
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution 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, together with the accompanying form of proxy to the purchaser or the transferee, or to the licensed securities dealer or registered institution in securities 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) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
SUPPLEMENTAL AGREEMENT TO SERVICE AGREEMENT I;
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
NEW SERVICE AGREEMENT;
AND
(3) 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 5 to 19 of this Circular. A letter from the Independent Board Committee is set out on pages 20 to 21 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 22 to 36 of this Circular.

A notice convening the EGM to be held at Room 1404-05, 14/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong on Tuesday, 14 April 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this Circular.

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.

24 March 2020

CONTENTS

| | <i>Page</i> |
|--|-------------|
| Definitions | 1 |
| Letter from the Board | 5 |
| Letter from the Independent Board Committee | 20 |
| Letter from Gram Capital | 22 |
| Appendix – General Information | I-1 |
| Notice of Extraordinary General Meeting | EGM-1 |

DEFINITIONS

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

| | |
|-------------------------------------|---|
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “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(s)” | 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 |
| “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 |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the 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 transactions contemplated thereunder |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

DEFINITIONS

| | |
|--|---|
| “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 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 Supplemental Agreement to Service Agreement I, the New Service Agreement, and the transactions 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 activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreement to Service Agreement I, the New Service Agreement and the revised caps contemplated thereunder |
| “Independent Shareholders” | the Shareholders who are not 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 transactions and revised 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 |
| “JPY” | Japanese Yen, the lawful currency of Japan |
| “Latest Practicable Date” | 19 March 2020, 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 Hong Kong Stock Exchange |

DEFINITIONS

| | |
|---|---|
| “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) |
| “Share(s)” | ordinary share(s) of HK\$0.001 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiaries” | has the meaning ascribed to it under the Listing Rules |
| “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 |

DEFINITIONS

| | |
|--------------|--|
| “Win Techno” | Win Techno Inc., a company incorporated in Japan with limited liability, which is a wholly-owned subsidiary of the Group |
| “%” | 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 Directors

Mr. Li Lin *(Chairman and Chief Executive Officer)*

Mr. Lee Chris Curl *(Chief Financial Officer)*

Mr. Lan Jianzhong

Independent Non-executive Directors

Mr. Duan Xiongfei

Mr. Yip Wai Ming

Mr. Ngai Matthew Cheuk Yin

*Head Office and Principal Place of
Business in Hong Kong:*

Room 1404–05

14/F, Nan Fung Tower

88 Connaught Road Central

Hong Kong

Registered Office:

3rd Floor, J&C Building

PO Box 362

Road Town, Tortola

BVI VG1110

24 March, 2020

To the Shareholders,

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
SUPPLEMENTAL AGREEMENT TO SERVICE AGREEMENT I;
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
NEW SERVICE AGREEMENT;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 March 2020 in relation to the continuing connected transactions and revised caps contemplated under the (i) Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement.

LETTER FROM THE BOARD

Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to (i) the Supplemental Agreement to Service Agreement I, (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder at the EGM.

The purposes of this Circular are to provide you with (1) a letter from the Board containing further details of (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the (i) the Supplemental Agreement to Service Agreement I, (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder; (3) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the (i) the Supplemental Agreement to Service Agreement I, (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder; (4) notice of convening the EGM; and (5) other information as required under the Listing Rules.

I. THE SUPPLEMENTAL AGREEMENT TO SERVICE AGREEMENT I

Background

Reference is made to the announcement of the Company dated 24 December 2019 in relation to, among others, the Provision of Financial Assistance regarding the 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).

As disclosed in the above announcement of the Company dated 24 December 2019, the Provision of the Financial Assistance by Win Techno to Huobi Global (Seychelles) by virtue of the Payment Agent Services as contemplated in the Service Agreement I constitutes continuing connected transactions of the Company, which is exempt from the independent Shareholders' approval requirement but is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

On 19 March 2020, Win Techno and Huobi Global (Seychelles) entered into the Supplemental Agreement to 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.

As the highest applicable percentage ratio (where applicable) in respect of the revised cap under the Supplemental Agreement to Service Agreement I exceeds 5%, accordingly the Supplemental Agreement to Service Agreement I, in particular, the revised cap contemplated thereunder is subject to the Independent Shareholders' approval. The purpose of this Circular is to provide you with detailed information about the Supplemental Agreement to Service Agreement I.

