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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) DISCLOSEABLE AND  
CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO SUPPLEMENTAL AGREEMENT  
TO SERVICE AGREEMENT I**

**AND**

**(2) CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO NEW SERVICE AGREEMENT**

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



**(1) THE SUPPLEMENTAL AGREEMENT TO SERVICE AGREEMENT I**

Reference is made to the announcement of the Company dated 24 December 2019 in relation to, among others, the Provision of Financial Assistance regarding Payment Agent Services provided by Win Techno to Huobi Global (Seychelles) under the Service Agreement I, pursuant to which Win Techno, as the payment agent of Huobi Global (Seychelles) makes payment of Usage Fees to the AWS Group for and on behalf of Huobi Global (Seychelles).

On 19 March 2020, Win Techno and Huobi Global (Seychelles) entered into the Supplemental Agreement to the Service Agreement I, pursuant to which Win Techno and Huobi Global (Seychelles) agree to, subject to the Independent Shareholders' approval, revise the cap for the Provision of Financial Assistance in relation to the Payment Agent Services for the period from the date of obtaining the Independent Shareholders' approval at the EGM (the "**Effective Date**") to 23 December 2022 from HK\$15 million to HK\$30 million. Save for the said revision of the cap, all the other terms of the Supplemental Agreement to Service Agreement I are the same as those under the Service Agreement I.

## **(2) THE NEW SERVICE AGREEMENT**

Reference is made to the announcement of the Company dated 19 July 2019 in relation to, among others, the provision of cloud-based software and database services under Service Agreement II. As disclosed in the above announcement, the Service Agreement II and transactions contemplated thereunder are exempt from the independent Shareholders' approval requirement but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. The terms of the Service Agreement II and the corresponding annual cap shall expire on 30 April 2020.

In view of the growing demand for cloud-based software and database services, on 19 March 2020, the parties to the Service Agreement II, i.e. Huobi Global (Seychelles) and Win Techno entered into the New Service Agreement, pursuant to which the parties have agreed, inter alia, to revise the original annual cap under the Service Agreement II for the further term commencing on 1 May 2020 to 30 April 2021.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Li is beneficially interested in approximately 74.26% 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 Huobi Global (Seychelles) is ultimately controlled by Mr. Li, Huobi Global (Seychelles) 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, Win Techno is a wholly-owned subsidiary of the Company. The Supplemental Agreement to Service Agreement I and the transactions contemplated thereunder, and the New Service Agreement and the transactions contemplated thereunder will both constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Service Agreement I (as supplemented by the Supplemental Agreement to Service Agreement I) constitutes continuing connected transactions for the Company under Rules 14A.24 of the Listing Rules. Furthermore, pursuant to Rule 14.04(1)(e) of the Listing Rules, the Provision of Financial Assistance to Huobi Global (Seychelles) by Win Techno by virtue of the Payment Agent Services constitutes a transaction for the Company under Chapter 14 of the Listing Rules. As the highest of the applicable percentage ratios for the revised cap under the Supplemental Agreement to Service Agreement I is higher than 5% and less than 25% on an annual basis and the total value in respect of the Provision of Financial Assistance is more than HK\$10,000,000, the transactions contemplated under the Supplemental Agreement to Service Agreement I constitute (i) discloseable transactions of the Company which are subject to announcement requirement and (ii) 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.

As one or more of the relevant applicable percentage ratios for the revised annual caps under the New Service Agreement exceeds 5% and HK\$10,000,000, the transactions contemplated under the New Service Agreement constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, Independent Shareholders' approval and annual review 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 Supplemental Agreement to Service Agreement I, the New Service Agreement, the transactions contemplated thereunder and the revised caps contemplated thereunder. All the remaining Directors who were entitled to vote, unanimously approved the above resolutions. The format and procedure for passing the resolutions were in compliance with the laws of the British Virgin Islands and the memorandum and articles of association of the Company.

Huobi Global (Seychelles) and its associates who are Shareholders and all other Shareholders who have or regarded as having a material interest in the transactions contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement are required to abstain from voting in respect of the proposed resolutions to approve the transactions and revised caps contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Agreement to Service Agreement I and the New Service Agreement are fair and reasonable so far as the Shareholders are concerned. Huobi Global (Seychelles) and its associates who are Shareholders will abstain from voting on the resolution(s) to approve the transactions contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement at the EGM.

