

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HUOBI TECHNOLOGY HOLDINGS LIMITED

火币科技控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 1611)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CUSTODIAL SERVICES AGREEMENTS

CUSTODIAL SERVICES AGREEMENTS

(1) The OF Custodial Service Agreement

On 14 July 2021 (after trading hours), Huobi Trust, an indirect wholly-owned subsidiary of the Company, and Orion Financial, entered into the OF Custodial Services Agreement, pursuant to which Orion Financial has agreed to appoint Huobi Trust as the custodian of the OF Assets. The OF Custodial Services Agreement is for a term commencing from the Commencement Date to 31 December 2021.

(2) The HB Custodial Service Agreement

On 14 July 2021 (after trading hours), Huobi Trust and HB Infinite entered into the HB Custodial Services Agreement, pursuant to which HB Infinite has agreed to appoint Huobi Trust as the custodian of the HB Assets for a term commencing from the Commencement Date to 31 December 2021.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Li is beneficially interested in approximately 57.98% of the issued shares of the Company and is therefore a controlling shareholder of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As Orion Financial and HB Infinite are, respectively, ultimately controlled by Mr. Li, Orion Financial and HB Infinite are, respectively, an associate of Mr. Li and therefore each a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, Huobi Trust is a wholly-owned subsidiary of the Company. Hence, the Custodial Services Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps of the transactions contemplated under the Agreements (on an aggregated basis) exceeds 0.1% but all of them are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

INTRODUCTION

(1) The OF Custodial Services Agreement

On 14 July 2021 (after trading hours), Huobi Trust, an indirect wholly-owned subsidiary of the Company, and Orion Financial, entered into the OF Custodial Services Agreement, pursuant to which Orion Financial has agreed to appoint Huobi Trust as the custodian of the OF Assets for a term commencing from the Commencement Date to 31 December 2021.

(2) The HB Custodial Services Agreement

On 14 July 2021 (after trading hours), Huobi Trust and HB Infinite entered into the HB Custodial Services Agreement, pursuant to which HB Infinite has agreed to appoint Huobi Trust as the custodian of the HB Assets for a term commencing from the Commencement Date to 31 December 2021.

PRINCIPAL TERMS OF THE CUSTODIAL SERVICES AGREEMENT

(1) The OF Custodial Services Agreement

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

Date: 14 July 2021 (after trading hours)

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

Term: The term commencing from the Commencement Date to 31 December 2021 (both days inclusive). Subject to compliance with the Listing Rules, the term of the OF Custodial Services Agreement may be renewed by the parties in writing.

Subject Matter:

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

Custodial Fee, Withdrawal Fee and Pricing Principles:

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

The Custodial Fee shall accrue daily on a tiered fee structure based on a percentage of the daily USDT value of the OF Assets held in the Custody Account and shall be paid quarterly in arrears.

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

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

The Custodial Fee and Withdrawal Fee standards were determined based on arm's length negotiations between the parties, taking into consideration factors including industry practice, regulatory requirements, market competition, customer demand, cost structure and service content, and their corresponding terms under the OF Custodial Services Agreement are no less favourable to Huobi Trust than those available to/from independent third parties.

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

Termination:

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

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

(2) The HB Custodial Services Agreement

Date: 14 July 2021 (after trading hours)

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

Save and except that HB Infinite shall be the client, the principal terms of the HB Custodial Services Agreement shall be substantially identical to that of the OF Custodial Services Agreement. Please refer to the above section for the principal terms of the HB Custodial Services Agreement *mutatis mutandis*.

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Annual Caps

Since Huobi Trust did not conduct any similar transactions with Orion Financial or HB Infinite prior to the Commencement Date, there is no historical transaction amount to be provided.