LETTER FROM THE BOARD

Major Terms of the Supplemental Agreement to Service Agreement I

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

Date

19 March 2020 (after trading hours)

Parties

- (i) Win Techno; and
- (ii) Huobi Global (Seychelles)

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 cap contemplated thereunder.

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 Services 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).

LETTER FROM THE BOARD

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 to Huobi Global (Seychelles) 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.

Capped Maximum Financial Assistance Amount

Huobi Global (Seychelles) undertakes that the Usage Fees per month and hence the maximum financial assistance amount ("**Maximum Financial Assistance Amount**") during the term of the Supplemental Agreement to Service Agreement I will be capped at HK\$30 million.

Revision of 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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) 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:

| Period | Maximum Financial Assistance Amount |
|------------------------------------|--|
| 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 (including the independent non-executive Directors after taking into account the advice of 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 the Supplemental Agreement to Service Agreement I.

LETTER FROM THE BOARD

Reasons 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 the 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 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 commission 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. Hence, the terms of the Supplemental Agreement to Service Agreement I will be more favorable or no less favorable than those available to Independent Third Parties under prevailing local market conditions.

The Directors (including the independent non-executive Directors after taking into account the advice of Gram Capital) are of the view that the terms of the 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 favourable 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.

II. THE NEW SERVICE AGREEMENT

Background

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 the 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.

LETTER FROM THE BOARD

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.

As the highest applicable percentage ratio (where applicable) in respect of the revised annual cap under the New Service Agreement exceeds 5%, accordingly the New Service Agreement and the revised annual cap contemplated thereunder are subject to Independent Shareholders' approval. The purpose of this Circular is to provide you with detailed information about the New Service Agreement.

Major Terms of the New Service Agreement

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)

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 revised annual caps contemplated thereunder.

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 service provided by Win Techno under the New Service Agreement

LETTER FROM THE BOARD

is 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 is the service of payment of money for and on behalf of other party.

Service Fees and Pricing Basis

In consideration of the services to be provided by Win Techno under the New Service Agreement, Huobi Global (Seychelles) shall pay to Win Techno an annual service fee of JPY 267.6 million payable by way of a monthly service fee of JPY 22.3 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 cost plus 15% premium basis. In determining the pricing of the above service 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); (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); 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).

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 reflects 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 no less favorable than those available to Independent Third Party customers.

LETTER FROM THE BOARD

Please also refer to the paragraph headed “V. Pricing and Internal Control Policies for the Group” below.

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:

| Period | 30 Jul 2019 to 30 Sep 2019 | 1 Oct 2019 to 30 Apr 2020 |
|--|--|--|
| Transaction Amount/ Annual Caps* (Note) | 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 amounts to be provided.

Proposed Revised Annual Caps

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

| Period | 1 October 2019 to 30 Sep 2020 | 1 Oct 2020 to 30 Apr 2021 |
|---------------------------|--|--|
| Transaction Amount | JPY230,500,000 (equivalent to approximately HK\$16,135,000) | JPY156,100,000 (equivalent to approximately HK\$10,927,000) (Note) |

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).

LETTER FROM THE BOARD

Basis of the Proposed Annual Caps

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.

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 of 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 (including the independent non-executive Directors after taking into account the advice of 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.

III. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 of 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 also (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 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 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.

LETTER FROM THE BOARD

IV. 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.

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) 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 a 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 customised 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 of the Company will also conduct periodic market research by (i) obtaining market pricing information from public sources including established websites and websites of companies engaging in similar business, and (ii) obtaining price quotations from other database services supplier for similar services provided (if such are available in the

LETTER FROM THE BOARD

market), to ensure that the service fees charged by the 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 (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 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.

VI. BOARD'S APPROVAL

Save for Mr. Li, the connected Director; all of the Directors have confirmed that none of them has any material interest in (i) the Supplemental Agreement to Service Agreement I or (ii) the New Service Agreement. Since Mr. Li is the controlling shareholder of Huobi Global (Seychelles), Mr. Li is deemed to have material interests in and is required to abstain from voting at the meeting of the Board to approve (i) the Supplemental Agreement to Service Agreement I, and (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder.

