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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Huobi Technology Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CUSTODIAL SERVICES AGREEMENTS; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 7 to 22 of this circular. A letter from the Independent Board Committee is set out on pages 23 to 24 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 39 of this circular. A notice convening the EGM (as defined herein) of Huobi Technology Holdings Limited to be held at Room 1404-05, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong on Friday, 17 December 2021 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for the EGM is enclosed herewith and published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). Whether or not you are able to attend and vote at the EGM, you are requested to complete the accompanying form of proxy and return it to the branch share registrar of the Company (as defined herein), Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

To safeguard the health and safety of the Shareholders (as defined herein) and to prevent the spreading of the coronavirus disease 2019 ("COVID-19") pandemic, the following precautionary measures will be implemented at the EGM, including but not limited to:

- compulsory body temperature screening/checks;
- mandatory wearing of surgical face masks;
- appropriate distancing and spacing will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
- no refreshment or souvenirs will be provided at the EGM; and
- any person who does not comply with the precautionary measures to be taken at the EGM may be denied entry into the meeting venue.

For the health and safety of the Shareholders, the Company encourages the Shareholders NOT to attend the EGM in person, and advises the Shareholders to appoint the chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing development of COVID-19 and recent requirements for prevention and control of its spread by the Hong Kong Government, the Company strongly encourages the Shareholders not to attend the EGM in person and the Company strongly recommends the Shareholders to exercise their voting rights by appointing the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person. The Shareholders are reminded that physical attendance at the EGM is not necessary for the purpose of exercising the voting rights. The Shareholders who choose to do so should take action as soon as possible to ensure the proxy instructions reach our share registrar not less than 48 hours before the time fixed for holding the EGM.

Taking into consideration the guidelines issued by the Hong Kong Government and the Joint Statement dated 1 April 2020 made by The Securities and Futures Commission and The Stock Exchange of Hong Kong Limited in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation, the Company will implement the following preventive measures at the EGM to protect the attending Shareholders from the risk of infection:

- compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue and anyone with abnormal body temperature may be denied entry into the venue;
- the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding and maintain appropriate distance and space;
- every Shareholder or proxy is mandatorily required to use surgical face masks during their attendance of the EGM; and
- no corporate gifts will be distributed and no refreshments will be served.

The Shareholders are in any event asked (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow any requirements or guidelines of the Hong Kong Government relating to COVID-19 in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

DEFINITIONS

In this circular, including the appendices, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreements”	collectively, the Custodial Services Agreements, the Previous Custodial Services Agreements, the SU Custodial Services Agreement and the SU Compliance Services Agreement
“Assets”	collectively, the HB Assets, the HG Assets and the OF Assets
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Commencement Date”	the date of passing of the ordinary resolution in respect of the Custodial Services Agreements at the EGM
“Company”	Huobi Technology Holdings Limited (火币科技控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1611)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transactions”	has the meaning ascribed thereto under the Listing Rules and collectively, the transactions contemplated under the Agreements
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Custodial Fee”	the consideration payable for the custodial services under the Custodial Services Agreements, particulars of which are set out in the principal terms of the Custodial Services Agreements titled “Custodial Fee and Withdrawal Fee” in this circular
“Custodial Services Agreements”	collectively, the HB Custodial Services Agreement, the HG Custodial Services Agreement and the OF Custodial Services Agreement

DEFINITIONS

“Custody Account(s)”	the custody account(s) established for the receipt, safekeeping and maintenance of the Assets by Huobi Trust for and on behalf of the service recipients
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve, among other things, the terms and conditions of the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder
“Group”	the Company and its subsidiaries
“HB Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust on behalf of HB Infinite pursuant to the terms of the HB Custodial Services Agreement
“HB Custodial Services Agreement”	the agreement entered into between Huobi Trust and HB Infinite on 11 October 2021, pursuant to which HB Infinite appointed Huobi Trust as its custodian to provide custodial services with respect to the HB Assets
“HB Infinite”	HB Infinite Limited, a company incorporated in the British Virgin Islands, and a connected person of the Company
“HG Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust on behalf of Huobi Gibraltar pursuant to the terms of the HG Custodial Services Agreement
“HG Custodial Services Agreement”	the agreement entered into between Huobi Trust and Huobi Gibraltar on 11 October 2021, pursuant to which Huobi Gibraltar appointed Huobi Trust as its custodian to provide custodial services with respect to the HG Assets
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huobi Gibraltar”	Huobi Technology (Gibraltar) Co. Ltd, a company incorporated in Gibraltar, and a connected person of the Company

DEFINITIONS

“Huobi Trust”	Huobi Trust Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Huobi Trust Nevada”	Huobi Trust Company, a company incorporated in the State of Nevada, the United States, and an indirect wholly-owned subsidiary of the Company
“Independent Board Committee”	the independent committee of the Board, the members of which consist of all independent non-executive Directors (namely, Mr. Duan Xiongfei, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin), formed to advise the Independent Shareholders with respect to the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder
“Independent Shareholders”	the Shareholders excluding those who are required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder
“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected with any of the Directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Latest Practicable Date	23 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Lin, the chairman of the Board, an executive Director, the chief executive officer, and a controlling shareholder of the Company

DEFINITIONS

“OF Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust on behalf of Orion Financial pursuant to the terms of the OF Custodial Services Agreement
“OF Custodial Services Agreement”	the agreement entered into between Huobi Trust and Orion Financial on 11 October 2021, pursuant to which Orion Financial appointed Huobi Trust as its custodian to provide custodial services with respect to the OF Assets
“Orion Financial”	Orion Financial Technology Limited, a company incorporated in the British Virgin Islands, and a connected person of the Company
“Previous Custodial Services Agreements”	collectively, (1) the agreement entered into between Huobi Trust and Orion Financial on 14 July 2021, pursuant to which Orion Financial appointed Huobi Trust as its custodian to provide custodial services with respect to the OF Assets (the “ Previous OF Custodial Services Agreement ”) and (2) the agreement entered into between Huobi Trust and HB Infinite on 14 July 2021, pursuant to which HB Infinite appointed Huobi Trust as its custodian to provide custodial services with respect to the HB Assets (the “ Previous HB Custodial Services Agreement ”)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stable Universal”	Stable Universal Limited, a company incorporated in the British Virgin Islands, and a connect person of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SU Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust Nevada on behalf of Stable Universal pursuant to the terms of the SU Custodial Services Agreement
“SU Compliance Services Agreement”	the agreement entered into between Huobi Trust Nevada and Stable Universal on 26 January 2021 in relation to compliance services, details of which are set out in the Company’s announcement dated 26 January 2021

DEFINITIONS

“SU Custodial Services Agreement”	the agreement entered into between Huobi Trust Nevada and Stable Universal on 26 January 2021 in relation to custodial services, details of which are set out in the Company’s announcement dated 26 January 2021
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“United States”	the United States of America
“USDT”	means Tether, a stablecoin which is a type of block-chain based cryptocurrency
“Withdrawal Fee”	the fee payable by a client to Huobi Trust upon withdrawal of Assets from the Custody Account under a custodial services agreement, particulars of which are set out in the principal terms of the OF Custodial Services Agreement, the HB Custodial Services Agreement and the HG Custodial Services Agreement titled “Custodial Fee and Withdrawal Fee” in this circular
“%”	per cent

In case of any discrepancy between the English version and the Chinese version of this circular, the English version shall prevail.

LETTER FROM THE BOARD



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)

Executive Director:

Mr. Li Lin (Chairman)

Independent non-executive Directors:

Mr. Duan Xiongfei

Mr. Yip Wai Ming

Mr. Ngai Matthew Cheuk Yin

Head Office and Principal Place

of Business:

Room 1404-05

14/F, Nan Fung Tower

88 Connaught Road Central

Hong Kong

Registered Office:

3rd Floor, J&C Building

P.O. Box 362

Road Town, Tortola

BVI VG1110

29 November 2021

To the Shareholders

Dear Sirs or Madams,

**(1) CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE CUSTODIAL SERVICES AGREEMENTS; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 October 2021 in relation to the continuing connected transactions and the annual caps of the transactions contemplated under the Custodial Services Agreements.

Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder at the EGM.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with (1) a letter from the Board containing further details of the Custodial Services Agreements; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (3) a letter of advice from Gram Capital to both the Independent Board Committee and the Independent Shareholders; (4) a notice convening the EGM; and (5) other information as required under the Listing Rules.

I. THE CUSTODIAL SERVICES AGREEMENTS

Background

Reference is made to the announcement of the Company dated 14 July 2021 in relation to, among others, the Previous Custodial Services Agreements. In view of the growing demand for the custodial services provided under the Previous Custodial Services Agreements, the parties thereto on 11 October 2021 after trading hours have agreed, inter alia, to enter into the Custodial Services Agreements to revise the term of services and the annual caps for the provision of custodial services under the Previous Custodial Services Agreements. The Previous Custodial Services Agreements shall be terminated upon the Commencement Date.