A circular containing, among other things, (i) further details of the Supplemental Agreement to Service Agreement I and the New Service Agreement; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from Gram Capital to both the Independent Board Committee and the Independent Shareholders, together with the notice of the EGM will be dispatched to the Shareholders on or before 24 March 2020.

## **I. BACKGROUND INFORMATION**

### **The Supplemental Agreement to Service Agreement I**

Reference is made to the announcement of the Company dated 24 December 2019 in relation to, among others, the Provision of Financial Assistance regarding Payment Agent Services provided by Win Techno to Huobi Global (Seychelles) under the Service Agreement I, pursuant to which Win Techno, as the payment agent of Huobi Global (Seychelles) makes payment of Usage Fees to the AWS Group for and on behalf of Huobi Global (Seychelles).

The key terms of the Supplemental Agreement to Service Agreement I are as follows:

#### **Date**

19 March 2020 (after trading hours)

#### **Parties**

- (1) Win Techno; and
- (2) Huobi Global (Seychelles)

## **Subject Matter**

Pursuant to the Supplemental Agreement to Service Agreement I, Win Techno and Huobi Global (Seychelles) agreed to revise each of the caps in relation to the Provision of Financial Assistance in relation to the Payment Agent Services for the period from the effective date of Supplemental Agreement to 23 December 2022 from HK\$15 million to HK\$30 million, subject to the Independent Shareholders' approval. The Supplemental Agreement to Service Agreement I shall be effective from the date of obtaining the Independent Shareholders' approval at the EGM ("**Effective Date**"). Save for the said revision of the caps, all other terms of the Service Agreement I shall remain unchanged.

## **Term**

The period commencing from the Effective Date to 23 December 2022.

## **Condition Precedent**

The Supplemental Agreement to Service Agreement I is conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM approving, among other things, the Supplemental Agreement to Service Agreement I, and the transactions and revised caps contemplated thereunder.

## **Capped Maximum Financial Assistance Amount**

Huobi Global (Seychelles) undertakes that the Usage Fees and hence the maximum financial assistance amount ("**Maximum Financial Assistance Amount**") for respective periods set out in the paragraph headed "Proposed Revised Cap" on page 7 of this announcement during the term of the Supplemental Agreement to Service Agreement I will be capped at HK\$30 million.

## **Payment Agent Services**

Win Techno is participating in the AWS Partner Network Program, the global partner program for technology and consulting businesses who leverage Amazon Web Services to build solutions and services for customers. As an AWS Partner, Win Techno acts as a distributor of AWS to provide Payment Agent Service and other add-on services which are ancillary to the AWS Services to assist the end-customers in building AWS-based or related businesses and solutions. Win Techno is a distributor of AWS and shall pay Usage Fees to AWS Group for and on behalf of Huobi Global (Seychelles).

Amazon Web Services, known as AWS Services, offers reliable, scalable, and inexpensive cloud computing services. Cloud computing is the on-demand delivery of IT resources over the Internet with pay-as-you-go pricing. Instead of buying, owning, and maintaining physical data centers and servers, the customers can access technology services, such as computing power, storage, and databases, on an as-needed basis from a cloud provider like Amazon Web Services (AWS).

Pursuant to the Service Agreement I and the Supplemental Agreement to Service Agreement I, Win Techno shall play the role of a distributor of AWS to render the Payment Agent Services to Huobi Global (Seychelles) and, as payment agent, shall make monthly payment of Usage Fees to the AWS Group for and on behalf of Huobi Global (Seychelles). Win Techno shall make substitutive payment of the Usage Fee, denominated in US dollars, on behalf of Huobi Global (Seychelles), whereas, Huobi Global (Seychelles) shall make payment of the equivalent amount of Usage Fees, denominated in US dollars, to Win Techno. By providing Payment Agent Services as aforesaid, Win Techno is providing financial assistance to Huobi Global (Seychelles).

Huobi Global (Seychelles) shall pay the amount of the above Usage Fees to be paid by Win Techno for and on behalf of Huobi Global (Seychelles) to the AWS Group as stated in the invoice(s) issued by Win Techno on a monthly basis, by way of bank transfer to Win Techno, by no later than the end of each calendar month. If Huobi Global (Seychelles) fails to make payment of any outstanding amount as stated in the monthly invoice, Win Techno shall immediately cease to provide Payment Agent Services to Huobi Global (Seychelles). In the event of the aforesaid non-payment, Huobi Global (Seychelles) shall pay a default interest calculated at 14.6% per annum which, according to the Company's understanding, is the highest default interest rate charged in consumer contract pursuant to applicable laws in Japan.

