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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)

CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On September 9, 2022, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Company, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of US\$6.8 million (equivalent to approximately HK\$53.0 million).

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company, whereas the Target Company will cease to be a subsidiary of the Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group upon completion of the Disposal.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Li is beneficially interested in approximately 60.17% of the issued shares of 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 the Purchaser is ultimately controlled by Mr. Li, the Purchaser is an associate of Mr. Li and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, Huobi Digital Limited is a wholly-owned subsidiary of the Company. Hence, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the amount of the transaction contemplated under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the said transaction is subject to the reporting and announcement requirements but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Among the existing Directors, the connected Director, Mr. Li, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Sale and Purchase Agreement and the transaction contemplated thereunder. Save for Mr. Li, none of the other Directors had a material interest in the transaction contemplated under the Sale and Purchase Agreement, and none of the Directors (save for Mr. Li) were required to abstain from voting on the relevant Board resolutions.

THE DISPOSAL

On September 9, 2022, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Company, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of US\$6.8 million (equivalent to approximately HK\$53.0 million).

The principal terms of the Sale and Purchase Agreement are set out below:

Date	:	9 September, 2022
Parties	:	(1) the Vendor; and (2) the Purchaser.
Subject matter	:	The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 100% equity interest in the Target Company.

Consideration : The consideration of the Disposal shall be US\$6.8 million (equivalent to approximately HK\$53.0 million), which was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, (i) the net asset value of the Target Company as of 1 September, 2022; (ii) the loss-making financial position of the Target Company in the latest financial year ended 30 September 2021; (iii) the business prospect of the Target Company; (iv) the factors set out in the section headed “Reasons for and benefits of the Disposal” in this announcement; and (v) total investment in the Target Company made by the Group.

The consideration will be payable by the Purchaser to the Vendor in cash or other way as agreed by both parties upon completion of the Disposal.

Conditions precedent : Completion of the Disposal is conditional upon:

- (a) the passing of the necessary resolutions by the Purchaser approving the Sale and Purchase Agreement and all other transactions contemplated hereunder and the granting of such regulatory approvals as may be necessary, including without limitation in accordance with the Listing Rules and other applicable laws;
- (b) the representation, warranties and/or undertakings given by the Vendor and Purchaser under the Sale and Purchase Agreement remaining true, accurate and not misleading throughout the period from the date of the Sale and Purchase Agreement to the date of completion, and there having been no breach by any party to the Sale and Purchase Agreement; and
- (c) if applicable, all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated under the Sale and Purchase Agreement required to be obtained on the part of the Purchaser having been obtained.

In the event that the conditions set out above shall not have been fulfilled (or waived in accordance with the terms of the Sale and Purchase Agreement) on or before the Long Stop Date, the Sale and Purchase Agreement shall lapse and be of no further effect and no party to the Sale and Purchase Agreement shall have any liability and obligation to the other party, save in respect of any antecedent breaches of the Sale and Purchase Agreement.

Completion : Completion of the Disposal shall take place upon the Vendor transferring the entire equity interest in the Target Company to the Purchaser and completing the necessary business registration in relation to the Disposal.

FINANCIAL INFORMATION OF TARGET COMPANY

The Target Company was established on 16 August 2019. A summary of the unaudited financial information of the Target Company for the two financial years ended 30 September 2020 and 2021 is set out below:

	For the year ended	
	30 September	
	2020	2021
	<i>US\$</i>	<i>US\$</i>
Loss before taxation	(3,519)	(767,147)
Loss after taxation	(3,519)	(767,147)

The net assets of the Target Company based on its unaudited management accounts as of 1 September, 2022 was approximately US\$1.7 million (equivalent to approximately HK\$13.3 million).

FINANCIAL EFFECT OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company, whereas the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group upon completion.

It is expected that upon completion of the Disposal, the Group will record a gain on the Disposal of approximately US\$5.1 million (equivalent to approximately HK\$39.8 million). Such gain is estimated based on the transfer consideration in the amount of US\$6.8 million (equivalent to approximately HK\$53.0 million) less the net assets of the Target Company as of 1 September, 2022 in the amount of US\$1.7 million (equivalent to approximately HK\$13.3 million). Such gain from the Disposal expected by the Company are unaudited and subject to the final confirmation. It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company has been making loss since its incorporation, the Board considers that the Disposal strengthens the cash flow of the Group allowing the Group to increase its liquidity and reallocate its resources for future development.

The Directors (including the independent non-executive Directors) are of the view that although the entering into the Disposal is not in the ordinary and usual course of business of the Group, the Disposal and the terms of the Sale and Purchase Agreement were entered into on arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Company is an investment holding company and the Group is principally engaged in the businesses of contract manufacturing, on electronic manufacturing services basis, of a wide range of power-related and electrical/electronic products, and the provision of technology solution services and other multifarious services in relation to the virtual asset ecosystem.

The Vendor

The Vendor is a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and a direct wholly-owned subsidiary of the Company. The principal activity is investment holding.

The Purchaser

The Purchaser is a company incorporated in the Cayman Islands with limited liability. The controlling shareholder and the ultimate beneficial owner is Mr. Li. The principal activity is investment holding.

The Target Company

The Target Company is a company incorporated in the United States and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity is investment holding.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the amount of the transaction contemplated under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the said transaction is subject to the reporting and announcement requirements but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Among the existing Directors, the connected Director, Mr. Li, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Sale and Purchase Agreement and the transaction contemplated thereunder. Save for Mr. Li, none of the other Directors had a material interest in the transaction contemplated under the Sale and Purchase Agreement, and none of the Directors (save for Mr. Li) were required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“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 shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1611)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of 100% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	means 31 October 2022, or such later date as may be agreed between the Vendor and the Purchaser
“Mr. Li”	Mr. Li Lin, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company
“Purchaser”	Huobi Cayman Holding Limited, a company incorporated in the Cayman Islands with limited liability, whose controlling shareholder and ultimate beneficial owner is Mr. Li, and whose principal activity is investment holding
“Sale and Purchase Agreement”	the sale and purchase agreement dated September 9, 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Huobi Nevada Inc., a company with limited liability incorporated in United States and an indirect wholly-owned subsidiary of the Company
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	Huobi Digital Limited, a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and a direct wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Huobi Technology Holdings Limited
Wu Shupeng
Executive Director

Hong Kong, 9 September 2022

As at the date of this announcement, the Board comprises (1) Mr. Li Lin as a non-executive Director; (2) Mr. Wu Shupeng and Ms. Zhang Li as executive Directors; and (3) Mr. Yu Chun Kit, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin as independent non-executive Directors.

For the purpose of this announcement, the conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 = HK\$7.80. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at such particular rate or at all.