Further, Huobi Gibraltar has also entered into a custodial services agreement with Huobi Trust for appointing Huobi Trust as its custodian of the HG Assets.

Principal Terms of the Custodial Services Agreements

(1) The OF Custodial Services Agreement

On 11 October 2021 (after trading hours), Huobi Trust and Orion Financial entered into the OF Custodial Services Agreement, pursuant to which Orion Financial has agreed to appoint Huobi Trust as the custodian of the OF Assets. The OF Custodial Services Agreement is for a term commencing from the Commencement Date to 30 September 2024.

The principal terms of the OF Custodial Services Agreement are summarized as follows:

Date:	11 October 2021 (after trading hours)
Parties:	(1) Huobi Trust (as the custodian); and (2) Orion Financial (as the client)
Term:	The term commences from the Commencement Date to 30 September 2024 (both days inclusive). Subject to compliance with the Listing Rules, the term of the OF Custodial Services Agreement may be renewed by the parties in writing.

LETTER FROM THE BOARD

Subject Matter: With effect from the Commencement Date, Orion Financial has agreed to appoint Huobi Trust, and Huobi Trust has agreed to act as custodian of the OF Assets received from Orion Financial. During the term of the OF Custodial Services Agreement, Huobi Trust shall establish and maintain one or more Custody Account(s), and shall hold in safe custody the OF Assets in the Custody Account(s) for the account of Orion Financial until such OF Assets are withdrawn or cease to be OF Assets pursuant to the OF Custodial Services Agreement. Save for the above, Huobi Trust shall only upon the receipt of specific instructions provided by Orion Financial receive or deliver any OF Assets or carry out any actions affecting the OF Assets or the Custody Account(s).

Custodial Fee and Withdrawal Fee: The OF Assets in the Custody Account(s) shall be non-interest bearing. The Custodial Fee and the Withdrawal Fee shall constitute the fees payable by Orion Financial to Huobi Trust as consideration for the custodial services provided under the OF Custodial Services Agreement.

Fee Scale

Total Assets under custody (USDT value)	Custodial Fee Scale (percentage per annum)	Withdrawal Fee (percentage per transaction amount)
0 – less than 100,000	0.40%	0.10%
100,000 – less than 1 Million	0.35%	0.10%
1 Million – less than 10 Million	0.30%	0.10%
10 Million – less than 50 Million	0.25%	0.10%
50 Million – less than 100 Million	0.20%	0.10%
100 Million – less than 500 Million	0.15%	0.10%
500 Million – less than 1,000 Million	0.10%	0.10%
1,000 Million or more	0.07%	0.10%

The Custodial Fee shall accrue daily on a tiered fee structure based on a percentage of the daily USDT value of the OF Assets held in the Custody Account(s) and shall be paid on a monthly basis in arrears. The Custodial Fee scale ranges from 0.40% for OF Assets with USDT value of below 100,000 to 0.07% for OF Assets with USDT value of 1,000 million or more.

LETTER FROM THE BOARD

Subject to the minimum withdrawal amount and the minimum Withdrawal Fee, with reference to the transparent scale of fee published in the official website of Huobi Trust (www.huobihktrust.com) from time to time, the Withdrawal Fee shall be calculated as a percentage of 0.1% of the USDT value of the OF Assets transferred out of the Custody Account(s) and shall be paid upon withdrawal of the OF Assets from the Custody Account(s).

Both the Custodial Fee and the Withdrawal Fee shall be charged in the form of the OF Assets under custody and deducted automatically by Huobi Trust from the Custody Account(s) in settlement of the Custodial Fee and Withdrawal Fee.

Notwithstanding any other terms or provisions of the OF Custodial Services Agreement to the contrary, the total Custodial Fee and Withdrawal Fee for the term under the OF Custodial Services Agreement shall not exceed the amount of the annual caps as set out in this circular.

Termination:

Either party may terminate the OF Custodial Services Agreement upon giving one-month prior notice to the other.

Huobi Trust may also terminate the OF Custodial Services Agreement with immediate effect without further notice to Orion Financial upon, inter alia, (i) any material breach committed by Orion Financial thereunder and where applicable, its failure to remedy; (ii) non-observance of any laws, rules or regulations of any governmental authority or self-regulatory organization by Orion Financial; (iii) Orion Financial being subject to insolvency, liquidation, bankruptcy or other similar action; or (iv) any provision or the performance of the OF Custodial Services Agreement shall result in the contravention and/or non-observance of the Listing Rules.

LETTER FROM THE BOARD

(2) *The HB Custodial Services Agreement*

On 11 October 2021 (after trading hours), Huobi Trust and HB Infinite entered into the new HB Custodial Services Agreement, pursuant to which HB Infinite has agreed to appoint Huobi Trust as the custodian of the HB Assets for a term commencing from the Commencement Date to 30 September 2024.

Date: 11 October 2021 (after trading hours)

Parties: (1) Huobi Trust as the custodian; and
(2) HB Infinite as the client

Save and except that (1) HB Infinite shall be the client and (2) the difference in annual caps thereunder, as more particularly set out under the section headed “Proposed Annual Caps and Basis of Determination”, the principal terms of the HB Custodial Services Agreement and the basis upon which the rates of the Custodial Fee and the Withdrawal Fee payable by HB Infinite are determined shall be substantially identical to that of the OF Custodial Services Agreement. Please refer to the above section for the principal terms of the HB Custodial Services Agreement *mutatis mutandis* and the section headed “Pricing Principles of the Custodial Fee and the Withdrawal Fee” for the basis of determination of the Custodial Fee and the Withdrawal Fee.

(3) *The HG Custodial Services Agreement*

On 11 October 2021 (after trading hours), Huobi Trust and Huobi Gibraltar entered into the HG Custodial Services Agreement, pursuant to which Huobi Gibraltar has agreed to appoint Huobi Trust as the custodian of the HG Assets for a term commencing from the Commencement Date to 30 September 2024.

Date: 11 October 2021 (after trading hours)

Parties: (1) Huobi Trust as the custodian; and
(2) Huobi Gibraltar as the client

Save and except that (1) Huobi Gibraltar shall be the client and (2) the difference in annual caps thereunder as more particularly set out under the section headed “Proposed Annual Caps and Basis of Determination”, the principal terms of the HG Custodial Services Agreement and the basis upon which the rates of the Custodial Fee and the Withdrawal Fee payable by Huobi Gibraltar are determined shall be substantially identical to that of the OF Custodial Services Agreement. Please refer to the above section for the principal terms of the HG Custodial Services Agreement *mutatis mutandis* and the section headed “Pricing Principles of the Custodial Fee and the Withdrawal Fee” for the basis of determination of the Custodial Fee and the Withdrawal Fee.

LETTER FROM THE BOARD

Pricing Principles of the Custodial Fee and the Withdrawal Fee

The Company has undertaken market research (the “**Market Research**”) on the general market rates of custodial and withdrawal fees charged by industry peers. References have been made to 8 industry peers, incorporated in Hong Kong, Singapore, the United States etc., which have been providing similar nature of the custodial services as those provided by Huobi Trust and having similar clientele, namely, exchange operators, token traders accepting different types of cryptocurrencies as security, and customers holding crypto assets for investment purposes.

According to the Market Research, the general rates of custodial fee range from 0% to 0.72% of the asset value under custody. The Custodial Fee charged by Huobi Trust falls within the range of the market rates of the Market Research.

On the other hand, the scale of Withdrawal Fee is determined by Huobi Trust with reference to the administration costs of Huobi Trust and the general market rates. The administration costs of Huobi Trust represent mainly the staff and administration costs to be incurred by Huobi Trust and the transaction fees to be charged on the blockchain protocol to process and validate transactions on the blockchain. According to the Market Research, the general market rates of withdrawal fee range from 0% to 0.5% of the asset value under custody for similar service providers on the market. The Withdrawal Fee charged by Huobi Trust falls within the range of the market rates of the Market Research.

The Custodial Fee and Withdrawal Fee chargeable under the Custodial Services Agreements have been adopted by Huobi Trust as a standard term and is uniform to all clients of Huobi Trust.