As a result of making payment of the Usage Fees for and on behalf of Huobi Global (Seychelles) to the AWS Group, Win Techno can receive commission from AWS Group.

## II. REVISION OF ANNUAL CAPS

### Historical Amounts

Prior to the entering into of the Supplemental Agreement to Service Agreement I, it was anticipated by the parties thereto that the maximum Usage Fees to be incurred per month would be HK\$15 million, which was the capped Maximum Financial Assistance Amount to be provided by Win Techno to Huobi Global (Seychelles) by virtue of the Payment Agent Services under the Service Agreement I (the "**Original Maximum Financial Assistance Amount**").

Pursuant to the Service Agreement I, Win Techno will start to provide potential Financial Assistance from March 2020. However, historical records showed that the average monthly Usage Fees actually incurred in December 2019 and January 2020 amounted to approximately HK\$18 million, therefore as at the date of this announcement, the parties to the Service Agreement I have anticipated that the monthly Usage Fees to be incurred for March 2020 and hence the Maximum Financial Assistance Amount would exceed the Original Maximum Financial Assistance Amount under the Service Agreement I.

### **Proposed Revised Cap**

In light of the historical amounts of the incurred monthly Usage Fees as illustrated above, for the purpose of maintaining the Payment Agent Services and complying with Rules 14A.54 of Listing Rules, the parties mutually agreed to increase the Original Maximum Financial Assistance Amount by entering into the Supplemental Agreement to Service Agreement I. Pursuant to the Supplemental Agreement to Service Agreement I, the Original Maximum Financial Assistance Amount provided by Win Techno to Huobi Global (Seychelles) for the respective period set out below during the term of the Supplemental Agreement to Service Agreement I shall not exceed the cap which is proposed to be increased as set out below:

<b>Period</b>	<b>Maximum Financial Assistance Amount</b>
Effective Date – 30 September 2020	HK\$30,000,000.00
1 October 2020 – 30 September 2021	HK\$30,000,000.00
1 October 2021 – 30 September 2022	HK\$30,000,000.00
1 October 2022 – 23 December 2022	HK\$30,000,000.00

### **Basis of the Proposed Revised Caps**

The proposed revised caps are determined principally by reference to:

- (i) the Original Maximum Financial Assistance Amount of HK\$15 million, details of which are disclosed in the announcement of the Company dated 24 December 2019;
- (ii) the average monthly Usage Fees of approximately HK\$18 million actually incurred in December 2019 and January 2020, representing an increase of approximately 24.6% as compared to that incurred in November 2019; and

- (iii) the growth of the industry of digital asset trading, the anticipated tendency of the increase in the operation scale of Huobi Global (Seychelles), the expected increase in the amount of the Usage Fees to be charged by AWS Group, and in turn the increasing demand in engaging the Payment Agent Services.

After taking the above into consideration, the Directors (excluding the independent non-executive Directors who will form their view after seeking advice from Gram Capital) are of the view that the revised caps represent the highest expected monthly Usage Fees to be paid by Win Techno for and on behalf of Huobi Global (Seychelles) and hence the Maximum Financial Assistance Amount to be provided by Win Techno to Huobi Global (Seychelles) for the respective periods set out above during the term of Supplemental Agreement to Service Agreement I.

### **III. REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO SERVICE AGREEMENT I**

The Directors have been closely monitoring the provision of Financial Assistance. However, in light of the increasing demand on Payment Agent Services to be provided by Win Techno to Huobi Global (Seychelles) and the fact that the monthly Usage Fees in recent months already exceeded the Original Maximum Financial Assistance Amount, the Directors are of the view that the Original Maximum Financial Assistance Amount becomes no longer sufficient to cover the monthly Usage Fees to be incurred during the remaining term of the Service Agreement I. Accordingly, Win Techno and Huobi Global (Seychelles) entered into the Supplemental Agreement to the Service Agreement I on 19 March 2020 to revise the cap for the period from the Effective Date to 23 December 2022 in order to comply with Rules 14A.54 of the Listing Rules while maintaining the Payment Agent Services. The Supplemental Agreement to Service Agreement I shall be effective from the date of obtaining the Independent Shareholders' approval at the EGM.

