

*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)**

#### **(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION – SUBSCRIPTION OF INTEREST IN NEW WORLD PIONEER MINING FUND 1 LPF;**

**AND**

#### **(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE DEEMED DISPOSAL OF INTEREST IN NEW WORLD PIONEER MINING FUND 1 LPF**

##### **BACKGROUND AND SUPPLEMENTAL INFORMATION**

Reference is made to the announcement of the Company dated 8 February 2022 in relation to the subscription of partnership interest in the Fund by the Company's direct wholly-owned subsidiary, Huobi Solutions Limited (the "**Announcement**").

It was disclosed in the Announcement that total subscription amount of US\$10 million for the Company Subscription was determined after arm's length negotiations between Huobi Solutions Limited and the General Partner (for itself and in its capacity as general partner for and on behalf of the Fund) with reference to, among others, (i) the prospects of the Fund; (ii) financial resources available to the Group; and (iii) the expected duration of the Fund. The Board wishes to provide the Shareholders and potential investors of the Company with supplemental information in relation to the basis on which the aforesaid total subscription amount was determined as set out in the section headed "Background and Supplemental Information" of this announcement

## **THE I3P SUBSCRIPTION**

In connection with the Fund but separate to the aforesaid subscription of the Fund by the Group, the Board has been informed that, on 4 March 2022, the I3P Subscriber (an Independent Third Party) entered into the I3P Subscription Agreement with the General Partner, pursuant to which the I3P Subscriber agreed to subscribe for partnership interest in the Fund in the total subscription amount of 10 million USDT (equivalent to approximately US\$10 million and approximately HK\$78 million).

Upon completion of the I3P Subscription, the partnership interest in the Fund will be held as to 50% by Huobi Solutions Limited and as to 50% by the I3P Subscriber, respectively.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Huobi Solutions Limited, a directly wholly-owned subsidiary of the Company, is the sole limited partner of the Fund. Upon completion of the I3P Subscription, the partnership interest in the Fund held by Huobi Solutions Limited will be reduced from 100% to 50%. Such dilution of the Company's partnership interest in the Fund will constitute a deemed disposal by the Company pursuant to Rule 14.29 of the Listing Rules.

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

## **BACKGROUND AND SUPPLEMENTAL INFORMATION**

Reference is made to the Announcement in relation to the subscription of partnership interest in the Fund by the Company's direct wholly-owned subsidiary, Huobi Solutions Limited.

It was disclosed in the Announcement that total subscription amount of US\$10 million for the Company Subscription was determined after arm's length negotiations between Huobi Solutions Limited and the General Partner (for itself and in its capacity as general partner for and on behalf of the Fund) with reference to, among others, (i) the prospects of the Fund; (ii) financial resources available to the Group; and (iii) the expected duration of the Fund. The Board wishes to provide the Shareholders and potential investors of the Company with the following supplemental information in relation to the basis on which the aforesaid total subscription amount was determined:

- (i) the prospects of the Fund: As disclosed in the Announcement, the Fund intends to invest in the cryptocurrency mining ecosystem by acquiring interests in companies that are engaged in cryptocurrency mining activities and companies that support or otherwise facilitate the cryptocurrency mining ecosystem. The Company views the prospects of the cryptocurrency mining ecosystem industry with positivity, and therefore hopes to further invest in this industry 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 Fund 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 Fund, the Company is confident in the prospects of the Fund;
- (ii) the funding needs of the Fund, as determined with reference to the experience of the General Partner and the investment size in respect of the potential Target Companies that the Fund is interested in investing in as at the date of the subscription agreement entered into between Huobi Solutions Limited and the General Partner (for itself and in its capacity as general partner for and on behalf of the Fund), together with the financial resources available to the Group, taking into consideration the estimation and forecast of current and future cash flows of the Group; and
- (iii) the expected duration of the Fund, which is a maximum of five years in aggregate, comprising an initial term of three years and may be extended by up to two consecutive periods of one year each at the discretion of the General Partner. The Group considers the Fund as a mid to long term investment. Taking into account the above factors, the Company considers US\$10 million to be an appropriate subscription amount at this stage.