The Custodial Fee and Withdrawal Fee standards were determined based on arm’s length negotiations between the parties, taking into consideration factors including the general market rates, industry practice, regulatory requirements, market competition, customer demand, cost structure and service content of those industry peers under the Market Research. The Board is of the view that the rates of the Custodial Fee and the Withdrawal Fee are fair and reasonable, and the terms of the Custodial Services Agreement are no less favourable to the Group than those available to/from Independent Third Parties and are in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

II. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Historical Transactions

The existing annual caps and the historical transaction amounts for the total fees under the Previous Custodial Services Agreements (including the Custodial Fee and Withdrawal Fee) charged by Huobi Trust are set out below:

(1) The Previous OF Custodial Services Agreement

Periods	From 14 July 2021 to 30 September 2021	From 1 October 2021 to 31 December 2021
		<i>(both dates inclusive)</i> <i>(HK\$)</i>
Existing Annual Caps*	4,000,000	4,000,000
Historical Transaction Amounts**	2,290,000	3,178,000**

(2) The Previous HB Custodial Services Agreement

Periods	From 14 July 2021 to 30 September 2021	From 1 October 2021 to 31 December 2021
		<i>(both dates inclusive)</i> <i>(HK\$)</i>
Existing Annual Caps*	2,000,000	2,000,000
Historical Transaction Amounts**	1,132,000	1,185,000**

**Note:* The existing annual caps were set for the financial year ending 30 September 2021 and the period from 1 October 2021 to 31 December 2021.

***Note:* The historical transaction amounts are unaudited and hence are subject to adjustment. The historical transaction amounts for the period commencing from 1 October 2021 are calculated up to and inclusive of the Latest Practicable Date.

LETTER FROM THE BOARD

Proposed Annual Caps

The proposed annual caps of the total fees (including the Custodial Fee and Withdrawal Fee) to be charged by Huobi Trust under the Custodial Services Agreements for the following periods are as set out below:

(1) The OF Custodial Services Agreement

Periods	From the Commencement Date to 30 September 2022	From 1 October 2022 to 30 September 2023	From 1 October 2023 to 30 September 2024
	<i>(both dates inclusive)</i>		
	<i>(HK\$)</i>		
Annual Caps	73,000,000	73,000,000	73,000,000

(2) The HB Custodial Services Agreement

Periods	From the Commencement Date to 30 September 2022	From 1 October 2022 to 30 September 2023	From 1 October 2023 to 30 September 2024
	<i>(both dates inclusive)</i>		
	<i>(HK\$)</i>		
Annual Caps	14,000,000	14,000,000	14,000,000

(3) The HG Custodial Services Agreement

Periods	From the Commencement Date to 30 September 2022	From 1 October 2022 to 30 September 2023	From 1 October 2023 to 30 September 2024
	<i>(both dates inclusive)</i>		
	<i>(HK\$)</i>		
Annual Caps	11,600,000	11,600,000	11,600,000

LETTER FROM THE BOARD

Basis of Determination of the Proposed Annual Caps

The proposed annual caps under the Custodial Services Agreements have been determined upon arm's length negotiations between Huobi Trust of the one part and Orion Financial, HB Infinite and Huobi Gibraltar of the other part respectively, having taken the following into account:

- (1) the pricing principles of the total fees to be charged (including the Custodial Fee and the Withdrawal Fee) under the Custodial Services Agreements, particulars of which have been set out in the principal terms of the OF Custodial Services Agreement, the HB Custodial Services Agreement and the HG Custodial Services Agreement titled "Custodial Fee and Withdrawal Fee" and the section headed "Pricing Principles of the Custodial Fee and the Withdrawal Fee" in this circular;
- (2) the historical transaction amounts under the Previous OF Custodial Services Agreement and the Previous HB Custodial Services Agreement, which respectively amounted to approximately HK\$2,290,000 and approximately HK\$1,132,000 for the period from 14 July 2021 to 30 September 2021, being approximately 57.25% and approximately 56.58% of the existing annual caps for the period from 14 July 2021 to 30 September 2021;
- (3) the strong market demand for custodial services for crypto assets, fiat currency, financial instrument or any type of any other assets worldwide, leading to the increasing demand for Huobi Trust's assets custodial services provided under the Custodial Services Agreements. Based on the market data published on the "CoinGecko" website (coingecko.com), an online cryptocurrency data analytics and research platform, the total market value of the total cryptocurrency globally has increased from approximately US\$1,501.7 billion as at 1 July 2021 to approximately US\$2,782.1 billion as at 22 November 2021, representing an increase of approximately 85.3% over the four-month period. Against the huge market as envisaged in the abovementioned figures, and on the assumption that the market would remain robust, the demand for custodial services for crypto assets would be substantial. This can also be exemplified by the introduction of new clients, such as Huobi Gibraltar, which has agreed to appoint Huobi Trust as the custodian of the HG Assets under the HG Custodial Services Agreement;

LETTER FROM THE BOARD

- (4) it is noted that there have been increased regulations of transactions of cryptocurrencies worldwide, and in particular mainland China, such regulations (the “**Increased Regulations**”) include a ban on cryptocurrency mining operations from being conducted in mainland China and cryptocurrency exchanges from servicing residents in mainland China (the “**Prohibited Transactions**”). The Board considers that the impact or effect of the Increased Regulations on the demand for custodial and other services provided by Huobi Trust under the Custodial Services Agreements would be minimal, as (i) to the best knowledge of the Board, the counterparties of the Custodial Services Agreements do not carry out any Prohibited Transactions and thus are not affected by the Increased Regulations; (ii) Huobi Trust, which is principally engaged in the provision of trust and custodial services businesses, including safe-keeping of assets, does not conduct businesses that fall within the ambit of the Prohibited Transactions; (iii) Orion Financial and HB Infinite have respectively indicated that they will allocate a greater percentage of their crypto assets respectively to be custodied by Huobi Trust. To the best knowledge of the Company, under the Previous Custodial Services Agreements, only approximately 10% of the value of the total crypto assets of HB Infinite and Orion Financial were custodied by Huobi Trust. Under the HB Custodial Services Agreement and the OF Custodial Services Agreement, the percentages of the value of the crypto assets of HB Infinite and Orion Financial to be custodied by Huobi Trust are expected to increase to approximately 37% and 48% respectively. Further, Huobi Gibraltar is a new client which has agreed to appoint Huobi Trust as the custodian of the HG Assets. The percentage of value of the crypto assets of Huobi Gibraltar to be custodied by Huobi Trust is expected to be 100%; (iv) the impact of the Increased Regulations on the businesses of the counterparties of the Custodial Services Agreements, if any, could be minimized by the increasing business potential offered by the increase in global demand;
- (5) Huobi Trust launched its initial asset custodial business in July 2021, and it has since developed from its formative stage to a more mature stage, seeking to increase its service capacity. Against the huge market as analyzed in paragraph (3) above, Huobi Trust’s current market share is still small and it has abundant potential to increase its service capacity. The existing clients of Huobi Trust, including Orion Financial and HB Infinite, which had placed the OF Assets and HB Assets with Huobi Trust for custody for the period from 14 July 2021 to 30 September 2021, were satisfied with the quality of service provided by Huobi Trust, and thus have indicated to Huobi Trust of further business potentials and increase in the value of Assets to be deposited at the Custody Account(s) for the coming three years. The projected value of the Assets to be deposited at the Custody Account(s) during the term of the OF Custodial Services Agreement, the HB Custodial Services Agreement, and the HG Custodial Services Agreement, respectively, as advised by Orion Financial, HB Infinite and Huobi Gibraltar, is expected to increase along with the increasing market demand for assets custodial services;

LETTER FROM THE BOARD

- (6) The projected value of the Assets to be deposited at the Custody Account(s) would also be affected by the market price of the Assets. For the past year, a few of the major virtual currencies have shown substantial increase in market price and hit historical high prices. A few of the examples, which are major types of Assets placed in the custody of Huobi Trust, and the trend of market prices for the period from 1 July 2021 to 22 November 2021 are as follows:

Type of Asset	Market Price (USD)/Date		Percentage Change
	1 July 2021	22 November 2021	
BTC (Bitcoin)	35,171	58,271	+65.7%
ETH (Ethereum)	2,279	4,243	+86.2%
HT (Huobi Token)	10.8	10.09	-6.6%
DOT (Polkadot)	16.41	40.27	+145.4%
FIL (Filecoin)	60.54	52.46	+13.6%

* *Extracted from the "CoinGecko" website (coingecko.com)*

As the Custodial Services Agreements are for a term of three years, as compared to less than 6 months for the Previous Custodial Services Agreements, consideration has been given to the upgoing trend of the value of the Assets in determining the proposed annual caps.

Reasons for and Benefits of Entering into the Custodial Services Agreements

Reference is made to the Company's announcement dated 4 May 2021 whereby the Shareholders are notified that Huobi Trust has been registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong), and has obtained a trust or company service provider licence under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong) to provide, inter alia, custodial services. Huobi Trust is principally engaged in the provision of trust and custodial services businesses, including safe-keeping of assets.

Reference is also made to the announcement of the Company dated 14 July 2021 in relation to, among others, the Previous Custodial Services Agreements. In view of the growing demand for the custodial services provided under the Previous Custodial Services Agreements, the parties thereto on 11 October 2021 after trading hours have agreed, inter alia, to enter into the Custodial Services Agreements to revise the term of services and the annual caps for the provision of custodial services under the Previous Custodial Services Agreements. The Previous Custodial Services Agreements shall be terminated upon the Commencement Date. Further, Huobi Gibraltar has also entered into a custodial services agreement with Huobi Trust for appointing Huobi Trust as its custodian of the HG Assets.

