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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)**

## **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF INTEREST IN A FUND**

### **THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that, on 21 February 2022, the Subscriber, a direct wholly-owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for approximately 14,980 Class A Shares attributable to the Segregated Portfolio, a segregated portfolio of the Fund Company, at a total subscription amount of US\$15 million (equivalent to approximately HK\$117 million) in cash.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription under the Subscription Agreement exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that, on 21 February 2022, the Subscriber a direct wholly-owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for approximately 14,980 Class A Shares attributable to the Segregated Portfolio, a segregated portfolio of the Fund Company, at a total subscription amount of US\$15 million (equivalent to approximately HK\$117 million) in cash.

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are summarised as follows:

### **Date**

21 February 2022

### **Parties**

- (1) Huobi Solutions Limited, a direct wholly-owned subsidiary of the Company, as the Subscriber; and
- (2) the Fund Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Fund Company and its ultimate beneficial owners are Independent Third Parties.

### **The subscription amount**

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for approximately 14,980 Class A Shares attributable to the Segregated Portfolio, a segregated portfolio of the Fund Company, at a total subscription amount of US\$15 million (equivalent to approximately HK\$117 million) in cash. The aforesaid subscription amount will be satisfied by the Group's internal resources.

The subscription amount was determined after arm's length negotiations between the parties with reference to, among other things, the terms of the Subscription Agreement, the prospects of the Segregated Portfolio, the financial resources available to the Group as well as the redemption mechanism of the Fund Company that allows the investor to redeem on every monthly Redemption Day after Lock-up Period. More particularly:

- (i) *as regards the prospects of the Segregated Portfolio*: The Segregated Portfolio shall be invested in the Top 50 Coins and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins. The Company views the prospects of the cryptocurrency industry with positivity, and therefore hopes to further invest in Top 50 Coins and virtual assets futures through a fund channel to enhance its financial returns. As one of the business segments of the Company involves crypto ecosystem (including asset management), investing in the Segregated Portfolio may create synergy effect for the Company's business. Further, with professional experts from the cryptocurrency mining industry being part of the management team of the Segregated Portfolio, the Company is confident in the prospects of the Segregated Portfolio;
- (ii) *as regards the financial resources available to the Group*: the Company has also taken into consideration the estimation and forecast of current and future cash flows of the Group; and
- (iii) *as regards the redemption mechanism of the Segregated Portfolio*: having considered the redemption mechanism of the Fund Company (details of which are set forth in the section headed "*Redemption*" in this announcement), the Company considers that the option to redeem at a price (unless otherwise determined by the directors of the Fund Company) equal to the net asset value per share of the relevant class on the relevant Redemption Day is a term beneficial to the Company and its Shareholders as a whole.

Taking into account the above factors, the Company considers US\$15 million (equivalent to approximately HK\$117 million) to be an appropriate subscription amount at this stage.

## Terms of the Segregated Portfolio

The key terms of the Segregated Portfolio, which are set out in the Supplement (which shall be read in conjunction with the Private Placement Memorandum), are as follows:

- Name of the Segregated Portfolio : Huobi Investment SPC – Huobi Multi Strategy Crypto Fund SP
- Investment objective and strategies : The primary investment objective of the Segregated Portfolio is to deliver superior, risk adjusted returns and to outperform passive allocations to the major cryptocurrencies from time to time.

The Investment Manager will seek to attain the investment objective of the Segregated Portfolio by adopting a multi-strategy approach which will include, without limitation, quantitative trading, arbitrage, technical analysis and fundamental analysis of directional market movements.

The Investment Manager generally expects the Segregated Portfolio to be invested in the Top 50 Coins and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins. The composition of the Segregated Portfolio may change from time to time, in exceptional circumstances or as the Investment Manager considers appropriate. In particular, up to 100% of the Portfolio's assets may be virtual assets (or interests in virtual assets).

The Segregated Portfolio reserves the right to use futures (including index futures), options, warrants, swaps and other derivative instruments either exchange-traded or over-the-counter traded and other techniques and instruments, for hedging purposes to cover market risk arising from price fluctuation and other risk exposures arising from its investments and for efficient portfolio management.

The Investment Manager does not expect to employ leverage on behalf of the Segregated Portfolio, other than leverage that is inherent in derivative instruments.