As Win Techno will receive commissions from AWS Group for participating in the AWS Partner Network and providing the Payment Agent Services to end-customers (such as Huobi Global (Seychelles)), the revised cap enables Win Techno to earn more commission from AWS Group for providing the Payment Agent Services for and on behalf of Huobi Global (Seychelles). In addition, as Huobi Global (Seychelles) may incur a higher level of the Usage Fees as compared to other end-customers, Win Techno can bargain more favorable rate of the commission to be received from the AWS Group.

The Directors (excluding the independent non-executive Directors who will form their view after seeking advice from Gram Capital) are of the view that the terms of Supplemental Agreement to Service Agreement I and the revised cap in respect of the monthly amount under the Provision of Financial Assistance and hence the Maximum Financial Assistance Amount are fair and reasonable and are entered into on normal commercial terms, or on terms no less favorable than those available to Independent Third Parties under prevailing local market conditions, and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

#### **IV. NEW SERVICE AGREEMENT**

Reference is made to the announcement of the Company dated 19 July 2019 in relation to, among others, the provision of cloud-based software and database services under Service Agreement II. As disclosed in the above announcement, the Service Agreement II and transactions contemplated thereunder are exempt from the independent Shareholders' approval requirement but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The term of Service Agreement II and the corresponding annual cap shall expire on 30 April 2020.

In view of the growing demand for cloud-based software and database services, on 19 March 2020, the parties to the Service Agreement II, i.e. Huobi Global (Seychelles) and Win Techno, entered into the New Service Agreement, pursuant to which the parties have agreed, inter alia, to revise the original annual cap under the Service Agreement II for the further term commencing on 1 May 2020 to 30 April 2021.

The key terms of the New Service Agreement are as follows:

**Date**

19 March 2020 (after trading hours)

**Parties**

- (1) Win Techno; and
- (2) Huobi Global (Seychelles)

## **Subject Matters**

Pursuant to the New Service Agreement, the Parties shall increase the annual cap under Service Agreement II for the term set out below.

### ***Provision of Cloud-based Software and Database Services***

Pursuant to the New Service Agreement, Win Techno shall continue to provide service on usage of cloud-based software and database services to Huobi Global (Seychelles). The particular type cloud-based software and database services provided by Win Techno to Huobi Global (Seychelles) under the New Service Agreement are customized services in relation to data storage and data centre maintenance services. As disclosed in the announcement of the Company dated 19 July 2019, more money was needed to spend on the infrastructure of this business. Currently Win Techno has rented two places in Japan to set up its own data centre. The data processing conducted by Huobi Global (Seychelles) in the cloud of AWS will be downloaded, stored and maintained in Win Techno's data centre. The services provided by Win Techno under the New Service Agreement are different from the Payment Agent Services under the Supplemental Agreement to Service Agreement I in that the former are data storage and maintenance services done in Win Techno's data centre and the latter are Payment Agent Services which are the services of payment of money for and on behalf of other party.

## **Term**

The New Service Agreement is for a fixed term of one year, commencing from 1 May 2020 and expiring on 30 April 2021.

## **Condition Precedent**

The New Service Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM approving, among other things, the New Service Agreement, and the transactions and the revised annual cap thereunder.

## **Service Fees and Pricing Basis**

In consideration of the services provided by Win Techno under the New Service Agreement, Huobi Global (Seychelles) shall pay to Win Techno an annual service fee of JPY267.6 million payable by way of a monthly service fee of JPY22.3 million equivalent to approximately HK\$1.6 million.

The monthly service fee is determined with reference to the average annual fee which is determined on a costs plus 15% premium basis. In determining the pricing of the above services provided, Win Techno makes reference to certain market pricing information on similar services in the information technology industry obtained from three different local websites via public sources, including (a) a website established for 13 years which provides corporate support and business-to-business matching service focusing on connecting suppliers and customers in various industries in Japan ([www.biz.ne.jp](http://www.biz.ne.jp)); (b) a website of a local consultancy company in Japan which provides referral services to customers requiring to engage database system build-up services from certain service providers in the information technology industry ([www.hnavi.co.jp](http://www.hnavi.co.jp)); and (c) a website of a company whose principal activities include production and development in WEB systems and portal sites and applications maintenance for various industries for more than 10 years in Japan ([www.selva-i.co.jp](http://www.selva-i.co.jp)).