LETTER FROM THE BOARD

By entering into the Custodial Services Agreements, the Company enabled itself to grasp and capture the opportunity, resulting from the strong market demand of custodial services for crypto assets, fiat currency, financial instrument or any type of any other assets worldwide, to strengthen the business of Huobi Trust in the market. The Directors further believe that the engagements secured under the Custodial Services Agreements will contribute to increasing the competitiveness of Huobi Trust in the market, which the Directors consider to be essential to the future business growth of the Group in the area of trust company business.

The proposed annual caps under the Custodial Services Agreements would enable the Group to maintain stability and continuity of the business development and operation activities in this business section of the Group.

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

III. LISTING RULES IMPLICATIONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As at the Latest Practicable Date, 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 Orion Financial, HB Infinite and Huobi Gibraltar are, respectively, ultimately controlled by Mr. Li, Orion Financial, HB Infinite and Huobi Gibraltar are, respectively, an associate of Mr. Li and therefore each a connected person of the Company under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, Huobi Trust is a wholly-owned subsidiary of the Company. Hence, the Custodial Services Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is also made to the announcement of the Company dated 26 January 2021 in relation to, among others, the custodial services and compliances services provided by Huobi Trust Nevada to Stable Universal under the SU Custodial Services Agreement and SU Compliance Services Agreement, and pursuant to which Huobi Trust Nevada has been engaged by Stable Universal respectively as the custodian of the SU Assets and as an agent to provide the compliance services to Stable Universal, for a term commencing from 26 January 2021 to 30 September 2023 unless terminated by either party by giving a written notice to the other.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps of the transactions contemplated under the Agreements (on an aggregated basis) exceed 5% on an annual basis, the transactions contemplated thereunder constitute non-exempt continuing connected transactions which are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the continuing connected transactions contemplated under the Agreements 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.

IV. INFORMATION OF THE GROUP, HUOBI TRUST, ORION FINANCIAL, HB INFINITE, AND HUOBI GIBRALTAR

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, whereby the Group designs, manufactures, tests, distributes and provides maintenance services for the electronic components and assemblies of the said products for customers, and provision of technology solution services and other multifarious services in relation to the virtual asset ecosystem.

Huobi Trust

Huobi Trust is an indirect wholly-owned subsidiary of the Company. Huobi Trust is registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and holds a license to carry on trust or company service business in Hong Kong under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). Huobi Trust is principally engaged in the provision of trust and custodial services businesses, including safe-keeping of assets.

Orion Financial

Orion Financial is principally engaged in accepting users to mortgage their Bitcoin or other crypto assets, and issue equivalent value of other tokens to the customers to facilitate cross-chain transfer of crypto assets. Orion Financial will charge a service fee based on a percentage of the value of the cryptocurrency mortgaged. The end users of the services of Orion Financial are located all over the world and hence its business has no particular geographical focus. The ultimate beneficial owner of Orion Financial is Mr. Li.

HB Infinite

HB Infinite is an investment holding company that holds investments in cryptocurrencies, funded by the capital contributed by Mr. Li and its primary investment strategy is to invest in various cryptocurrencies and adopt a buy and hold investment strategy. HB Infinite is expected to enjoy investment returns through the increase in value of the crypto assets it holds. As HB Infinite is an investment holding company which adopts the aforesaid investment strategy, its business has no particular geographical focus. The ultimate beneficial owner of HB Infinite is Mr. Li.

LETTER FROM THE BOARD

Huobi Gibraltar

Huobi Gibraltar is a regulated distributed ledger technology service provider authorized by Gibraltar Financial Services Commission to use distributed ledger technology for storing or transmitting value belonging to others in connection with (i) the operation of a secondary market venue for trading virtual assets and (ii) the provision of broker/dealer service. Huobi Gibraltar provides a platform for institutional users and retail customers to buy, sell or convert cryptocurrencies through Huobi Gibraltar. Huobi Gibraltar generates income from the spread of trading of cryptocurrencies with its customers. The geographical focus of the business of the Huobi Gibraltar is in the European Union and the United Kingdom. The ultimate beneficial owner of Huobi Gibraltar is Mr. Li.

V. 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 division of the Company is responsible for closely monitoring the aggregated amount of fees receivable under the Agreements 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 Agreements 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 Agreements; 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) and the internal control policies and measures are in place, and (iii) the terms and conditions under the Agreements 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.

LETTER FROM THE BOARD

In view of the above, the Directors (including the independent non-executive Directors after taking into account the advice of Gram Capital) consider that there are adequate pricing and internal control procedures and external supervision measures to ensure that the continuing connected transactions under the Agreements will comply with the relevant regulatory guidelines and the transactions contemplated thereunder and the annual caps thereof will be through arm's length negotiations and conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority Shareholders.

VI. THE BOARD'S APPROVAL

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 Custodial Services Agreements and the proposed annual caps of the transactions contemplated thereunder. Save for Mr. Li, all other Directors have confirmed that none of them has any material interest in the transactions contemplated under the Custodial Services Agreements, and therefore none of the Directors (save for Mr. Li) was required to abstain from voting on the relevant Board resolution.

VII. EGM

The Company will convene the EGM to be held at Room 1404-05, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong on Friday, 17 December 2021 at 11:00 a.m. for the purpose of considering, and if thought fit, approving the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder.

In accordance with the Listing Rules, any Shareholder (and his/her/its respective associate(s)) with a material interest in the Custodial Services Agreements must abstain from voting on the resolution in respect of the Custodial Services Agreements and the transactions contemplated thereunder at the EGM. HBCapital Limited, Huobi Capital Inc., Techwealth Limited and Huobi Global Limited (a limited company incorporated in the Cayman Islands), the companies directly and indirectly controlled by Mr. Li, holding approximately 9.51%, 22.46%, 27.67% and 2.88% of the total issued share capital of the Company respectively as at the Latest Practicable Date, will abstain from voting at EGM on the resolution relating to the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed above, none of the other Shareholders has any material interest in the Custodial Services Agreements, and will be required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder.

A notice of the EGM is set out on pages EGM-1 to EGM-4 this circular. The resolution in relation to the transactions and the annual caps contemplated under the Custodial Services Agreements will be put to vote by the Independent Shareholders at the EGM by way of poll, pursuant to Rule 13.39(4) of the Listing Rules.

LETTER FROM THE BOARD

VIII. RECOMMENDATION

The Board (including the Independent Board Committee having taken into account the advice of Gram Capital) considers that the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Custodial Services Agreements and the proposed annual caps for the term of duration thereunder are fair and reasonable and are no less favourable to the Group than those available to/from Independent Third Parties and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the Independent Board Committee having taken into account the advice of Gram Capital) recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Custodial Services Agreements, and the transactions and the annual caps contemplated thereunder.

IX. CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 14 December 2021 to Friday, 17 December 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 December 2021.

X. GENERAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders, and additional information of the Group set out in the Appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



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)

Independent non-executive Directors:

Mr. Duan Xiongfei

Mr. Yip Wai Ming

Mr. Ngai Matthew Cheuk Yin

29 November 2021

To the Independent Shareholders

Dear Sirs or Madams,

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO CUSTODIAL SERVICES AGREEMENTS; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular of the Company dated 29 November 2021 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in this Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the transactions and the annual caps under the Custodial Services Agreements, details of which are set out in the “Letter from the Board” to the Circular, of which this letter forms a part.

Having taken into account the advice of Gram Capital in relation to the Custodial Services Agreements as set out on pages 25 to 39 of the Circular, we consider that the transactions contemplated under the Custodial Services Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Custodial Services Agreements and the proposed annual caps for the term of duration thereunder are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Custodial Services Agreements and the transactions and the annual caps contemplated thereunder.

Yours faithfully,

Independent Board Committee

Duan Xiongfei
*Independent non-executive
Director*

Yip Wai Ming
*Independent non-executive
Director*

Ngai Matthew Cheuk Yin
*Independent non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCTs for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

29 November 2021

*To: The independent board committee and the independent shareholders
of Huobi Technology Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS THE CUSTODIAL SERVICES AGREEMENTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Custodial Services Agreements and the transactions contemplated thereunder (the “CCTs”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 29 November 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 14 July 2021, Orion Financial and HB Infinite entered into the Previous Custodial Services Agreements with Huobi Trust (an indirect wholly-owned subsidiary of the Company), pursuant to which Orion Financial and HB Infinite appointed Huobi Trust as their custodian to provide custodial services with respect to the OF Assets and HB Assets respectively.