Participating Shares : Participating Share in respect of the Segregated Portfolio, being Class A Shares, are being offered under the terms of the Subscription Agreement, the Private Placement Memorandum and the Supplement. The Segregated Portfolio only offers one class of Participating Shares as at the date of the Supplement, being Class A Shares. In the future, the Segregated Portfolio may determine to offer additional classes of Participating Shares.

Distribution and reinvestment policy : It is not envisaged that any income or gains derived from investments will be distributed by way of dividend. Income and gains from investments in relation to the Class A Shares will be reinvested in the Segregated Portfolio.

Management : The directors of the Fund Company have overall responsibility for the management and administration of the Fund Company. However, in respect of the Segregated Portfolio, the directors of the Fund Company have delegated responsibility for making day-to-day investment decisions to the Investment Manager.

The Fund Company has entered into an Investment Management Agreement with the Investment Manager on behalf of the Segregated Portfolio, pursuant to which the Investment Manager has full discretionary power and authority to identify, evaluate, acquire, manage and realise the investments as well as to monitor the performance of the investments.

Investment Decision Factors : The Investment Manager will take into account different factors at different stages of its investment:

Stage 1: Due diligence on potential investments to ensure that each of the investments satisfy the investment mandate of the Segregated Portfolio, i.e. to deliver superior, risk adjusted returns and to outperform passive allocations to the major cryptocurrencies by mainly investing in the Top 50 Coins and virtual assets futures.

Stage 2: Periodic post-investment management measures to be conducted periodically by the Investment Manager including, among others, reviewing financial reports provided by the investments on a regular basis.

Management fee : The Fund Company will pay the Investment Manager a management fee, out of the assets of the Segregated Portfolio, equal to 1% per annum of the net asset value of the Segregated Portfolio (before accrual of unearned performance fees) as at the most recent valuation point on each Valuation Day. The management fee will accrue weekly in advance on each Valuation Day and will be paid on the last Valuation Day of each calendar month, adjusted for any subscriptions and redemptions during the month.

Performance fee : The Investment Manager is also entitled to receive a performance fee out of the assets of the Segregated Portfolio which shall be equivalent to 30% of the increase in the net asset value of each Class A Share above the performance benchmark during a particular performance period.

- Redemption : Subject to any suspension of redemption by the directors of the Fund Company, the lock-up period, the redemption fee and redemption gate (i.e. the discretion of the directors of the Fund Company to reduce the number of Class A Shares to be redeemed under specified circumstances) pursuant to the terms of the Subscription Agreement, the Private Placement Memorandum and the Supplement, Class A Shares may be redeemed at the option of their holders on any Redemption Day at the relevant redemption price equal to (unless otherwise determined by the directors of the Fund Company) the net asset value per share of the relevant class as at 00:00 (Coordinated Universal Time) on the relevant Redemption Day.
- Lock-up period : In respect of any Class A Shares, a period of six (6) months following the subscription day, during which any redemption will be subject to a redemption fee of 2% of the redemption price.
- Restriction on the transfer of Participating Shares : Participating Shares may not be transferred without the prior written consent of the directors of the Fund Company.
- Risk control measures to safeguard investors' interests : The Investment Manager will establish risk management policies and adopt the following operational mechanisms to manage and control risks related to the investments:
- In respect of market risk, the Investment Manager will follow guidelines containing pre-defined position sizing and stop loss mechanisms.
  - In respect of concentration risk, the Segregated Portfolio plans to diversify investments across the Top 50 Coins. Allocations to each cryptocurrency will be rebalanced on a monthly basis or at such other times as the Investment Manager considers appropriate.

- In respect of liquidity risk, the Investment Manager generally intends that a significant portion of the Portfolio's assets will be invested in the Top 50 Coins.
- The counterparty risk is expected to be relatively low given that the Investment Manager will only work with a few carefully selected virtual asset trading platforms whom the Investment Manager believes to be sizeable and legally compliant with proven track records.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The principal purpose of the Subscription is to diversify the investment portfolio of the Company with the aim of enhancing its profitability and return by utilising cash resources of the Company.

Having considered the investment objective of the Fund Company as well as the prospect of Segregated Portfolio and by leveraging the experience and skills of the Investment Manager, the Directors believe that the terms of the Subscription and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the shareholders of the Company as a whole.

## **INFORMATION OF THE GROUP AND THE SUBSCRIBER**

### **The Group and the Subscriber**

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

The Subscriber, a direct wholly-owned subsidiary of the Company, is an investment holding company.