With reference to market pricing information obtained from the aforesaid websites by Win Techno, the normal annual server maintenance costs are approximately 10% to 20% of the cost of server building. Taking into account such indicative price range and having considered the customized service provided by Win Techno to Huobi Global (Seychelles), Win Techno determined a cost plus 15% premium basis for the monthly service fee, which is within the range of the normal market pricing for provision of similar services in the information technology industry and reflect the value of the customized service provided by Win Techno to Huobi Global (Seychelles).

These particular websites provide the details on pricing and costs information relating to system and server maintenance in the information technology industry which is highly relevant and similar to the service provided by Win Techno to Huobi Global (Seychelles). As the service provided by Win Techno to Huobi (Global) Seychelles is a customized service and Win Techno currently does not have any customer which is an Independent Third Party, there is no direct market comparable and it is adequate for the Company to ascertain the annual service fee with reference to the limited comparables as outlined in the aforesaid well-known and long established websites which contain substantive market pricing information in relation to similar services provided by local companies in the information technology industry. In the event that Win Techno has Independent Third Party customers, the service fee charged by Win Techno on Huobi Global (Seychelles) will be higher or not lower than those available to Independent Third Party customers.

Please also refer to the section headed “Internal Control Policies for the Group” below.

## V. REVISION OF ANNUAL CAPS

### Historical Amounts

The historical transaction amounts in respect of Service Agreement II for the period from 30 July 2019 to 30 April 2020 are set out below:

<b>Period</b>	30 Jul 2019 to 30 Sep 2019	1 Oct 2019 to 30 Apr 2020
<b>Transaction Amount/ Annual Caps<sup>(Note)</sup></b>	JPY34,000,000 (equivalent to approximately HK\$2,380,000)	JPY119,000,000 (approximately HK\$8,330,000)

*Note:* The annual caps are the same as the transaction amount as the transaction amount were a fixed amount under the Service Agreement II and thus the annual cap for each relevant period is determined based on the actual aggregate transaction amount for that relevant period.

Since Win Techno and Huobi Global (Seychelles) did not conduct any similar transactions prior to 1 May 2019, there were no further historical amount to be provided.

### Proposed Revised Annual Caps

The proposed new annual caps for the New Service Agreement are set out below:

<b>Period</b>	1 Oct 2019 to 30 Sep 2020	1 Oct 2020 to 30 Apr 2021
<b>Transaction Amount</b>	JPY230,500,000 (equivalent to approximately HK\$16,135,000)	JPY156,100,000 (approximately HK\$10,927,000) <sup>(Note)</sup>

*Note:* Although the annual caps were set for the financial year ending 30 September 2020 and the period from 1 October 2020 to 30 April 2021, the Company will set new cap to cover the period from 1 May 2021 onwards based on the Company's financial year-end date (i.e. 30 September) should the Company propose to continue the provision of services to Huobi Global (Seychelles).

### Basis of the Proposed Annual Cap

The proposed annual cap of the service fee under the New Service Agreement is determined by the Directors after taking into account the following factors:

- (i) the historical transaction amounts under Service Agreement II; and
- (ii) the increase in cost resulting from the further construction of database infrastructure, provision of more database related services, and higher costs of database related services.

## **VI. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW SERVICE AGREEMENT**

The Directors have been carefully monitoring the historical transaction amounts of and the estimated demand of Huobi Global (Seychelles) for the cloud-based database services by Win Techno.

As the database infrastructure is under construction and more and more database related services will be provided by Win Techno, the costs of providing these services are expected to increase. Win Techno will continue to expand its involvement in database related service and develop a wide variety of information technology services, it will result in an increase in profit margin and then generate a higher revenue to be obtained by Win Techno.

In the above circumstances, the Directors envisage that the original amount of the service fees and annual cap under Service Agreement II would not be sufficient for the upcoming transactions, and propose to revise the annual caps to cater for the expected increase in service fees to be received for the future provision of cloud-based database services by Win Techno.