## **THE I3P SUBSCRIPTION**

The Board has been informed that, on 4 March 2022, the I3P Subscriber (an Independent Third Party) entered into the I3P Subscription Agreement with the General Partner, pursuant to which the I3P Subscriber agreed to subscribe for partnership interest in the Fund in the total subscription amount of 10 million USDT (equivalent to approximately US\$10 million and approximately HK\$78 million).

## **THE I3P SUBSCRIPTION AGREEMENT**

The principal terms of the I3P Subscription Agreement are summarized as follows:

### **Date**

4 March 2022

### **Parties**

- 1) Chainup Technic Limited, an Independent Third Party, as the I3P Subscriber; and
- 2) the General Partner (for itself and in its capacity as general partner for and on behalf of the Fund).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the General Partner, the I3P Subscriber and their respective ultimate beneficial owners are Independent Third Parties.

### **Basis of determination of the I3P Subscriber's subscription amount**

Pursuant to the I3P Subscription Agreement, the I3P Subscriber agreed to subscribe for partnership interest in the Fund in the total subscription amount of 10 million USDT, exclusive of transaction costs.

The Company has been informed that such total subscription amount was determined after arm's length negotiations between the I3P Subscriber and the General Partner (for itself and in its capacity as general partner for and on behalf of the Fund) with reference to, among others, (i) the funding needs of the Fund as at the date of the I3P Subscription Agreement; and (ii) the expected duration of the Fund, more particularly:

- (i) as regards the funding needs of the Fund: the funding needs of the Fund as at the date of the I3P Subscription Agreement, as determined with reference to the experience of the General Partner and the investment size in respect of the potential Target Companies that the Fund is interested in investing in as at the date of the I3P Subscription Agreement, taking into consideration the current cash flows and investment capital of the Fund available to the Fund;

- (ii) as regards the expected duration of the Fund: the expected duration of the Fund is a maximum of five years in aggregate, comprising an initial term of three years and may be extended by up to two consecutive periods of one year each at the discretion of the General Partner. Such duration is normally considered a mid to long term investment.

Taking into account the above factors, 10 million USDT was considered to be an appropriate amount of additional capital to be injected into the Fund at this stage.

### **Principal terms of the Fund**

As disclosed in the section headed “Principal terms of the Fund” in the Announcement, set forth below are the principal terms of the Fund:

Name: New World Pioneer Mining Fund 1 LPF

General Partner: HB Venture Management Limited, a Hong Kong company with limited liability, the general partner of the Fund who has overall responsibility for the management, control and operation of the Fund’s affairs.

Investment Manager: Huobi Asset Management (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong and licensed by 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 responsible for, among other things, managing the acquisition, holding and realization of investments of the Fund on a discretionary basis, subject to the overall supervision of the General Partner and in line with the Fund’s overall investment strategy.

Investment objective and strategy of the Fund: The Fund is established for the purpose of making investments into the cryptocurrency mining ecosystem. The Fund intends to acquire, among others, interests in companies that are engaged in cryptocurrency mining activities and companies that support or otherwise facilitate the cryptocurrency mining ecosystem (“**Target Companies**”). The Fund may also acquire interests in mining equipment directly or indirectly through intermediate entities.

The Target Companies are expected to be primarily based in Hong Kong, the United States and Canada, however the Fund may invest in Target Companies located in other jurisdictions as the Investment Manager considers appropriate.

Cash that is held by the Fund may be invested in temporary investments, pending investment in portfolio investments, distribution to the limited partners or deployment for other purposes of the Fund. The Fund may also invest in a range of financial instruments, including futures and options, for the purpose of hedging.

The Fund aims to make investments that will generate income streams from mining activities or capital appreciation during the investment period of the Fund. Investments may be structured as equity interests, revenue sharing arrangements or other interests as the General Partner determines. The Fund's interests in the portfolio investments and temporary investments may be held directly or through one or more special purpose vehicles.

The investment strategy described is not intended to be exhaustive and is general in nature. By investing in the Fund, investors are relying on the discretionary judgment of the Investment Manager.

