding terms under the Referral Services Framework Agreement are no less favourable to HBIT than those available to/from independent third parties.

Notwithstanding any other terms or provisions of the Referral Services Framework Agreement to the contrary, the referral fees for the term under the Referral Services Framework Agreement shall not exceed the amount of the annual caps as set out in this announcement.

## PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

### Historical Amounts

Since HBIT did not conduct any similar transactions with Block Matrix, there is no historical transaction amount that can be provided.

### Proposed Annual Caps

The proposed annual caps of the referral fees charged by HBIT under the Referral Services Framework Agreement for the following periods are set out below:

<b>Periods</b>	<b>1 December 2021 to 30 September 2022</b>	<b>1 October 2022 to 30 September 2023</b>	<b>1 October 2023 to 30 September 2024</b>
	<i>(both dates inclusive)</i>		
Annual caps (HK\$)	13,000,000	13,000,000	13,000,000

## **Basis of Determination of the Proposed Annual Caps**

The proposed annual caps of the service fee under the Referral Services Framework Agreement have been determined by the Directors after taking into account the following factors:

- (1) the pricing principles of the referral fees to be charged by HBIT to Block Matrix under the Referral Services Framework Agreement, particulars of which have been set out in the principal terms of the Referral Services Framework Agreement titled “Referral Fees and Pricing Basis” in this announcement;
- (2) the growing market demand for lending and borrowing of Digital Assets; and
- (3) the existing customer base of the Group being owners of Digital Assets and the expected referral services to be provided by HBIT to Block Matrix.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE REFERRAL SERVICES FRAMEWORK AGREEMENT**

In view of the growing demand by holders of Digital Assets for loans of crypto assets, financial instruments and other types of assets worldwide, the Company considers that the Referral Services Framework Agreement will provide an opportunity for the Company to leverage its existing customer base with Block Matrix’s emerging lending business by fully utilizing its current resources and clientele to generate new income streams for the benefit of the Group and the Shareholders as a whole.

The Company is optimistic that the Referral Services Framework Agreement will allow the Company and Block Matrix to combine their synergies to achieve a broadening and diversification of the Group’s income sources in the long run, thereby enhancing the Group’s overall financial performance. The Company considers that the Referral Services Framework Agreement will also enable the Group to strengthen its position in the market for virtual assets-related services, thus boosting its development of an integrated virtual asset ecosystem catering to the needs of the virtual asset owners all around the world.

The Board (including the independent non-executive Directors) is of the view that the transactions contemplated under the Referral Services Framework Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Referral Services Framework Agreement and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

As at the date of this announcement, Mr. Li is beneficially interested in approximately 59.65% of the issued shares in the Company and is therefore a controlling Shareholder of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As Block Matrix is ultimately controlled by Mr. Li, Block Matrix is an associate of Mr. Li and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, HBIT is an indirect wholly-owned subsidiary of the Company. Hence, the Referral Services Framework Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps of the transactions contemplated under the Referral Services Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the continuing connected transactions contemplated under the Referral Services Framework Agreement are of a revenue nature in the ordinary and usual course of business of the Company, pursuant to Rule 14.04(1) (g) of the Listing Rules, the continuing connected transactions do not constitute notifiable transactions of the Company and will be exempted from the requirements under Chapter 14 of the Listing Rules.

Among the existing Directors, the connected Director, Mr. Li, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Referral Services Framework Agreement and the annual caps of the transactions contemplated thereunder. Save for Mr. Li, none of the other Directors has a material interest in the transactions contemplated under the Referral Services Framework Agreement, and none of the Directors (save for Mr. Li) is required to abstain from voting on the relevant Board resolutions.

## **INFORMATION OF THE GROUP, HBIT AND BLOCK MATRIX**

### **The Group**

The principal businesses of the Group include contract manufacturing, on electronic manufacturing services basis, of a wide range of power-related and electrical/electronic products, and provision of technology solution services and other multifarious services in relation to the virtual asset ecosystem.

### **HBIT**

HBIT is a company incorporated in Hong Kong with limited liability. The principal business of HBIT include provision of over-the-counter crypto trading, crypto lending, borrowing and referral services.

### **Block Matrix**

Block Matrix is a company incorporated in Hong Kong with limited liability. The ultimate beneficial owner of Block Matrix is Mr. Li. The principal business of Block Matrix is provision of Digital Assets lending services.

## **PRICING AND INTERNAL CONTROL POLICIES FOR THE GROUP**

The Company has adopted the following pricing and internal control policies and measures to ensure that the continuing connected transactions of the Group are conducted in accordance with the Listing Rules and to safeguard the interests of the Company and the Shareholders as a whole: –

- (a) the finance department of the Company is responsible for closely monitoring the amount of fees receivable under the Referral Services Framework Agreement on a monthly basis to ensure that it does not exceed the proposed annual cap;
- (b) the internal audit department of the Company is responsible for reviewing and assessing the internal control procedures of the Group, including but not limited to the relevant information in relation to the Referral Services Framework Agreement on an annual basis. In addition, the internal audit department will prepare an internal control report and submit to the Board for review and approval;
- (c) the Company's external auditors will conduct an annual review on the pricing and annual caps of the continuing connected transactions under the Referral Services Framework Agreement; and

- (d) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions to ensure that (i) such transactions are conducted in the ordinary and usual course of business of the Group, (ii) the internal control policies and measures are in place, and (iii) the terms and conditions under the Referral Services Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company will facilitate the provision of necessary information to the independent non-executive Directors and the auditors for the purpose of such review.

In view of the above, the Directors consider that there are adequate pricing and internal control procedures and external supervision measures to ensure that the continuing connected transactions under the Referral Services Framework Agreement will comply with the relevant regulatory guidelines and the transactions contemplated thereunder and the annual caps thereof will be arrived at through arm's length negotiations and conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority Shareholders.

## **DEFINITIONS**

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

“Block Matrix”	Block Matrix Limited (塊矩陣有限公司), a company incorporated in Hong Kong with limited liability, and a connected person of the Company;
“Board”	the board of Directors;
“Borrowers”	clients of the Group and owners of Digital Assets, who to the best knowledge of the Company, are not connected persons of the Company and its subsidiaries and are third parties independent of the Company and connected persons of the Company;
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business;
“Company”	Huobi Technology Holdings Limited (火幣科技控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1611);



“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“continuing connected transactions”	the transactions contemplated under Referral Services Framework Agreement;
“Digital Asset(s)”	a digital asset (also called “cryptocurrency,” “virtual assets,” “coins,” or “tokens”) that is issued and transferred using distributed ledger or blockchain technology;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HBIT”	HBIT Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan(s)”	the loan(s) (either by way of Digital Asset(s) or other type of financial instruments) to be provided by Block Matrix to the Borrowers referred by HBIT which will be secured by Digital Assets owned by the Borrowers as collaterals;
“Mr. Li”	Mr. Li Lin, the chairman of the Board, an executive Director, the chief executive officer, and a controlling shareholder of the Company;
“Parties”	HBIT and Block Matrix;

“Referral Services Framework Agreement”	the agreement entered into between HBIT and Block Matrix on 30 November 2021 for the provision of referral services from HBIT to Block Matrix;
“Shareholder(s)”	holders of the Share(s);
“Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board  
**HUOBI TECHNOLOGY HOLDINGS LIMITED**  
**Li Lin**  
*Executive Director*

Hong Kong, 30 November 2021

*As at the date of this announcement, the Board comprises (1) Mr. Li Lin as executive Director; and (2) Mr. Duan Xiongfei, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin as independent non-executive Directors.*