## **INFORMATION OF THE FUND COMPANY AND THE SEGREGATED PORTFOLIO**

The Fund Company is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability on 4 September 2020. As at the date of this announcement, the Fund Company issued (i) 1 Management Share, representing 100% of the issued Management Shares, to Mr. Hong Wei LIANG, an Independent Third Party; and (ii) 532 Participating Shares, which represent 100% of the issued Participating Shares, to another Independent Third Party.

Following completion of the Subscription, the Participating Shares of the Fund Company in issue shall be held as to approximately 96.6% by the Subscriber and as to approximately 3.4% by the other Independent Third Party.

The Segregated Portfolio was launched on 29 March 2021. As at the date of this announcement, the portfolio of the Segregated Portfolio consists of cash and cryptocurrency assets acquired on the secondary market.

Based on the management accounts of the Segregated Portfolio, the net loss before and after taxation attributable to the Segregated Portfolio for the period from 29 March 2021 (being the date the Segregated Portfolio was launched) up to and including 31 December 2021 was US\$171,484 and US\$143,478 (equivalent to approximately HK\$1,337,572 and HK\$1,119,128) respectively.

As at 13 February 2022, the net asset value per Class A Share attributable to the Segregated Portfolio was US\$1,001.64 (equivalent to approximately HK\$7,812.79).

## **INFORMATION OF THE INVESTMENT MANAGER**

The Investment Manager is Huobi Asset Management (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong and licensed with the Securities and Futures Commission of Hong Kong to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. The Investment Manager is an indirect wholly-owned subsidiary of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription under the Subscription Agreement exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless otherwise defined, terms used herein shall have the following meaning:

“Board”	the board of Directors
“Class A Share(s)”	the class of Participating Share(s) designated as Class A Share(s)

“Company” or “Subscriber”	Huobi Technology Holdings Limited (火币科技控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1611)
“Director(s)”	the director(s) of the Company
“Fund Company”	Huobi Investment SPC, an exempted company incorporated with limited liability in Cayman Islands and registered as a segregated portfolio company under the laws of the Cayman Islands
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of and not connected with the Company and its connected persons (within the meaning of the Listing Rules)
“Investment Management Agreement”	the amended and restated investment management agreement dated 14 April 2021 entered into between the Investment Manager and the Fund Company in respect of the Segregated Portfolio dated on or about the same date of the Private Placement Memorandum
“Investment Manager”	Huobi Asset Management (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong and licensed with Securities and Futures Commission of Hong Kong to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Shares”	the voting, non-participating shares in the Fund Company of a par value of US\$1.00 each

“Participating Share(s)”	the participating, non-voting and redeemable share(s) of par value US\$0.0001 each in the capital of the Fund Company, attributable to the Segregated Portfolio
“Private Placement Memorandum”	the amended and restated private placement memorandum of the Fund Company dated December 2021 (as may be further amended or supplemented from time to time) setting out, among other things, the offer for subscription of Class A Shares in the capital of the Fund Company which shall be read in conjunction with the Supplement
“Redemption Day”	the last Valuation Day or such other day of each calendar month or any other day as may be determined by the directors of the Fund Company
“Segregated Portfolio”	Huobi Investment SPC – Huobi Multi-Strategy Crypto Fund SP, a segregated portfolio of the Fund Company
“Subscriber”	Huobi Solutions Limited, a company with limited liability incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company
“Subscription”	the subscription of approximately 14,980 Class A Shares by the Subscriber at a total subscription amount of US\$15 million (equivalent to approximately HK\$117 million) pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 21 February 2022 entered into between the Subscriber and the Fund Company in relation to the Subscription
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Supplement”	a supplement to the Private Placement Memorandum describing the offering terms of Class A Shares attributable to the Segregated Portfolio, as amended or supplemented from time to time, which also forms part of and should be read in conjunction with the Private Placement Memorandum
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Top 50 Coins”	the top 50 cryptocurrencies by liquidity, in accordance with major third party data aggregators or such other third party data aggregators as the Manager determines from time to time in its discretion
“US\$”	United State dollar, the lawful currency of United State of America
“Valuation Day”	each Monday or such other day as the directors of the Segregated Portfolio may determine in any particular case or generally
“%”	per cent

By order of the Board  
**HUOBI TECHNOLOGY HOLDINGS LIMITED**  
**Wu Shupeng**  
*Executive Director*

Hong Kong, 21 February 2022

*For the purpose of illustration only, amounts denominated in US\$ in this announcement are translated into HK\$ at the rate of US\$1 = HK\$7.80. This should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.*

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