In view of the growing demand for the custodial services provided under the Previous Custodial Services Agreements, Orion Financial entered into the OF Custodial Services Agreement with Huobi Trust and HB Infinite entered into the HB Custodial Services Agreement on 11 October 2021 to revise the term of services and the annual caps for the provision of custodial services under the Previous Custodial Services Agreements. Furthermore, Huobi Gibraltar also entered into the HG Custodial Services Agreement with Huobi Trust for appointing Huobi Trust as its custodian of the HG Assets.

According to the Board Letter, Orion Financial, HB Infinite and Huobi Gibraltar are associates of Mr. Li (a controlling Shareholder) as they are ultimately controlled by Mr. Li (a controlling Shareholder). The Custodial Services Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Duan Xiongfei, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the CCTs are entered into in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) whether the terms of the CCTs are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the CCTs at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of (i) the discloseable transactions and continuing connected transactions of the Company as set out in the Company's circular dated 24 March 2020; and (ii) the discloseable transactions and continuing connected transactions of the Company as set out in the Company's circular dated 12 April 2021. Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationship or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the CCTs. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in the Circular 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM GRAM CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Huobi Trust, Mr. Li, Orion Financial, HB Infinite and Huobi Gibraltar or their respective subsidiaries or associates. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the CCTs, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the CCTs

Information on the Group

With reference to the Board Letter, 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.

With reference to the Company's annual report for the year ended 30 September 2020 (the "**2020 Annual Report**"), the Group acquired Win Techno, a company which provides data centre and cloud-based services in July 2019. The Group provides high quality customised services to global customers in blockchain, virtual assets, fintech, big data as well as other innovative technology sectors. The said business has also been granted as an advanced consulting partner by AWS to provide its cloud service and other add-on services such as virtual assets payment agent.

LETTER FROM GRAM CAPITAL

Set out below is a summary of the consolidated financial information on the Group for each of the two years ended 30 September 2020 as extracted from the Company's annual report for the year ended 30 September 2020 (the "2020 Annual Report") and the six months ended 31 March 2021 ("FY2021H1") as extracted from the Company's interim report for the six months ended 31 March 2021 ("2021 Interim Report"):

	For the six months ended 31 March 2021 <i>HK\$'000</i> (unaudited)	For the year ended 30 September 2020 <i>HK\$'000</i> (audited)	For the year ended 30 September 2019 <i>HK\$'000</i> (audited)	Year on year change %
Revenue	261,722	276,555	312,341	(11.46)
– Sales of solenoid coils	68,613	110,214	162,143	(32.03)
– Sales of power tool chargers	20,956	25,875	39,442	(34.40)
– Sales of printed circuit board assembly	36,062	52,081	49,153	5.96
– Sales of parts assembly	13,398	21,664	27,349	(20.79)
– Sales of others	21,767	32,504	31,788	2.25
– Provision of data centre services	9,885	16,621	2,461	575.38
– Provision of cloud-related services	28,630	16,860	5	337,100.00
– Provision of service income/software-as-a-service	61,491	736	–	N/A
– Provision of consultancy services	920	–	–	N/A
Gross profit	134,039	77,858	57,815	34.67
Profit/(Loss) for the year/period	54,106	(32,582)	(6,076)	436.24

As shown in the table above, the Group recorded revenue of approximately HK\$276.56 million for the year ended 30 September 2020 ("FY2020"), representing a decrease of approximately 11.46% as compared to that for the year ended 30 September 2019 ("FY2019"). Despite the aforesaid decrease in the Group's revenue, the Group's gross profit increased by approximately 34.67% from approximately HK\$57.82 million in FY2019 to approximately HK\$77.86 million in FY2020.

Nevertheless, the Group recorded net loss of approximately HK\$32.58 million for FY2020, representing an increase of approximately 436.24% as compared to that for FY2019. With reference to the 2020 Annual Report and as advised by the Directors, such increase was primarily due to increase in administrative expenses and finance costs from FY2019 to FY2020.

The Group recorded revenue and gross profit of approximately HK\$261.72 million and HK\$134.04 million respectively for FY2021H1, representing increases of approximately 122.82% and 516.50% respectively as compared to those for the six months ended 31 March 2020. As advised by the Directors, the aforesaid improvements were mainly due to market recovery from COVID-19 epidemic and continuous development of the virtual asset market.

LETTER FROM GRAM CAPITAL

With reference to the 2021 Interim Report, during FY2021H1, investors actively sought a wide range of investment portfolios, stimulated by easing fiscal policy regarding global financial market. The Group reviewed the situation, embraced the general trend of the industry development and firmly diversified its business development. With its excellent achievements in the construction of blockchain and virtual asset ecosystem, the Group substantially realized the application for a number of licenses regarding finance and virtual asset, the businesses under which have been carried out successfully and gradually. At the same time, the geographical distribution of its business covers Asia Pacific and North America and Europe, actively embracing the possibilities of its business development in different regions and achieving good communication and interaction with the regulators in the relevant regions.

The Group will continue to maintain a healthy and orderly development of its manufacturing business, while firmly establishing its presence in the blockchain and virtual asset. The Company believes that with an increased recognition from institutional investors and enhanced regulatory clarity, the virtual asset and blockchain industry will continue to expand its blue ocean, which is conducive to the business development of the Company. Meanwhile, the Group will continue to actively apply for licenses regarding finance and virtual asset in major countries and regions to accelerate the compliance process and strive to build a leading one-stop virtual asset service platform in Asia.

Information on Huobi Trust

Huobi Trust is an indirect wholly-owned subsidiary of the Company. Huobi Trust is registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and holds a license to carry on trust or company service business in Hong Kong under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). Huobi Trust is principally engaged in the provision of trust service businesses and services in custodial activity, such as safe-keeping of assets.

Information on Orion Financial, HB Infinite and Huobi Gibraltar

Set out below is the information on Orion Financial, HB Infinite and Huobi Gibraltar as referred to the Board Letter:

Orion Financial is principally engaged in accepting users to mortgage their Bitcoin or other crypto assets, and issue equivalent value of other tokens to the customers to facilitate cross-chain transfer of crypto assets. Orion Financial will charge a service fee based on a percentage of the value of the cryptocurrency mortgaged. The end users of the services of Orion Financial are located all over the world and hence its business has no particular geographical focus. The ultimate beneficial owner of Orion Financial is Mr. Li.

HB Infinite is an investment holding company that holds investments in cryptocurrencies, funded by the capital contributed by Mr. Li and its primary investment strategy is to invest in various cryptocurrencies and adopt a buy and hold investment strategy. HB Infinite is expected to enjoy investment returns through the increase in value of the crypto assets it holds. As HB Infinite is an investment holding company which adopts the aforesaid investment strategy, its business has no particular geographical focus. The ultimate beneficial owner of HB Infinite is Mr. Li.

LETTER FROM GRAM CAPITAL

Huobi Gibraltar is a regulated distributed ledger technology service provider authorized by Gibraltar Financial Services Commission to use distributed ledger technology for storing or transmitting value belonging to others in connection with (i) the operation of a secondary market venue for trading virtual assets and (ii) the provision of broker/dealer service. Huobi Gibraltar provides a platform for institutional users and retail customers to buy, sell or convert cryptocurrencies through Huobi Gibraltar. Huobi Gibraltar generates income from the spread of trading of cryptocurrencies with its customers. The geographical focus of the business of the Huobi Gibraltar is in the European Union and the United Kingdom. The ultimate beneficial owner of Huobi Gibraltar is Mr. Li.

Orion Financial, HB Infinite and Huobi Gibraltar are associates of Mr. Li as they are ultimately controlled by Mr. Li. Accordingly, each of Orion Financial, HB Infinite and Huobi Gibraltar is a connected person of the Company.

Reasons for and benefits for the CCTs

As aforementioned, Huobi Trust is registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and holds a license to carry on trust or company service business in Hong Kong under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). Huobi Trust is principally engaged in the provision of trust service businesses and services in custodial activity, such as safe-keeping of assets.

On 14 July 2021, Orion Financial and HB Infinite entered into the Previous Custodial Services Agreements with Huobi Trust (an indirect wholly-owned subsidiary of the Company), pursuant to which Orion Financial and HB Infinite appointed Huobi Trust as their custodian to provide custodial services with respect to the OF Assets and HB Assets respectively.

With reference to the Board Letter, in view of the growing demand for the custodial services provided under the Previous Custodial Services Agreements, Orion Financial entered into the OF Custodial Services Agreement with Huobi Trust and HB Infinite entered into the HB Custodial Services Agreement on 11 October 2021 to revise the term of services and the annual caps for the provision of custodial services under the Previous Custodial Services Agreements. Furthermore, Huobi Gibraltar also entered into the HG Custodial Services Agreement with Huobi Trust for appointing Huobi Trust as its custodian of the HG Assets.