The Directors (excluding the independent non-executive Directors who will form their view after seeking advice from Gram Capital) are of the view that the New Service Agreement and the continuing connected transactions and revised annual cap contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

As at the date of this announcement, Mr. Li is beneficially interested in approximately 74.26% 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 Huobi Global (Seychelles) is ultimately controlled by Mr. Li, it is therefore an associate of Mr. Li under Chapter 14A of the Listing Rules. As at the date of this announcement, Win Techno is a wholly-owned subsidiary of the Company. The Supplemental Agreement to Service Agreement I and the transactions contemplated thereunder, and the New Service Agreement and the transactions contemplated thereunder will both constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **The Supplemental Agreement to Service Agreement I**

The transactions contemplated under the Service Agreement I (as supplemented by the Supplemental Agreement to Service Agreement I) constitutes continuing connected transactions for the Company under Rules 14A.24 of the Listing Rules. Furthermore, pursuant to Rule 14.04(1)(e) of the Listing Rules, the Provision of Financial Assistance to Huobi Global (Seychelles) by Win Techno by virtue of the Payment Agent Services constitutes a transaction for the Company under Chapter 14 of the Listing Rules. As the highest of the applicable percentage ratios for the revised cap for the Supplemental Agreement to Service Agreement I is higher than 5% and less than 25% on an annual basis and the total value in respect of the Provision of Financial Assistance is more than HK\$10,000,000, the transactions contemplated under the Supplemental Agreement to Service Agreement I constitute (i) discloseable transactions of the Company which are subject to announcement requirement and (ii) 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.

## **The New Service Agreement**

As one or more of the relevant applicable percentage ratios for the revised annual cap under the New Service Agreement exceeds 5% and HK\$10,000,000, the transactions contemplated under New Service Agreement constitute non-exempt continuing connected transaction under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Among the existing Directors, the connected Director, Mr. Li Lin, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Supplemental Agreement to Service Agreement I, the New Service Agreement and the revised caps contemplated thereunder. All the remaining Directors who were entitled to vote, unanimously approved the above resolutions. The format and procedure for passing the resolutions were in compliance with the laws of the British Virgin Islands and the memorandum and articles of association of the Company.

Huobi Global (Seychelles) and its associates who are Shareholders and all other Shareholders who have or regarded as having a material interest in the transactions contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement are required to abstain from voting in respect of the proposed resolutions to approve the transactions and revised caps contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement.

## **VIII. INFORMATION OF THE GROUP, WIN TECHNO AND HUOBI GLOBAL (SEYCHELLES)**

### **The Group**

The principal businesses of the Group include contract manufacturing, on electronic manufacturing services basis, of a wide range of power-related and electrical/electronic products, and provision of technology solution services.

### **Win Techno**

Win Techno is a company incorporated in Japan with limited liability. The principal businesses of Win Techno include provision of cloud based and data centre operation and maintenance.

### **Huobi Global (Seychelles)**

Huobi Global Limited (Seychelles) is a company incorporated in Seychelles and is indirectly controlled by Mr. Li who indirectly holds approximately 60.03% of its issued share capital.

The major businesses of Huobi Global Limited (Seychelles) include the operation of a leading global digital asset trading platform.

## **IX. 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) In respect of the Usage Fees payable to Win Techno by Huobi Global (Seychelles) under the Payment Agent Services, the Usage Fees will be equivalent to the usage fee charged by AWS Group on Win Techno and will be charged on monthly basis. The finance division of the Company is responsible for closely monitoring the aggregated amount of Usage Fees payable by Huobi Global (Seychelles) on a daily basis to ensure that it does not exceed the proposed cap;

- (b) In respect of the service fees payable to Win Techno by Huobi Global (Seychelles) for the services provided under the New Service Agreement, such service fees will be charged on the basis of cost plus a fixed percentage of premium. The management of the Group is aware that the provision of cloud-based software and database services is highly customized for each client, and there is a lack of direct market comparables or prevailing market rates for the services provided. However, the management of the Group will continue to monitor the rate of premium charged through the business department of the Company to ensure that the services fees charged under the New Service Agreement will not be less favourable for any identical or similar services provided by Win Techno to other Independent Third Parties. The business department will also conduct periodic market research by (i) obtaining market pricing information from public sources including established websites and websites of company engaging in similar business, and (ii) obtaining price quotations from other database services supplier for similar services provided (if such are available in the market), to ensure that the service fees charged by Win Techno under the New Service Agreement, with respect to the quality of the services provided, are fair and reasonable, on normal commercial terms, or on terms no less favourable than those available to Independent Third Parties under prevailing local market conditions;
- (c) The internal accounting 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 Supplemental Agreement to Service Agreement I and the New Service Agreement on an annual basis. In addition, the internal accounting department will prepare an internal control report and submit to the Board for review and approval;
- (d) The Company's external auditors will conduct an annual review on the pricing and annual caps of the continuing connected transactions under the Supplemental Agreement to Service Agreement I and the New Service Agreement; and
- (e) 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 Supplemental Agreement to Service Agreement I and the New Service Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company will facilitate the provision of necessary information to the independent non-executive Directors and the auditors for the purpose of such review.