Save as the above, none of other Directors is required to abstain from voting at the meeting of the Board to approve (i) the Supplemental Agreement to Service Agreement I, and (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder.

LETTER FROM THE BOARD

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 Tuesday, 14 April 2020 at 11:00 a.m. for the purpose of considering, and if thought fit, approving (i) the Supplemental Agreement to Service Agreement I, (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder.

No Shareholder (other than Mr. Li and his associates) has material interest in (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement, and is required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-2 of this Circular. The resolutions in relation to the transactions and revised caps contemplated under (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement 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.

Huobi Global Limited, a company indirectly controlled held by Mr. Li, holding approximately 74.26% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting at EGM on the resolutions relating to (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement, and the transactions and revised caps contemplated thereunder.

VIII. RECOMMENDATION

The Board (including the Independent Board Committee having taken into account the advice of Gram Capital) considers that (i) the Supplemental Agreement to Service Agreement I, and (ii) the New Service Agreement and the transactions and revised caps contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable or more favourable to the Group than those of 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 resolutions to be proposed at the EGM to approve (i) the Supplemental Agreement to Service Agreement I, and (ii) the New Service Agreement and the transactions and revised 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, 7 April 2020 to Tuesday, 14 April 2020, 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, 6 April 2020.

LETTER FROM THE BOARD

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 Appendix to this Circular.

Yours faithfully,

By order of the Board

HUOBI TECHNOLOGY HOLDINGS LIMITED

Lee Chris Curl

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

24 March 2020

To the Independent Shareholders

Dear Sir or Madam,

**(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**

We refer to the Circular of the Company dated 24 March 2020 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the transactions and revised caps under (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement, details of which are set out in the “Letter from the Board” to the Circular, of which this letter forms a part.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have reviewed the terms of (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement which we are of view that such terms are principally in line with market practices, and also taken into account the advice of Gram Capital in relation thereto as set out on pages 22 to 36 of the Circular, we consider that (i) the Supplemental Agreement to Service Agreement I, and (ii) the New Service Agreement and the transactions and revised caps contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms, in the ordinary and usual course of business and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the transactions and revised caps under (i) the Supplemental Agreement to Service Agreement I and (ii) the New Service Agreement.

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

24 March 2020

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

Dear Sirs,

**(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**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of Provision of Financial Assistance by Win Techno to Huobi Global (Seychelles) and the provision of cloud-based software and database services by Win Techno to Huobi Global (Seychelles) (the “**Data Centre Services**”, and together with the Provision of Financial Assistance, the “**CCTs**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 24 March 2020 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.

Pursuant to the Service Agreement I, 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), from 24 December 2019 to 23 December 2022. On 19 March 2020, Win Techno and Huobi Global (Seychelles) entered into the Supplemental Agreement to 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 Effective Date to 23 December 2022 from HK\$15 million to HK\$30 million (the “**Financial Assistance Caps**”). Save for the said revision of the annual cap, all the other terms of the Service Agreement I remain the same.

LETTER FROM GRAM CAPITAL

Pursuant to the Service Agreement II, Win Techno provides the Data Centre Services to Huobi Global (Seychelles) for a term up to 30 April 2020. In view of the growing demand for cloud-based software and database services, and higher costs of database related services, on 19 March 2020, Huobi Global (Seychelles) and Win Techno entered into the New Service Agreement, pursuant to which the parties have agreed, inter alia, to continue provision of the Data Centre Services for the term commencing on 1 May 2020 to 30 April 2021 with increased annual caps (the “**Data Centre Services Caps**”).

With reference to the Board Letter, the CCTs constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Provision of Financial Assistance also constitutes discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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 was 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.

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.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in 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.

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, Win Techno, Huobi Global (Seychelles) or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the CCTs. 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.

With reference to the 2019 Annual Report, the Group acquired Win Techno, a company which provides data centre and cloud-based services in July 2019. The Group wishes to provide 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 payment agent.