By entering into the Custodial Services Agreements, the Company enabled itself to grasp and capture the opportunity, resulting from the strong market demand of custodial services for crypto assets, fiat currency, financial instrument or any type of any other assets worldwide, to strengthen the business of Huobi Trust in the market. The Directors further believe that the engagements secured under the Custodial Services Agreements will contribute to increasing the competitiveness of Huobi Trust in the market, which the Directors consider to be essential to the future business growth of the Group in the area of trust company business. The proposed annual caps under the Custodial Services Agreements would enable the Group to maintain stability and continuity of the business development and operation activities in this business section of the Group.

LETTER FROM GRAM CAPITAL

As illustrated under the section headed “Information on the Group” above, the Group’s businesses in provision of technology solution services (virtual assets related) had been growing during FY2020 and FY2021H1. With reference to the Company’s announcement dated 4 May 2021, Huobi Trust’s application for registration as a trust company was approved by the Registrar of Companies and a Certificate for Registration under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) was issued to Huobi Trust on 29 April 2021.

As advised by the Directors, Huobi Trust commenced its business in, inter alia, virtual and traditional assets trust and custodial services after entering into of the Previous Custodial Services Agreements. Huobi Trust also accumulated a number of independent third party clients (the “**I3P Clients**”) up to 30 September 2021.

Having considered:

- (i) that the Group’s businesses in provision of technology solution services (virtual assets related) had been growing during FY2020 and FY2021H1;
- (ii) the Group’s intention to establish its presence in virtual asset; and
- (iii) the CCTs and their respective annual caps under the Custodial Services Agreements will allow the Group to receive more fees under the business in virtual and traditional assets trust and custodial services,

we concur with the Directors that the CCTs are conducted under the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the CCTs

The tables below summarise the major terms of the Custodial Services Agreements as extracted from the Board Letter:

Date:	11 October 2021 (after trading hours)
Parties:	(1) Huobi Trust (as the custodian); and (2) Orion Financial/HB Infinite/Huobi Gibraltar (as the clients) (as the case may be)
Terms:	The term commences from the Commencement Date to 30 September 2024 (both days inclusive). Subject to compliance with the Listing Rules, the term of each of the Custodial Services Agreements may be renewed by the parties therein in writing.

LETTER FROM GRAM CAPITAL

Subject matter:

With effect from the Commencement Date, Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) has agreed to appoint Huobi Trust, and Huobi Trust has agreed to act as custodian of the OF Assets/HB Assets/HG Assets (as the case may be) received from Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be). During the term of the Custodial Services Agreements, Huobi Trust shall establish and maintain one or more Custody Account(s), and shall hold in safe custody the OF Assets/HB Assets/HG Assets (as the case may be) in the Custody Account(s) for the account of Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) until such OF Assets/HB Assets/HG Assets (as the case may be) are withdrawn or cease to be OF Assets/HB Assets/HG Assets (as the case may be) pursuant to the Custodial Services Agreements. Save for the above, Huobi Trust shall only upon the receipt of specific instructions provided by Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) receive or deliver any OF Assets/HB Assets/HG Assets (as the case may be) or carry out any actions affecting the OF Assets/HB Assets/HG Assets (as the case may be) or the Custody Account(s).

**Custodial Fee,
Withdrawal Fee and
pricing principles:**

Details of the Custodial Fee, Withdrawal Fee and pricing principles are set out under the section headed “Principal Terms of the Custodial Services Agreements” of the Board Letter.

The OF Assets/HB Assets/HG Assets (as the case may be) in the Custody Account(s) shall be non-interest bearing. The Custodial Fee and the Withdrawal Fee shall constitute the fees payable by Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) to Huobi Trust as consideration for the custodial services provided under the Custodial Services Agreements.

The Custodial Fee shall accrue daily on a tiered fee structure (as set out in the Board Letter) based on a percentage of the daily USDT value of the OF Assets/HB Assets/HG Assets (as the case may be) held in the Custody Account(s) and shall be paid on a monthly basis in arrears.

LETTER FROM GRAM CAPITAL

Subject to the minimum withdrawal amount and the minimum Withdrawal Fee, with reference to the transparent scale of fee published in the official website of Huobi Trust (www.huobihktrust.com) from time to time, the Withdrawal Fee shall be calculated as a percentage of 0.1% of the USDT value of the OF Assets/HB Assets/HG Assets (as the case may be) transferred out of the Custody Account(s) and shall be paid upon withdrawal of the OF Assets/HB Assets/HG Assets (as the case may be) from the Custody Account(s). The scale of minimum Withdrawal Fee is determined by Huobi Trust by reference to the general market rates and the administration costs of Huobi Trust.

Both Custodial Fee and Withdrawal Fee shall be charged in the form of the OF Assets/HB Assets/HG Assets (as the case may be) under custody and deducted automatically by Huobi Trust from the Custody Account(s) in settlement of the Custodial Fee and Withdrawal Fee.

**Termination (the
“Termination Clause”):**

Either party may terminate the Custodial Services Agreements upon giving one-month prior notice to the other. Huobi Trust may also terminate the Custodial Services Agreements with immediate effect without further notice to Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) upon, inter alia, (i) any material breach committed by Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) thereunder and where applicable, its failure to remedy; (ii) non-observance of any laws, rules or regulations of any governmental authority or self-regulatory organization by Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be); (iii) Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) being subject to insolvency, liquidation, bankruptcy or other similar action; or (iv) any provision or the performance of the Custodial Services Agreements shall result in the contravention and/or non-observance of the Listing Rules (the “**Unfavourable Circumstances**”).

Save and except for the identity of client and the annual caps, the principal terms of the Custodial Services Agreement are substantially identical to each other.

As aforementioned, Huobi Trust commenced its business in virtual and traditional assets trust and custodial services after entering into of the Previous Custodial Services Agreements in July 2021. Huobi Trust also accumulated a number of I3P Clients up to 30 September 2021. For our due diligence purpose, we obtained copies of custodial services contracts entered into between Huobi Trust and the I3P Clients and noted that the I3P Clients are subject to the same Custodial Fee and Withdrawal Fee scale (the “**Fee Scale**”) with Orion Financial, HB Infinite and Huobi Gibraltar under the Custodial Services Agreements.

LETTER FROM GRAM CAPITAL

We also consider that the Termination Clause can provide flexibility of the parties to the Custodial Services Agreements to manage their business and safeguard Huobi Trust from the Unfavourable Circumstances.

With reference to the Board Letter, the Company adopted the pricing and internal control policies and measures as set out under the section headed “V. PRICING AND INTERNAL CONTROL POLICIES FOR THE GROUP” of the Board Letter 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.

Proposed annual caps

Set out below are the existing annual caps and the historical transaction amounts for the total fees under the Previous Custodial Services Agreements (including the Custodial Fee and Withdrawal Fee) charged by Huobi Trust as extracted from the Board Letter:

The Previous OF Custodial Services Agreement

Periods	From 14 July 2021 to 30 September 2021	From 1 October 2021 to 31 December 2021
	<i>(both dates inclusive)</i>	
	<i>(HK\$)</i>	
Existing annual caps	4,000,000	4,000,000
Historical transaction amounts <i>(Note)</i>	2,290,000	3,178,000

The Previous HB Custodial Services Agreement

Periods	From 14 July 2021 to 30 September 2021	From 1 October 2021 to 31 December 2021
	<i>(both dates inclusive)</i>	
	<i>(HK\$)</i>	
Existing annual caps	2,000,000	2,000,000
Historical transaction amounts <i>(Note)</i>	1,132,000	1,185,000

Note: The historical transaction amounts are unaudited and hence are subject to adjustment. The historical transaction amounts for the period commencing from 1 October 2021 are calculated up to and inclusive of the Latest Practicable Date.

LETTER FROM GRAM CAPITAL

Set out below are the proposed annual caps (the “**Annual Caps**”) of the total fees (including the Custodial Fee and Withdrawal Fee) to be charged by Huobi Trust under the Custodial Services Agreements as extracted from the Board Letter:

The OF Custodial Services Agreement

Periods	From the Commencement Date to 30 September 2022	From 1 October 2022 to 30 September 2023	From 1 October 2023 to 30 September 2024
	<i>(both dates inclusive)</i>		
	<i>(HK\$)</i>		
Annual Caps	73,000,000	73,000,000	73,000,000

The HB Custodial Services Agreement

Periods	From the Commencement Date to 30 September 2022	From 1 October 2022 to 30 September 2023	From 1 October 2023 to 30 September 2024
	<i>(both dates inclusive)</i>		
	<i>(HK\$)</i>		
Annual Caps	14,000,000	14,000,000	14,000,000

The HG Custodial Services Agreement

Periods	From the Commencement Date to 30 September 2022	From 1 October 2022 to 30 September 2023	From 1 October 2023 to 30 September 2024
	<i>(both dates inclusive)</i>		
	<i>(HK\$)</i>		
Annual Caps	11,600,000	11,600,000	11,600,000

Basis of determination of the Annual Caps are set out under the Board Letter.