Investment management fee: Up to 2% per annum

Terms: Subject to early dissolution of the Fund, the term of the Fund will commence on the Initial Closing Date and end on the third anniversary of the Initial Closing Date, but may be extended by up to two consecutive periods of one each at the discretion of the General Partner; and any further extension thereof will require the approval of the General Partner and at least a majority in interest in the Fund.

Investment Period: The investment period of the Fund will begin on the Initial Closing Date and will end on the second anniversary of the Initial Closing Date.

Distributions:

Proceeds from the disposal of divested property which are available for distribution and are not retained for reserves or for the Fund's reinvestment are generally expected to be distributed to the Fund's limited partners on a quarterly basis or at such other times as the General Partner determines in its discretion.

Distributable proceeds will be allocated to each limited partner of the Fund in accordance with:

- (a) each limited partner's sharing percentage, to the extent the distributable proceeds are attributable to a particular asset of the Fund; or
- (b) each limited partner's pro rata portion to the extent the distributable proceeds are not attributable to a particular asset of the Fund.

The distributable proceeds allocable to each limited partner will be distributed to the limited partner and the Investment Manager (as a special limited partner) in the following order of priority:

- (a) Return of contributions: first, 100% to the limited partner until it has received distributions equal to its aggregate contribution to the Fund;
- (b) Preferred return: second, 100% to the limited partner until it has received distributions equal to the preferred return (8% per annum) for each preferred return period in respect of which the aggregate distributions received by the limited partner from its admission up to and including the end of the relevant preferred return period is less than the limited partner's aggregate contribution to the Fund; and
- (c) 80%/20% split: subsequently, 20% to the Investment Manager and 80% to the limited partner of the Fund. Distributions may be made in cash or in kind, at the discretion of the General Partner.

## Other Material Terms of the Fund

Key investment mandate of the Fund: Investments of the Fund may be structured as equity interests, and may be held through one or more special purpose vehicles or other holding structures, in each case as the General Partner determines in its discretion.

Contributions received by the Fund from its investors are generally expected to be segregated and deployed to acquire assets independently.

The General Partner may, in its discretion, invest contributions of capital made by a limited partner, reserves or other assets of the Fund in temporary investments pending the distribution of such assets to the Fund's limited partner(s) or the deployment of such assets for other purposes of the Fund.

Assets of the Fund will be held by the General Partner for the account and the full economic benefit of the Fund.

Key investment decision factors: The Fund will take into account different factors at different stages of its investment:

Stage 1: Due diligence will be conducted on potential Target Companies to

- (1) ensure that each of the Target Companies satisfy the investment mandate of the Fund, i.e. the Target Companies are engaged in cryptocurrency mining activities and companies that support or otherwise facilitate the cryptocurrency mining ecosystem;
- (2) analyse the business operations and quality of the management team of the Target Companies;
- (3) analyse the business prospects of the Target Companies; and
- (4) devise investment plans, estimated returns and risk factors.

Stage 2: The analysis report will be submitted to the investment and risk management committee (comprising responsible officers as well as compliance and risk management personnel) of the Investment Manager for further assessment of the risks and benefits of the investment before making a final decision.

Stage 3: Post-investment management – the Investment Manager will conduct periodic review on the Target Companies including, among others, obtaining the financial reports provided by the Target Companies on a regular basis.

Background, relevant experience, expertise and role of the General Partner:

The sole director of the General Partner is Mr. So Ying Wai, an Independent Third Party who has more than 10 years of experience in the fund industry. Mr. So is currently a Responsible Officer and Portfolio Manager of the Investment Manager. He had previously served as the Head of Operations of the Investment Manager between August 2021 and January 2022, primarily responsible for overseeing the entire fund operations process, improving the operational efficiency and safety of virtual asset in the investment portfolio as well as designing new strategies. From May 2015 to August 2021, Mr. So served in different positions at CSOP Asset Management Limited, including Portfolio Manager and the Deputy Head of Quantitative Investment Department respectively, where he managed assets with asset-under-management (“AUM”) of more than HK\$25 billion in aggregate. Prior to that, Mr. So worked at China Asset Management (Hong Kong) Ltd. from November 2010 to April 2015, where he responsible for (among others) designing and improving fund operational flow and handle fund products.