LETTER FROM GRAM CAPITAL

Set out below is a summary of the audited consolidated financial information on the Group for each of the two years ended 30 September 2019 as extracted from the Company's annual report for the year ended 30 September 2019 (the "2019 Annual Report"):

| | For the year ended 30 September 2019 | For the year ended 30 September 2018 | Year on year change |
|--|---|---|--------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>%</i> |
| Revenue | 312,341 | 345,411 | (9.57) |
| – Sales of solenoid coils | 162,143 | 172,360 | (5.93) |
| – Sales of power tool chargers | 39,442 | 49,058 | (19.60) |
| – Sales of printed circuit board assembly | 49,153 | 46,871 | 4.87 |
| – Sales of parts assembly | 27,349 | 38,987 | (29.85) |
| – Sales of others | 31,788 | 38,135 | (16.64) |
| – Provision of data centre services | 2,461 | <i>Nil</i> | <i>N/A</i> |
| – Provision of cloud services | 5 | <i>Nil</i> | <i>N/A</i> |
| Gross profit | 57,815 | 56,641 | 2.07 |
| (Loss)/profit for the year | (6,076) | 6,591 | N/A |
| | As at 30 September 2019 | As at 30 September 2018 | Year-on-year change |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>%</i> |
| Cash and bank balances | 474,683 | 205,995 | 130.43 |
| Net assets | 146,745 | 134,887 | 8.79 |

As shown in the table above, the Group recorded revenue of approximately HK\$312.3 million for the year ended 30 September 2019 ("FY2019"), representing a decrease of approximately 9.57% as compared to that for the year ended 30 September 2018 ("FY2018"). With reference to the 2019 Annual Report, the said revenue decrease was primarily due to the weakening of trading conditions across the geographical and customer base of the Group's power-related and electrical/electronic products business. In addition, the Group recorded net loss of approximately HK\$6.1 million for FY2019, as compared to net profit of approximately HK\$6.6 million for FY2018. With reference to the 2019 Annual Report and as advised by the Directors, such loss was primarily due to increase in administrative expenses from FY2018 to FY2019 and a one-off tax expense of approximately HK\$6.9 million from the one-time transfer of land use right and certain buildings from a PRC wholly-owned subsidiary to another as part of an internal restructuring/reorganisation of the Group during FY2019.

LETTER FROM GRAM CAPITAL

As at 30 September 2019, the Group had cash and bank balances and net assets of approximately HK\$474.7 million and HK\$146.7 million respectively.

With reference to the 2019 Annual Report, the Group expects its new technology solutions business to grow continuously, establish long-term cooperation with global blockchain and virtual assets practitioners, and provide high-quality technical services, including cloud and data centre services.

Information on Huobi Global (Seychelles)

With reference to the Board Letter, Huobi Global (Seychelles) is a company incorporated in Seychelles and is indirectly controlled by Mr. Li. The major businesses of Huobi Global Limited (Seychelles) include (but without limitation) the operation of a leading global digital asset trading platform. Huobi Global (Seychelles) is a connected person of the Company.

Reasons for and benefits for the CCTs

Provision of Financial Assistance

With reference to the Board Letter, in light of the increasing demand on the 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 Effective Date to 23 December 2022.

As Win Techno will receive commission 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 under 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 a more favourable rate of the commission to be received from the AWS Group.

With reference to the Board Letter, the average monthly Usage Fees incurred by Huobi Global (Seychelles) was approximately HK\$18 million in December 2019 and January 2020 (for avoidance of doubt, Win Techno did not pay the said Usage Fees to AWS Group for and on behalf of Huobi Global (Seychelles)). Accordingly, the Original Maximum Financial Assistance Amount is not sufficient for the provision of Payment Agent Services to Huobi Global (Seychelles).

LETTER FROM GRAM CAPITAL

Having also considered that:

- (i) Win Techno also provides Payment Agent Services to Independent Third Parties;
- (ii) although Win Techno does not charge service fee or interest for the Payment Agent Services, Win Techno can receive commission from AWS Group for participating in the AWS partner network and providing the Payment Agent Services to end-customers;
- (iii) the risk of Huobi Global (Seychelles)'s failure to pay Win Techno for the Payment Agent Services is balanced by the Default Interest (as defined and elaborated below); and
- (iv) the revised Financial Assistance Caps enable Win Techno to earn more commission from AWS Group under the Payment Agent Services,

we concur with the Directors that the Provision of Financial Assistance and entering into the Supplemental Agreement to Service Agreement I 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.

Data Centre Services

With reference to the Board Letter, the Directors have been carefully monitoring the historical transaction amounts of and the estimated demand of Huobi Global (Seychelles) for the provision of the Data Centre Services by Win Techno. As Win Techno's database infrastructure is under construction 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, which will result in an increase of 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.