As illustrated in the above tables, the historical amounts under the Previous OF Custodial Services Agreement and the Previous HB Custodial Services Agreement were approximately HK\$2.29 million and HK\$1.13 million respectively during the period from 14 July 2021 to 30 September 2021, which was a start-up period with less than three months. These indicate the potential of the Custodial Fee and Withdrawal Fee to be received by Huobi Trust for providing custodial services.

LETTER FROM GRAM CAPITAL

For our due diligence purpose, we obtained the calculation of the Annual Caps (the “**Calculation**”). We noted that the Calculation covers the following elements:

- (i) Estimated quantities of assets to be held under the Custody Account of Orion Financial/HB Infinite/Huobi Gibraltar (as the case may be) (the “**Estimated Quantities**”). As advised by the Directors, the Estimated Quantities were provided by Orion Financial, HB Infinite and Huobi Gibraltar based on their operational requirements, crypto asset sizes and proportions of assets intended to be transferred to the Custody Accounts.

For our due diligence purposes, we enquired into the Company regarding the crypto asset sizes of Orion Financial, HB Infinite and Huobi Gibraltar. Based on the information provided by the Company, (i) approximately 10% of the total crypto assets of HB Infinite and Orion Financial are custodied by Huobi Trust currently; and (ii) the percentages of the crypto assets of HB Infinite and Orion Financial to be custodied by Huobi Trust are expected to increase to approximately 37% and 48% respectively, which are consistent with the Estimated Quantities.

As aforementioned, HB Infinite is an investment holding company that holds investments in cryptocurrencies and its primary investment strategy is to invest in various cryptocurrencies and adopt a buy and hold investment strategy. We understood from the Company that, due to the aforesaid business nature of HB Infinite, it has high demand on custodian service with high level of security and quality. HB Infinite was satisfied with the quality of service provided by Huobi Trust, and thus has indicated to Huobi Trust of further business potentials and increase in the value of crypto assets to be deposited in its Custody Account for the coming three years.

As aforementioned, Orion Financial is principally engaged in accepting users to mortgage their Bitcoin or other crypto assets, and issue equivalent value of other tokens to the customers to facilitate cross-chain transfer of crypto assets. We understood from the Company that, due to the aforesaid business nature of Orion Financial, it has high demand on highly efficient and stable custodian service with up-to-date technology. Orion Financial was satisfied with the quality of service provided by Huobi Trust, and thus has indicated to Huobi Trust of further business potentials and increase in the value of crypto assets to be deposited in its Custody Account for the coming three years.

LETTER FROM GRAM CAPITAL

As aforementioned, Huobi Gibraltar is a regulated distributed ledger technology service provider authorized by Gibraltar Financial Services Commission to use distributed ledger technology for storing or transmitting value belonging to others in connection with (i) the operation of a secondary market venue for trading virtual assets and (ii) the provision of broker/dealer service. Huobi Gibraltar provides a platform for institutional users and retail customers to buy, sell or convert cryptocurrencies through Huobi Gibraltar. We understood from the Company that (i) Huobi Gibraltar is expected to take all reasonable precautions to protect customer assets and money in its custody or control against any eventualities and threats; and (ii) custodial assets and monies must be segregated from Huobi Gibraltar's own assets and monies. Accordingly, due to the aforesaid precautionous attitude of Huobi Gibraltar and due to the aforesaid business nature of Huobi Gibraltar, Huobi Gibraltar will have high demand on custodian service and the expected percentage of the crypto assets of Huobi Gibraltar to be custodied by Huobi Trust is 100% which is consistent with the Estimated Quantities.

We also conducted research over the internet and noted the following findings:

With reference to a paper titled "A Market Overview of Custody for Digital Assets Digital Custodian Whitepaper" jointly published by Dubai Financial Services Authority (the independent regulator of financial services conducted in or from Dubai International Financial Centre, a purpose-built financial free zone in Dubai, United Arab Emirates) and Deloitte in June 2020, the security of any asset is a key consideration for any investor and plays a key role in entrusting the asset to a custodian. The nature of digital assets means that they are more vulnerable than traditional assets, which is why there is a rise in the prominence of digital asset custodians. The custody of digital assets is becoming increasingly important as it can reduce risk and complication, increase security, provide a level of certainty of value through recourse in the event of failure at the custodian and custodians can leverage their technology and regulatory expertise to provide investors with a greater sense of comfort and encourage increased market participation.

With reference to an article titled "Digital Asset Custody in 2021" published by Blockdata BV (a Netherlands-based data company that focuses on the blockchain and distributed ledger technology ecosystem, and a subsidiary of CB Information Services, Inc., a private company with a business analytics platform and global database that provides market intelligence on private companies and investor activities) in April 2021, the cryptocurrency assets under management increased from approximately US\$17.65 billion in the first quarter of 2018 to approximately US\$187 billion in the first quarter of 2021. The number of digital asset custodians continues to grow, with many financial incumbents joining in during recent years.

Given the development of the digital asset custody as illustrated above, we consider the expected increasing/substantial demand on custodian service provided by Huobi Trust to Orion Financial, HB Infinite and Huobi Gibraltar to be reasonable.

LETTER FROM GRAM CAPITAL

- (ii) The expected values of the Estimated Quantities (the “**Expected Values**”) which were determined by multiplying the Estimated Quantities by the unit market prices of respective virtual assets as at 31 August 2021.
- (iii) Custodian Fee rates according to the Fee Scale and the Expected Values.
- (iv) Estimated total Custodial Fees to be received from Orion Financial/HB Infinite/Huobi Gibraltar per annum (the “**Estimated Total Custodial Fees**”) were estimated based on the Custodian Fee rates multiplied by the Expected Values.
- (v) Possible increase in the market prices of the virtual assets (the “**Possible Price Increase**”) with reference to the historical high volatility in the market prices of the virtual assets.
- (vi) Based on the Estimated Total Custodial Fees per annum, the Annual Caps were determined after allowing the Possible Price Increase with round up adjustment.
- (vii) Withdrawal Fee was not considered under the Calculation as (a) withdrawals of assets were not expected to be frequent; and (b) withdrawals of assets will lead to lower Estimated Quantities. Accordingly, the Directors considered the Annual Caps based on the aforesaid elements to be sufficient.

Having considered the Calculation above, we consider the Annual Caps for each of the Custodial Services Agreements to be fair and reasonable.

Shareholders should note that as the Annual Caps are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 30 September 2024, and they do not represent forecasts of fees to be generated from the CCTs. Consequently, we express no opinion as to how closely the actual fees to be generated from the CCTs will correspond with the Annual Caps.

In light of the above, we consider that the terms of the CCTs (including the Annual Caps) are on normal commercial terms and are fair and reasonable.

LETTER FROM GRAM CAPITAL

3. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the CCTs must be restricted by the Annual Caps for the period concerned under the Custodial Services Agreements; (ii) the terms of the CCTs must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the CCTs must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the CCTs (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the CCTs; and (iii) have exceeded the Annual Caps. In the event that the total amounts of the CCTs exceed the Annual Caps, or that there is any material amendment to the terms of the Custodial Services Agreements, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the CCTs and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the CCTs are on normal commercial terms and are fair and reasonable; and (ii) the CCTs are conducted in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the CCTs and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Senior Management' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity	Number of shares interested (L) (Note 1)	Percentage of Shareholding
Mr. Li Lin	Beneficial owner (Note 2)	183,674,196	59.65%

Notes:

- The letter "L" denotes the person's long position in the shares.
- Mr. Li Lin holds 100% interest in the total issued shares of Huobi Capital Inc., 100% interest in the total issued shares of HBCapital Limited and 89.09% interest in the total issued shares of Techwealth Limited. Therefore, Mr. Li is deemed to be interested in the shares held by Huobi Capital Inc., HBCapital Limited and Techwealth Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares and Securities of the Company

As at the Latest Practicable Date, to the best knowledge of the Directors and the senior management of the Company, the followings are the persons, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity	Number of shares interested (L) <i>(Note 1)</i>	Percentage of Shareholding <i>(Note 2)</i>
HBCapital Limited ("HBCapital")	Beneficial owner	29,296,701	9.51%
Huobi Capital Inc. ("Huobi Capital")	Beneficial owner	69,165,149	22.46%
Techwealth Limited ("Techwealth")	Beneficial owner	76,350,346	24.79%
Techwealth Limited ("Techwealth")	Interest of controlled corporation <i>(Note 3)</i>	8,862,000	2.88%
Mr. Li Lin ("Mr. Li")	Interest of controlled corporation <i>(Note 3)</i>	183,674,196	59.65%
Mr. Shen Nan Peng ("Mr. Shen")	Interest of controlled corporation <i>(Note 4)</i>	36,892,572	11.98%
SC China Holding Limited	Interest of controlled corporation <i>(Note 4)</i>	36,892,572	11.98%
SNP China Enterprises Limited	Interest of controlled corporation <i>(Note 4)</i>	36,892,572	11.98%
SC China Venture IV Management, L.P.	Interest of controlled corporation <i>(Note 4)</i>	30,467,072	9.89%
Sequoia Capital China Venture Fund IV, L.P.	Interest of controlled corporation <i>(Note 4)</i>	30,467,072	9.89%
Sequoia Capital CV IV Senior Holdco, Ltd.	Interest of controlled corporation <i>(Note 4)</i>	30,467,072	9.89%
Sequoia Capital CV IV Holdco, Ltd.	Beneficial owner	30,467,072	9.89%