Under the limited partnership agreement in respect of the Fund, the General Partner may, on behalf of the Fund, engage delegates (including the Investment Manager) to exercise any power, discretions or functions of the General Partner in respect of certain investment management, administrative and other services. Pursuant to the above, the General Partner has engaged the Investment Manager, which is licensed by the Securities and Futures Commission of Hong Kong to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities, to provide portfolio management and administrative services to the Fund, including discretionary authority to investigate, analyse, structure and negotiate potential investments.

Risk control measures to safeguard investors' interests:

The Investment Manager will conduct due diligence before investing in the Target Companies. The scope of due diligence include (among others) risk management and asset security.

With respect to the capital investments made by the Fund, the Investment Manager will select appropriate Target Companies that satisfy the relevant requirements under the limited partnership agreement of the Fund, and conduct post-investment management referred to in "Stage 3" of the "Key investment decision factors" stated above.

In respect of subscription of partnership interest by investors and transactions to be conducted by the Investment Manager, the following requirements must be complied with:

- Client's assets must be held by a custodian (virtual assets will be held by a regulated virtual asset custodian, while fiat currency will be deposited into a custodian bank).

- Prior to each transaction being conducted by the Investment Manager, the Investment Manager must make an application to the administrator of the Fund (the “**Fund Administrator**”) together with supporting documents, specifying the purpose of and reasons for the transaction. The Fund Administrator is an external party (being an Independent Third Party) appointed by the Fund and the General Partner to provide certain administration services, and it will only approve the transaction if the purpose of and reasons for the transaction are reasonable and compliant with the prospectus of the Fund.

In addition, the Fund will be audited by a third party auditor.

Profit and loss sharing arrangement:

Each limited partner’s capital account will be increased by the amount of its contributions, any net income of the Fund or item in the nature of income or gain that is allocated to it, and the amount of liabilities of the Fund that are assumed by such limited partner or secured by the Fund’s assets distributed to such limited partner. On the other hand, a limited partner’s capital account will decrease by the amount of any distributions made to such partner, any expenses or losses allocated to it and the amount of any liabilities assumed by the Fund referable to such limited partner.

Prohibitions on transfer of interests

No transfer, grant of any participation right or other disposal of all or part of a limited partner’s legal or economic interest in an interest in the Fund, whether direct or indirect, voluntary or involuntary, will be valid and effective without the prior written consent of the General Partner which may be granted or withheld in its discretion.

## **INFORMATION OF THE FUND**

New World Pioneer Mining Fund 1 LPF is a Hong Kong limited partnership fund, registered under the Limited Partnership Fund Ordinance (Cap. 637 of the laws of Hong Kong).

As the Fund has not commenced any investments, no financial information on past performance of the Fund is available for disclosure in this announcement. As at the date of this announcement, Huobi Solutions Limited, a directly wholly-owned subsidiary of the Company, is the sole limited partner of the Fund.

## **INFORMATION OF THE GENERAL PARTNER**

The General Partner is HB Venture Management Limited, a company with limited liability incorporated in Hong Kong and is principally engaged in the management, control and operation of the Fund's affairs. The sole shareholder of the General Partner is WU Xuejing, who is an Independent Third Party.

## **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.

## **INFORMATION OF THE GROUP AND THE I3P 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 I3P Subscriber is an investment holding company incorporated in the British Virgin Islands, which is ultimately wholly-owned by an individual who is an Independent Third Party.

## **FINANCIAL EFFECT OF THE DEEMED DISPOSAL ON THE GROUP**

Upon completion of the I3P Subscription, the capital of the Fund will increase to a value which is equivalent to approximately US\$20 million; further, the I3P Subscriber will become a limited partner of the Fund holding 50% partnership interest, and accordingly, the partnership interest in the Fund will be held as to 50% by Huobi Solutions Limited and as to 50% by the I3P Subscriber, respectively.