LETTER FROM GRAM CAPITAL

Having considered that:

- (i) Provision of data centre services and cloud services is one of the Group's principal businesses; and
- (ii) The revised Data Centre Services Caps enable Win Techno to receive more service fees for providing the Data Centre Services,

we concur with the Directors that the Data Centre Services and entering into the New Service Agreement 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

Supplemental Agreement to Service Agreement I

The tables below summarise the major terms of the Supplemental Agreement to Service Agreement I:

| | |
|-----------------|--|
| Date: | 19 March 2020 |
| Parties: | (i) Win Techno; and (ii) Huobi Global (Seychelles) |
| Term: | The period commencing from the Effective Date to 23 December 2022. |

Payment Agent Services and capped monthly Usage Fees

Pursuant to the Service Agreement I and the Supplemental Agreement to Service Agreement I, Win Techno plays 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 the Payment Agent Services to Huobi Global (Seychelles) as aforesaid, Win Techno is providing financial assistance to Huobi Global (Seychelles).

LETTER FROM GRAM CAPITAL

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 the 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 (the “**Default Interest**”).

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.

Huobi Global (Seychelles) undertakes that the Usage Fees per month and hence the Maximum Financial Assistance Amount during the term of the Supplemental Agreement to Service Agreement I will be capped at HK\$30 million.

For our due diligence purpose, we obtained transaction documents between Win Techno and the AWS Group in relation to the Payment Agent Services provided by Win Techno to Huobi Global (Seychelles) and Independent Third Parties respectively. We noted from the aforesaid documents that Win Techno is entitled to higher commission rate (offered by the AWS Group) for providing the Payment Agent Services to Huobi Global (Seychelles) than providing the Payment Agent Services to Independent Third Parties.

The Directors advised us that the Default Interest of 14.6% applied to all Win Techno’s customers (including Independent Third Parties). We also obtained account opening forms of Win Techno’s Independent Third Party customers which indicated that the Default Interest being charged is 14.6%.

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.

Financial Assistance Caps

With reference to the Board Letter, prior to the entering into of the Supplemental Agreement to Service Agreement I, it was anticipated by the parties thereto that the maximum Usage Fee to be incurred per month would be HK\$15 million (i.e. the Original Maximum Financial Assistance Amount).

Nevertheless, historical records showed that the average monthly Usage Fees actually incurred in December 2019 and January 2020 amounted to approximately HK\$18 million (for avoidance of doubt, Win Techno did not pay the said Usage Fees to AWS Group for and on behalf of Huobi Global (Seychelles) as the Original Maximum Financial Assistance Amount was not sufficient to cover the said Usage Fees).

LETTER FROM GRAM CAPITAL

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, Win Techno and Huobi Global (Seychelles) 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) 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:

| Period | Maximum Financial Assistance Amount |
|------------------------------------|--|
| 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 |

With reference to the Board Letter, the Financial Assistance Caps were determined principally by reference to:

- (i) the Original Maximum Financial Assistance Amount of HK\$15 million, details of which are disclosed in the Company's announcement 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.

We noted from the 2019 Annual Report that as at 30 September 2019, the Group had cash and bank balances of approximately HK\$474.7 million, which is significantly higher than the revised Financial Assistance Caps. We consider that the Group will have sufficient internal resources to conduct the Provision of Financial Assistance at maximum amount of HK\$30 million.

Upon our request, the Company provided us the record on historical monthly Usage Fees incurred by Huobi Global (Seychelles) for the period from October 2019 to January 2020. We noted that the historical monthly Usage Fees incurred by Huobi Global (Seychelles) was approximately HK\$13 million, HK\$14 million, HK\$17 million and HK\$18 million respectively in October, November, December 2019 and January 2020 respectively, which formed an increasing trend.

LETTER FROM GRAM CAPITAL

According to the website of Huobi Global (Seychelles) (<https://www.huobigroup.com/>), Huobi Group is a leading company in blockchain industry and has expanded into areas including public chain, digital assets trading and wallet. Huobi Global (Seychelles) uses AWS Services (a cloud platform offering services from data centres globally) for its business activities and incurs Usage Fees from using the AWS Services.