(1) *The OF Custodial Services Agreement*

The table below sets out the proposed annual caps of the total fees (including the Custodial Fee and Withdrawal Fee) charged by Huobi Trust under the OF Custodial Services Agreement for the periods as set out below:

Period(s)	From the Commencement Date to 30 September 2021 (both dates inclusive) (HK\$)	From 1 October 2021 to 31 December 2021* (both dates inclusive) (HK\$)
Maximum fees charged	4,000,000	4,000,000

(2) *The HB Custodial Services Agreement*

The table below sets out the proposed annual caps of the total fees (including the Custodial Fee and Withdrawal Fee) charged by Huobi Trust under the HB Custodial Services Agreement, respectively, for the periods as set out below:

Period(s)	From the Commencement Date to 30 September 2021 (both dates inclusive) (HK\$)	From 1 October 2021 to 31 December 2021* (both dates inclusive) (HK\$)
Maximum fees charged	2,000,000	2,000,000

**Note:* The annual caps were set for the financial year ending 30 September 2021 and the period from 1 October 2021 to 31 December 2021. The Company will set new caps to cover the period from 1 January 2022 onwards based on the Company's financial year-end date (i.e. 30 September) should the Company propose to continue the Custodial Services Agreements after expiry of the term.

Basis of Determination

In determining the above annual caps, the Directors have taken into account: (1) the pricing principles of total fees charged (including the Custodial Fee and Withdrawal Fee) as stated above; and (2) the projected value of the Assets deposited at the Custody Account during the term of the OF Custodial Services Agreement and the HB Custodial Services Agreement, respectively, as advised by Orion Financial and HB Infinite.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CUSTODIAL SERVICES AGREEMENTS

Reference is made to the Company's announcement dated 4 May 2021. Application has been made by Huobi Trust to be registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong), and was approved by the Registrar of Companies. A Certificate for Registration under the Trustee Ordinance was issued to Huobi Trust on 29 April 2021.

The Company considers that the Custodial Services Agreements provide an opportunity to strengthen the business of Huobi Trust in the market, by building up its customer base of institutional clients and management portfolio of funds of considerable sizes and bringing in additional earnings and to further diversify the Group's income source. As a result of the prospective development of Huobi Trust, the Group's income sources can be broadened, its scope of business diversified and its financial performance can be enhanced in the long run. The Directors further believe that the engagements secured under the Custodial Services Agreements will contribute to increasing competitiveness of Huobi Trust in the market, which the Directors consider to be essential to the future business growth of the Group in the area of trust company business.

The Board (including the independent non-executive Directors) is of the view that the transactions contemplated under the Custodial Services Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Custodial Services Agreements and the annual caps for the period from the Commencement Date to 30 September 2021 (both days inclusive) and the period from 1 October 2021 to 31 December 2021 (both days inclusive) thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, Mr. Li is beneficially interested in approximately 57.98% of the issued shares in the Company and is therefore a controlling shareholder of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As Orion Financial and HB Infinite are, respectively, ultimately controlled by Mr. Li, Orion Financial and HB Infinite are, respectively, an associate of Mr. Li and therefore each a connected person of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, Huobi Trust is a wholly-owned subsidiary of the Company. Hence, the Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the proposed annual caps of the transactions contemplated under the Agreements (on an aggregated basis) exceeds 0.1% but all of them are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

INFORMATION OF THE GROUP, HUOBI TRUST AND ORION FINANCIAL

The Group

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

Huobi Trust

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

Orion Financial

Orion Financial is principally engaged in accepting users to mortgage their Bitcoin or other crypto assets, and issue equivalent Ethereum ERC-20 tokens. The ultimate beneficial owner of Orion Financial is Mr. Li.

HB Infinite

HB Infinite is an investment holding company. The ultimate beneficial owner of HB Infinite is Mr. Li.