As at the date of this announcement, the financial results of the Fund are consolidated into the accounts of the Group. Following completion of the I3P Subscription, the financial results of the Fund will continue to be consolidated into the accounts of the Group.

No gain or loss is expected to be accrued to the Group as a result of the transaction under the I3P Subscription Agreement.

The Fund intends to utilize the proceeds from the I3P Subscription in continuing to make investments into Target Companies engaged in the cryptocurrency mining ecosystem, adhering to the investment object and strategy of the Fund, as set forth in the section headed "Investment objective and strategy of the Fund" in this announcement.

## **REASONS FOR AND BENEFITS OF THE I3P SUBSCRIPTION**

The Directors are of the view that the I3P Subscription can bring additional capital to the Fund and the Fund may leverage on the financial resources of the I3P Subscriber to expand the investment portfolio of the Fund and enhancing the investment returns for the Group.

Having considered the above, the Directors are of the view that the terms of the I3P 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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Huobi Solutions Limited, a directly wholly-owned subsidiary of the Company, is the sole limited partner of the Fund. Upon completion of the I3P Subscription, the partnership interest in the Fund held by Huobi Solutions Limited will be reduced from 100% to 50%. Such dilution of the Company's partnership interest in the Fund will constitute a deemed disposal by the Company pursuant to Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Deemed Disposal exceeds 5% but is less than 25%, the Deemed Disposal 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 the context requires otherwise, the following expressions have the following meanings:

“Announcement”	has the meaning ascribed to it in the summary box of this announcement;
“AUM”	has the meaning ascribed to it in the section headed “Other Material Terms of the Fund” in this announcement;
“Board”	the board of Directors;
“China” or “PRC”	The People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“Company”	Huobi Technology Holdings Limited (火币科技控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1611);
“Company Subscription”	the subscription by Huobi Solutions Limited of partnership interest in the Fund in the total subscription amount of US\$10 million (equivalent to approximately HK\$78 million) pursuant to the subscription agreement as disclosed in the Announcement;
“Deemed Disposal”	the deemed disposal through the dilution of partnership interest in the Fund of the Company from 100% to 50% as a result of the I3P Subscription by the I3P Subscriber pursuant to the I3P Subscription Agreement;
“Director(s)”	the director(s) of the Company;
“Fund”	New World Pioneer Mining Fund 1 LPF, information of which is stated in the section headed “INFORMATION OF THE FUND AND THE INVESTMENT MANAGER” in this announcement;
“Fund Administrator”	has the meaning ascribed to it in the section headed “Other Material Terms of the Fund” in this announcement;
“General Partner”	HB Venture Management Limited, a company with limited liability incorporated in Hong Kong, and the general partner of the Fund;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“I3P Subscriber”	Chainup Technic Limited, an Independent Third Party;
“I3P Subscription”	the subscription by the I3P Subscriber of partnership interest in the Fund in the total subscription amount of 10 million USDT pursuant to the I3P Subscription Agreement;

“I3P Subscription Agreement”	the subscription agreement dated 4 March 2022 entered into between the I3P Subscriber and the General Partner (for itself and in its capacity as general partner for and on behalf of the Fund) in relation to the I3P Subscription;
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons (as defined under the Listing Rules);
“Initial Closing Date”	30 April 2021 or such other date as the General Partner may determine in its discretion, being the date on which the General Partner first accepts commitments or contributions from eligible investors;
“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, and the investment manager of the Fund;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Shareholder(s)”	holder(s) of the issued shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Companies”	has the meaning ascribed to it in the section headed “Principal terms of the Fund” in the Announcement;
“US\$”	US dollars, the lawful currency of the United States of America;

“USDT” Tether, a stablecoin which is a type of block-chain based cryptocurrency;

“%” per cent.

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

Hong Kong, 4 March 2022

*For the purpose of illustration only, in this announcement:*

- (i) amounts denominated in US\$ are converted into HK\$ at the rate of US\$1 = HK\$7.80; and*
- (ii) amounts denominated in USDT are converted into US\$ at the rate of 1 USDT = US\$1.*

*The above should not be construed as any 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.*