In view of the above, the Directors (excluding the independent non-executive Directors who will form their view after seeking advice from 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 Supplemental Agreement to Service Agreement I and the New Service Agreement will comply with the relevant regulatory guidelines and the transactions and revised caps under the said agreements 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.

## **X. FURTHER INFORMATION**

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Agreement to Service Agreement I and the New Service Agreement are fair and reasonable so far as the Shareholders are concerned. Huobi Global (Seychelles) and its associates who are Shareholders and all other Shareholders who have or regarded as having a material interest in the transactions contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement will abstain from voting on the resolution(s) to approve the transactions contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement at the EGM.

A circular containing, among other things, (i) further details of the Supplemental Agreement to Service Agreement I and the New Service Agreement; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from Gram Capital to both the Independent Board Committee and the Independent Shareholders, together with the notice of the EGM will be dispatched to the Shareholders on or before 24 March 2020.

## **XI. DEFINITIONS**

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

“AWS”	Amazon Web Services EMEA SARL, a limited liability company incorporated under the laws of Luxembourg, which is an Independent Third Party;
“AWS Group”	AWS and its affiliates;
“AWS Services”	the information-technology infrastructure services provided by AWS GROUP to enterprises to meet business needs;
“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;
“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 Exchange 1611);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“continuing connected transactions”	collectively, the transactions contemplated under the Supplemental Agreement to Service Agreement I and the New Service Agreement;
“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 Supplemental Agreement to Service Agreement I and the New Service Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Huobi Global (Seychelles)”	Huobi Global Limited, a company incorporated with limited liability under the laws of Seychelles, of which approximately 60.03% of the issued share capital is indirectly and ultimately owned by Mr. Li;
“Independent Board Committee”	the independent committee of the Board, the members of which consist of the 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 Supplemental Agreement to Service Agreement I, the New Service Agreement and revised caps contemplated thereunder;

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement to Service Agreement I and the New Service Agreement and the revised caps contemplated thereunder;
“Independent Shareholders”	the Shareholders who are required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the Supplemental Agreement to Service Agreement I, the New Service Agreement and the revised caps contemplated thereunder;
“JPY”	Japanese Yen, the lawful currency of Japan;
“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;
“New Service Agreement”	the new service agreement for provision of cloud-based software and database services entered into between Huobi Global (Seychelles) and Win Techno on 19 March 2020;
“Payment Agent Services”	the service provided or to be provided by Win Techno as payment agent to make payment of Usage Fees to the AWS Group for and on behalf of the end-customers who may not be able to make direct payment to the AWS Group due to certain technical or administrative restrictions;
“Provision of Financial Assistance”	the provision of financial assistance by virtue of providing Payment Agent Services pursuant to the Service Agreement I;
“Service Agreement I”	the service agreement for provision of Payment Agent Services entered into between Huobi Global (Seychelles) and Win Techno on 24 December 2019 together with the terms and conditions agreed by the parties and appended thereto;

“Service Agreement II”	the service agreement for provision of cloud-based software and database services entered into between Huobi Global (Seychelles) and Win Techno on 1 May 2019 and supplemented by a supplemental agreement dated 19 July 2019;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	holder(s) of the Share(s);
“Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Supplemental Agreement to Service Agreement I”	the agreement supplemental to the Service Agreement I dated 19 March 2020 entered into between Win Techno and Huobi Global (Seychelles);
“Usage Fees”	the usage fee incurred payable by Huobi Global (Seychelles) for using the AWS Services provided by AWS Group;
“Win Techno”	Win Techno Inc., a company incorporated in Japan with limited liability, which is a wholly-owned subsidiary of the Group; and
“%”	per cent.

By order of the Board  
**HUOBI TECHNOLOGY HOLDINGS LIMITED**  
**Lee Chris Curl**  
*Executive Director*

Hong Kong, 19 March 2020

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