PRICING AND INTERNAL CONTROL POLICIES FOR THE GROUP

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

- (a) the finance division of the Company is responsible for closely monitoring the aggregated amount of fees receivable under the Agreements on a monthly basis to ensure that it does not exceed the proposed annual cap;
- (b) the internal audit department of the Company is responsible for reviewing and assessing the internal control procedures of the Group, including but not limited to the relevant information in relation to the Agreements on an annual basis. In addition, the internal audit department will prepare an internal control report and submit to the Board for review and approval;
- (c) the Company's external auditors will conduct an annual review on the pricing and annual caps of the continuing connected transactions under the Agreements; and
- (d) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions to ensure that (i) such transactions are conducted in the ordinary and usual course of business of the Group, (ii) and the internal control policies and measures are in place, and (iii) the terms and conditions under the Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company will facilitate the provision of necessary information to the independent non-executive Directors and the auditors for the purpose of such review.

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

DEFINITIONS

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

“Agreements”	Collectively, the OF Custodial Services Agreement and the HB Custodial Services Agreement, the SU Custodial Service Agreement and the SU Compliance Service Agreement;
“Assets”	collectively, the HB Assets and the OF Assets;
“associate”	has the meaning as ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business;
“Commencement Date”	14 July 2021 (or, in the case of the OF Custodial Service Agreement and the HB Custodial Service Agreement, any such later date as Orion Financial and Huobi Trust under the OF Custodial Service Agreement or Huobi Trust and HB Infinite under the HB Custodial Service Agreement (as the case may be) may agree);
“Company”	Huobi Technology Holdings Limited (火币科技控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1611);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“continuing connected transactions”	has the meaning ascribed thereto under the Listing Rules and collectively, the transactions contemplated under the Agreement;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;

“Custodial Fee”	the consideration payable for the custodial services under the Custodial Services Agreements, particulars of which are set out in the principal terms of the Custodial Services Agreements titled “Custodial Fees, Withdrawal Fees and Pricing Principles” in this announcement;
“Custodial Services Agreements”	collectively, the HB Custodial Services Agreement and the OF Custodial Services Agreement;
“Custody Account(s)”	the custody account(s) established for the receipt, safekeeping and maintenance of the Assets by Huobi Trust for and on behalf of the service recipients;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HB Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust on behalf of HB Infinite pursuant to the terms of the HB Custodial Services Agreement;
“HB Custodial Services Agreement”	the agreement entered into between Huobi Trust and HB Infinite on 14 July 2021, pursuant to which HB Infinite appointed Huobi Trust as its custodian to provide custodial services with respect to the HB Assets;
“HB Infinite”	HB Infinite Limited, a company incorporated in the British Virgin Islands, and a connected person of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Huobi Trust”	Huobi Trust Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“Huobi Trust Nevada”	Huobi Trust Company, a company incorporated in the State of Nevada, the United States of America, and an indirect wholly-owned subsidiary of the Company;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Mr. Li”	Mr. Li Lin, the chairman of the Board, an executive Director, the chief executive officer, and a controlling shareholder of the Company;
“OF Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust on behalf of Orion Financial pursuant to the terms of the OF Custodial Services Agreement;
“OF Custodial Services Agreement”	the agreement entered into between Huobi Trust and Orion Financial on 14 July 2021, pursuant to which Orion Financial appointed Huobi Trust as its custodian to provide custodial services with respect to the OF Assets;
“Orion Financial”	Orion Financial Technology Limited, a company incorporated in the British Virgin Islands, and a connected person of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Stable Universal”	Stable Universal Limited, a company incorporated in the British Virgin Islands, and a connect person of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“SU Assets”	any crypto asset, fiat currency, financial instrument or any type of other assets held from time to time by Huobi Trust Nevada on behalf of Stable Universal pursuant to the terms of the SU Custodial Services Agreement;
“SU Compliance Service Agreement”	the agreement entered into between Huobi Trust Nevada and Stable Universal on 26 January 2021 in relation to the compliance services, details of which are set out in the Company’s announcement dated 26 January 2021;

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

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

Hong Kong, 14 July 2021

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