Based on our research over the internet, we noted that

- (i) The virtual currency trading volume on the Huobi Global (Seychelles)'s exchange was approximately US\$0.5 billion on 1 January 2019, approximately US\$9.5 billion on 30 June 2019, approximately US\$5.8 billion on 28 December 2019 and approximately US\$9.4 billion on 19 March 2020 as quoted on Feixiaohao (a PRC platform which focuses on blockchain data and information).
- (ii) The Bitcoin trading volume was approximately US\$4.3 billion on 1 January 2019, approximately US\$27.3 billion on 30 June 2019, approximately US\$21.4 billion on 28 December 2019 and approximately US\$51.0 billion on 19 March 2020 as quoted on Yahoo Finance.

The above statistics demonstrate the potential growth of the digital assets trading industry.

Having considered (i) the growth on historical monthly Usage Fees incurred by Huobi Global (Seychelles) in October, November, December 2019 and January 2020; and (ii) the statistics as set out above, we are of the view that the Financial Assistance Caps for each of the period (i.e. HK\$30,000,000) from the Effective Date to 23 December 2022 to be fair and reasonable.

Having considered the commission arrangement for the Payment Agent Services and the Financial Assistance Caps for the period from the Effective Date to 23 December 2022 as aforementioned, we are of the view that the terms of the Provision of Financial Assistance and entering into the Supplemental Agreement to Service Agreement I are on normal commercial terms and are fair and reasonable.

New Service Agreement

The tables below summarise the major terms of the New Service Agreement:

- Date:** 19 March 2020
- Parties:** (i) Win Techno; and
- (ii) Huobi Global (Seychelles)

LETTER FROM GRAM CAPITAL

Subject matter: 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 (i.e. the Data Centre Services) provided by Win Techno to Huobi Global (Seychelles) under the New Service Agreement are customized services in relation to data storage and server maintenance services.

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

Service fees and pricing basis

With reference to the Board Letter, in consideration of the services to be provided by Win Techno under the New Service Agreement, Huobi Global (Seychelles) shall pay to Win Techno a monthly service fee of JPY22.3 million (the “**New Monthly Fee**”) (equivalent to an annual service fee of JPY267.6 million).

The monthly service fee is determined with reference to the average annual fee payable under the New Service Agreement, which is determined on a cost plus 15% premium basis (the “**Premium**”). 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 different local websites (the “**Websites**”).

With reference to market pricing information obtained from the 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 reflects the value of the customized service provided by Win Techno to Huobi Global (Seychelles).

The 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 no less favourable than those available to Independent Third Party customers.

LETTER FROM GRAM CAPITAL

Upon our enquiry, the Directors advised us that (i) up to the date of the New Service Agreement, Win Techno did not provide the Data Centre Services to Independent Third Party customers; and (ii) according to the market pricing information obtained by the Company from 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); (b) a website providing system company comparison, operated by 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); and (c) a website of a company which produces and develops WEB systems and portal sites and maintain applications for various industries for more than 10 years in Japan (www.selva-i.co.jp), annual server maintenance costs are around 10% to 20% of the cost of server building (such maintenance can be conducted in-house or outsourced). We also noted the above information from the Websites. Accordingly, Win Techno determined a cost plus 15% Premium basis for the monthly service fee in respect of the Data Centre Services.

Upon our enquiry, the Directors advised us that the aforesaid cost plus pricing basis takes into account operating costs. For the purpose of assessing the fairness and reasonableness of the New Monthly Fee, we attempted to (i) search for companies listed in Hong Kong which are engaged in database storage and maintenance services, and derived over 50% of their revenue from such business based on their respective latest published financial information; and (ii) observe their operating profit margin for comparison. Nevertheless, we could not identify any Hong Kong listed company which meets the said criteria. Accordingly, we extended our research and identified a company listed in Japan, namely, Sockets Inc. (stock code: JP3634) which engages in developing and offering services, applications, and database for internet platforms. We noted that the average operating profit margin of Sockets Inc. was approximately 4% for the three financial years ended 31 March 2019, which is lower than the Premium of 15%. Having also taken into account the information we observed from the Websites as mentioned above, we consider the Premium of 15% to be justifiable.