Notes:

1. The letter “L” denotes the person’s long position in the shares.
2. The percentages were calculated based on the Company’s issued share capital of 307,936,665 Shares at the Latest Practicable Date and on the assumption that there is no other change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of EGM.
3. Mr. Li holds 100% interest in the total issued shares of Huobi Capital, 100% interest in the total issued shares of HBCapital and 89.09% interest in the total issued shares of Techwealth. Therefore, Mr. Li is deemed to be interested in the shares held by Huobi Capital, HBCapital and Techwealth for the purpose of Part XV of the SFO.
4. Sequoia Capital CV IV Holdco, Ltd. holds 30,467,072 Shares, representing approximately 9.89% of the total issued share capital of the Company. Sequoia Capital CV IV Holdco, Ltd. is a wholly-owned subsidiary of Sequoia Capital CV IV Senior Holdco, Ltd., whose sole shareholder is Sequoia Capital China Venture Fund IV, L.P. The general partner of Sequoia Capital China Venture Fund IV, L.P. is SC China Venture IV Management, L.P., whose general partner is SC China Holding Limited (“**SC China**”). SC China is a wholly-owned subsidiary of SNP China Enterprises Limited (“**SNP China**”), a company wholly owned by Mr. Shen.

In addition, Zhen Partners Fund I, L.P. (“**Zhen Partners**”) holds 6,425,500 Shares, representing approximately 2.09% of the total issued share capital of the Company. SC China, through several intermediate entities is interested in more than 33.3% limited partnership interest in Zhen Partners, and therefore SC China is deemed to be interested in 6,425,500 Shares. Since SC China is wholly owned by SNP China, which is in turn wholly owned by Mr. Shen, both SNP China and Mr. Shen are deemed to be interested in such 6,425,500 Shares as well.

In light of the above, pursuant to Part XV of the SFO, Mr. Shen, SNP China and SC China are deemed to be interested in a total number of 36,892,572 Shares, representing approximately 11.98% of the total issued share capital of the Company.

Saved as disclosed above, as at the Latest Practicable Date, no other person has any interest or short position which shall be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group since 30 September 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or appointment letter with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

7. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had any interest in any asset which has been since 30 September 2020 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its advice for inclusion in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulatory activity under the SFO

As at the Latest Practicable Date, Gram Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name and opinion in the form and context in which it appears.

As at the Latest Practicable Date, Gram Capital Limited did not have any shareholding in the Company or any other member of the Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any other member of the Group.

9. EXPERT'S INTERESTS IN ASSETS

As at the Latest Practicable Date, the expert referred to in the paragraph headed "8. Qualification and Consent of Expert" above did not have any interest in any assets which have been since 30 September 2020 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Ng Kwan Ho.
- (b) The registered office of the Company is situated at 3rd Floor, J&C Building PO Box 362, Road Town, Tortola, BVI VG 1110.
- (c) The Company's principal place of business in Hong Kong is situated at Room 1404-05, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company, Room 1404-05, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong during normal business hours on any business day for a period of 14 days from the date of this circular:

- (a) SU Compliance Services Agreement;
- (b) SU Custodial Services Agreement;
- (c) Previous HB Custodial Services Agreement;
- (d) Previous OF Custodial Services Agreement;
- (e) HB Custodial Services Agreement;
- (f) OF Custodial Services Agreement;
- (g) HG Custodial Services Agreement;
- (h) the memorandum and articles of association of the Company as amended;
- (i) the annual reports of the Company for the three financial years ended 30 September 2018, 2019 and 2020, respectively;
- (j) the letter from Board, the text of which is set out in this circular;
- (k) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (l) the letter from Gram Capital Limited, the text of which is set out in this circular; and
- (m) the consent letter of Gram Capital Limited as referred to in the paragraph headed "8. Qualification and Consent of Expert" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Huobi Technology Holdings Limited (the “Company”) will be held at Room 1404-05, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong on Friday, 17 December 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company.

Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 29 November 2021 (the “Circular”).

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the OF Custodial Services Agreement, further details of which are set out in the Circular:

“**THAT**

- (a) the OF Custodial Services Agreement, and the transactions and the annual caps contemplated thereunder, together with the terms and conditions agreed by the parties and appended thereto, be and is hereby approved, confirmed and ratified; and
- (b) any director of the Company (the “**Director(s)**”) be and are hereby authorised to sign, execute, perfect and deliver all such documents, and do all such actions which are in their opinion necessary, appropriate, desirable or expedient for the implementation and completion of the OF Custodial Services Agreement, and the transactions and the annual caps contemplated thereunder or incidental to the OF Custodial Services Agreement and all other matters incidental thereto or in connection therewith and to agree to the variation and waiver of any of the matters relating thereto that are, in the opinion of the Directors, appropriate, desirable or expedient in the context of the OF Custodial Services Agreement and are in the best interests of the Company.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. To consider and approve the resolution in relation to the HB Custodial Services Agreement, further details of which are set out in the Circular:

“**THAT**

- (a) the HB Custodial Services Agreement, and the transactions and the annual caps contemplated thereunder, together with the terms and conditions agreed by the parties and appended thereto, be and is hereby approved, confirmed and ratified; and
- (b) any director of the Company (the “**Director(s)**”) be and are hereby authorised to sign, execute, perfect and deliver all such documents, and do all such actions which are in their opinion necessary, appropriate, desirable or expedient for the implementation and completion of the HB Custodial Services Agreement, and the transactions and the annual caps contemplated thereunder or incidental to the HB Custodial Services Agreement and all other matters incidental thereto or in connection therewith and to agree to the variation and waiver of any of the matters relating thereto that are, in the opinion of the Directors, appropriate, desirable or expedient in the context of the HB Custodial Services Agreement and are in the best interests of the Company.”
3. To consider and approve the resolution in relation to the HG Custodial Services Agreement, further details of which are set out in the Circular:

“**THAT**

- (a) the HG Custodial Services Agreement, and the transactions and the annual caps contemplated thereunder, together with the terms and conditions agreed by the parties and appended thereto, be and is hereby approved, confirmed and ratified; and
- (b) any director of the Company (the “**Director(s)**”) be and are hereby authorised to sign, execute, perfect and deliver all such documents, and do all such actions which are in their opinion necessary, appropriate, desirable or expedient for the implementation and completion of the HG Custodial Services Agreement, and the transactions and the annual caps contemplated thereunder or incidental to the HG Custodial Services Agreement and all other matters incidental thereto or in connection therewith and to agree to the variation and waiver of any of the matters relating thereto that are, in the opinion of the Directors, appropriate, desirable or expedient in the context of the HG Custodial Services Agreement and are in the best interests of the Company.”

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

Hong Kong, 29 November 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A form of proxy for use in connection with the EGM is enclosed herewith and published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). Whether or not you are able to attend the EGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not later than 48 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.
2. Any member entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote instead of him/her/it. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. To be valid, a form of appointment of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183, Queen's Road East, Hong Kong not later than 48 hours before the time appointed for the time appointed for holding the EGM or any adjournment thereof.
5. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the EGM was originally held within 12 months from such date.
6. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. For determining the entitlement to attend and vote at the EGM, the register of members will be closed from Tuesday, 14 December 2021 to Friday, 17 December 2021, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183, Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 13 December 2021.
8. If Typhoon Signal No. 8 or above, or "black" rainstorm warning is in effect any time after 8:00 a.m. and before the above time of EGM, the EGM will be postponed. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.huobitech.com) to notify Shareholders (as defined herein) of the date, time and place of the rescheduled meeting.
9. To safeguard the health and safety of the Shareholders and to prevent the spreading of the coronavirus disease 2019 ("COVID-19") pandemic, the following precautionary measures will be implemented at the EGM, without limitation:
 - compulsory body temperature screening/checks;
 - mandatory wearing of surgical face masks;
 - appropriate distancing and spacing will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
 - no refreshment or souvenirs will be provided at the EGM; and
 - any person who does not comply with the precautionary measures to be taken at the EGM may be denied entry into the meeting venue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

For the health and safety of the Shareholders, the Company encourages the Shareholders NOT to attend the EGM in person, and advises the Shareholders to appoint the chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

As at the date of this EGM notice, 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.