With reference to the Board Letter, as part of the Company's adopted 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: 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 customised 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 of the Company will also conduct periodic market research (the "**Periodic Market Research**") by (i) obtaining market pricing information from public sources including established websites and websites of companies engaging in similar business, and (ii) obtaining price quotations from

LETTER FROM GRAM CAPITAL

other database services supplier for similar services provided (if such are available in the market), to ensure that the service fees charged by the 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.

As mentioned above, 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 (if any). In order words, the Premium charged to Huobi Global (Seychelles) will not be less than those charged to Independent Third Parties (if any).

Having also taken into account the Periodic Market Research to be conducted by the Company's business department, we consider that the effective implementation of the aforesaid internal control would help to ensure fair pricing of the Data Centre Services.

In light of the above, we consider the above pricing basis for New Monthly Fee to be fair and reasonable.

Data Centre Services Caps

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:

| | 30 July 2019 to 30 September 2019 | 1 October 2019 to 30 April 2020 |
|--------------------|--|--|
| Transaction amount | JPY34 million (Note 1) | JPY119 million (Notes 1 & 2) |

Notes:

1. The transaction amount equals to the annual caps as a fixed monthly fee is charged under the Service Agreement II.
2. This is the expected amounts as a fixed monthly fee is charged under the Service Agreement II.

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

| | 1 October 2019 to 30 September 2020 | 1 October 2020 to 30 April 2021 |
|-------------|--|--|
| Annual caps | JPY230.5 million | JPY156.1 million |

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the proposed annual caps of 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.

As abovementioned, given that Win Techno's database infrastructure is under construction and more database related services will be provided by Win Techno, the costs of providing these services are expected to increase.

For our due diligence purpose, we obtained the calculation of the monthly service fee under the Service Agreement II and the New Service Agreement respectively and noted that additional items and costs were incorporated under the monthly service fee for the New Service Agreement. The New Monthly Fee of JPY22.3 million was determined after taking into account premium of approximately 15% on cost.

The Data Centre Services Cap of JPY230.5 million for the period from 1 October 2019 to 30 September 2020 is the sum of (i) original monthly service fee of JPY17 million for 7 months (i.e. for 1 October 2019 to 30 April 2020, JPY119 million); and (ii) the new monthly service fee of JPY22.3 million for 5 months (i.e. for 1 May 2020 to 30 September 2020, JPY111.5 million).

The Data Centre Services Cap of JPY156.1 million for the period from 1 October 2020 to 30 April 2021 is the new monthly service fee of JPY22.3 million for 7 months.

Having considered the above basis for determining the Data Centre Services Caps and our above assessments, we are of the view that the Data Centre Services Caps for the period from 1 October 2019 to 30 April 2021 are fair and reasonable.

Having considered the pricing of the Data Centre Services and the Data Centre Services Caps for the period from 1 October 2019 to 30 April 2021 as aforementioned, we are of the view that the terms of the Data Centre Services and entering into the New Service Agreement 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 respective annual caps for the period concerned under respective 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 respective Financial Assistance Caps and Data Centre Services Caps. In the event that the total amounts of the CCTs exceed the respective Financial Assistance Caps and Data Centre Services Caps, or that there is any material amendment to the terms of the Service Agreement I, the Supplemental Agreement to Service Agreement I or the New Service Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

In addition, the Directors confirmed that although the Data Centre Services 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 Data Centre Services to Huobi Global (Seychelles).

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 resolution in this regard.

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

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 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 Directors | Capacity | Number of shares interested (L) <i>Note (1)</i> | Approximate Percentage |
|---|---------------------------------------|--|---------------------------|
| Mr. Li Lin (“ Mr. Li ”) <i>(Note 2)</i> | Interest of controlled corporation | 226,855,269 | 74.26% |
| Mr. Lee Chris Curl <i>(Note 3)</i> | Beneficial owner | 2,700,000 | 0.88% |
| Mr. Lan Jianzhong <i>(Note 4)</i> | Beneficial owner | 600,000 | 0.20% |

Notes:

- The letter “L” denotes the person’s long position in the shares.
- Huobi Capital and Huobi Universal hold 30% and 70% interests, respectively, in the total issued shares of Huobi Global. Techwealth holds 58.44% interest in the total issued shares of Huobi Universal and Mr. Li holds 89.09% interest in the total issued shares of Techwealth and 100% interest in the total issued shares of Huobi Capital, respectively. Therefore, each of Huobi Capital, Huobi Universal, Techwealth and Mr. Li is deemed to be interested in the shares held by Huobi Global for the purpose of Part XV of the SFO.
- Pursuant to the share option scheme adopted by the Company on 27 October 2016, Mr. Lee Chris Curl is deemed to be interested in 2,700,000 shares as 2,700,000 share options have been granted to him on 3 April 2019, as at the Latest Practicable Date, none of these share options has been exercised.
- Pursuant to the share option scheme adopted by the Company on 27 October 2016, Mr. Lan Jianzhong is deemed to be interested in 600,000 shares as 600,000 share options have been granted to him on 3 April 2019, as at the Latest Practicable Date, none of these share options has been exercised.

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 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 Directors | Capacity | Number of shares interested (L) <i>Note (1)</i> | Approximate Percentage |
|--|------------------------------------|--|------------------------|
| Huobi Global Limited ("Huobi Global") | Beneficial owner | 226,855,269 | 74.26% |
| Mr. Li Lin ("Mr. Li") <i>(Note 2)</i> | Interest of controlled corporation | 226,855,269 | 74.26% |
| Huobi Capital Inc. ("Huobi Capital") <i>(Note 2)</i> | Interest of controlled corporation | 226,855,269 | 74.26% |
| Huobi Universal Inc. ("Huobi Universal") <i>(Note 2)</i> | Interest of controlled corporation | 226,855,269 | 74.26% |
| Techwealth Limited ("Techwealth") <i>(Note 2)</i> | Interest of controlled corporation | 226,855,269 | 74.26% |

Notes:

- The letter "L" denotes the person's long position in the shares.
- Huobi Capital and Huobi Universal respectively hold 30% and 70% interests in the total issued shares of Huobi Global. Techwealth holds 58.44% interests in the total issued shares of Huobi Universal, and Mr. Li holds 89.09% interests in the total issued shares of Techwealth and 100% interests in the total issued shares of Huobi Capital respectively. Therefore, each of Huobi Capital, Huobi Universal, Techwealth and Mr. Li is deemed to be interested in the shares held by Huobi Global for the purpose of Part XV of the SFO.

Saved as disclosed above, as at 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 that 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 is no material adverse change in the financial or trading position or outlook of the Group since 30 September 2019, 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 2019 (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 is 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 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 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 does not have any interest in any assets which have been since 30 September 2019 (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 joint company secretaries of the Company are Mr. Lee Chris Curl and Mr. Ng Gilbert Man Him.
- (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) the Supplemental Agreement to Service Agreement I;
- (b) the New Service Agreement;
- (c) Service Agreement I;
- (d) Service Agreement II;
- (e) the memorandum and articles of association of the Company;
- (f) the annual reports of the Company for the three financial years ended 30 September 2017, 2018 and 2019, respectively;
- (g) the letter from Board, the text of which is set out in this Circular;
- (h) the letter from the Independent Board Committee, the text of which is set out in this Circular;
- (i) the letter from Gram Capital, the text of which is set out in this Circular; and
- (j) the consent letter of Gram Capital 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 (the “**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 Tuesday, 14 April 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the agreement (the “**Supplemental Agreement to Service Agreement I**”) dated 19 March 2020 supplemental to the service agreement for the provision of Payment Agent Services entered into between Huobi Global Limited (“**Huobi Global (Seychelles)**”) and Win Techno Inc. (“**Win Techno**”), and the transactions and revised 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

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 Supplemental Agreement to Service Agreement I and the related proposed revised caps and the transactions contemplated thereunder or incidental to the Supplemental Agreement to Service Agreement I and the related proposed revised caps 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 Supplemental Agreement to Service Agreement I and are in the best interests of the Company.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT** the new service agreement (the “**New Service Agreement**”) dated 19 March 2020 for the provision of cloud-based software and database services entered into between Huobi Global (Seychelles) and Win Techno, and the transactions and revised 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

any Director 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 New Service Agreement and the related proposed revised caps and the transactions contemplated thereunder or incidental to the New Service Agreement and the related proposed revised caps 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 New Service Agreement and are in the best interests of the Company.”

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

Hong Kong, 24 March 2020

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint one or more 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.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised 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.
3. 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 holding the EGM or any adjournment thereof.
4. 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.
5. 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.

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