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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 OPERATION RIGHT LICENSE AGREEMENT

THE OPERATION RIGHT LICENSE AGREEMENT

The Board is pleased to announce that on 31 May 2022 (after trading hours), HBTPower Limited (an indirect non-wholly owned subsidiary of the Company) entered into the Operation Right License Agreement as Licensee with Mohawk Energy, LLC as Licensor, pursuant to which the Licensor agreed to grant the Licensee an exclusive, irrevocable license to operate Bitcoin Mining activities at its Premises for the duration of the Term. The effective date of the Operation Right Licence Agreement is 1 June 2022.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transaction under the Operation Right License Agreement exceed 5% but is less than 25%, the transaction constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements but is exempted from independent Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 31 May 2022 (after trading hours), HBTPower Limited (an indirect non-wholly owned subsidiary of the Company) entered into the Operation Right License Agreement as Licensee with Mohawk Energy, LLC as Licensor, pursuant to which the Licensor agreed to grant the Licensee an exclusive, irrevocable license to operate Bitcoin Mining activities in its premises for the duration of the Term. The effective date of the Operation Right Licence Agreement is 1 June 2022.

OPERATION RIGHT LICENSE AGREEMENT

The principal terms of the Operation Right License Agreement are set out as below:

Effective Date 1 June 2022

Parties (i) HBTPower Limited as Licensee; and
(ii) Mohawk Energy, LLC as Licensor.

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

Scope of License The Licensor grants the Licensee an exclusive, irrevocable license to operate Bitcoin Mining activities at the Premises, which includes rights to:

- (i) run, operate and manage the mining field located in the Premises and to conduct Bitcoin Mining or other cryptocurrency mining activities therein;
- (ii) utilize the electricity facilities and mining machines at the Premises;
- (iii) administer, arrange and dispatch employees employed by Licensor on behalf of Licensee to conduct Bitcoin Mining at the Premises; and
- (iv) take all other actions necessary or advisable in connection with the foregoing.

Premises 1004 Gateway Industrial Park, Jenkins, KY41537, Kentucky, United States of America

**Payments under the
Operation Right License
Agreement**

In consideration of the license granted by the Licensor, the Licensee shall invest not more than an aggregate of US\$8.0 million (equivalent to approximately HK\$62.4 million) for the procurement, installation and upgrading of electrical infrastructure at the Premises (“**Infrastructure Costs**”). In addition, the Licensee shall pay the Licensor a license fee (the “**License Fee**”) consisting of: (i) rental payment for the Premises of US\$50,000 (equivalent to approximately HK\$390,000) per month; (ii) hiring and employment cost of US\$40,000 (equivalent to approximately HK\$312,000) per month; (iii) reimbursement of electricity charges pursuant to monthly utility bills; and (iv) ten percent (10%) of Bitcoin generated by the Licensee’s Bitcoin Mining operation during the Term (“**Monthly Revenue Share**”) payable monthly commencing from the fourth month after the Commencement Date or when all the mining racks have been fully installed and are operational (whichever the earlier) (“**Initial Operation Period**”). The License Fee will be paid on a monthly basis over the Term.

The Infrastructure Costs, License Fee and Monthly Revenue Share were determined after arm’s length negotiations between the Parties to the Operation Right License Agreement, with reference to prevailing market prices and the market standard for the relevant terms and conditions. The Infrastructure Costs and License Fee are expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

Term

A term of eight (8) years commencing from the Commencement Date (the “**Initial Term**”), after which it shall be automatically renewed for a three (3) year period, unless the Licensee has provided the Licensor with a notice of termination at the end of the Initial Term.

Licensor's Obligations

The Licensee's obligations shall be subject to the Licensor fulfilling the following conditions:

- (i) the Premises is capable of sustained Bitcoin Mining activities consistent with the Licensee's intended use of the Premises and the conditions, electrical service and facilities at the Premises satisfy the requirements of Bitcoin Mining activities;
- (ii) Licensor has entered into a power supply contract with a power supply company for the firm power supply to the Premises and the Premises is installed with appropriate power supply infrastructure to support the Licensee's Bitcoin Mining activities;
- (iii) the Premises shall contain a 41,000 square feet plant which shall be appropriately modified to fit the Licensee's Bitcoin Mining operations; and
- (iv) the upgrade of Premises' electrical service, components and the overall renovation of the Premises are completed no later than three (3) months after the Effective Date (the "**Licensor's Work**").

Upon the Licensor's failure to fulfil any of the foregoing conditions, the Licensee shall have the right to terminate the Operation Right License Agreement with written notice to Licensor.

Licensee's Obligations

The Licensee shall operate the mining machines to reach ninety percent (90%) of the mining hash rate of the total capacity of the mining machines installed on the Premises for each consecutive quarterly blocks (the "**Minimum Operating Level**") starting following the Initial Operation Period. If the actual operation level falls below the Minimum Operating Level, the Licensee shall pay the Licensor the amount of shortfall in proportion to the Monthly Revenue Share from the Minimum Operating Level. Nonetheless, the Licensee shall not be liable for any liability, loss or cost suffered that are caused by force majeure or other events beyond the Licensee's reasonable control.

REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATION RIGHT LICENSE AGREEMENT

The Group intends to develop a cryptocurrency mining ecosystem through obtaining a license to conduct Bitcoin Mining operations at the Premises. The license granted and the transactions contemplated under the Operation Right License Agreement will provide necessary resources to meet the needs of the Group's growing cryptocurrency mining businesses, which can generate revenue streams from the cryptocurrency mining activities and further diversify the Group's source of income.

Having considered the objective of the Operation Right License Agreement and the prospective revenue of the Bitcoin Mining operations, the Directors (including the independent non-executive Directors) are of the view that the Operation Right License Agreement was entered into on an arm's length basis and on normal commercial terms in the ordinary and usual course of the business of the Group, and that the terms of the Operation Right License Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Licensee

HBTPower Limited, an indirect non-wholly owned subsidiary of the Company, is incorporated in the British Virgin Islands with limited liability and is principally engaged in the business of cryptocurrency mining.

The Licensor

Mohawk Energy, LLC is incorporated in Kentucky, United States of America with limited liability and is an integrated energy company principally engaged in projects across energy sectors including renewable energy.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the transaction under the Operation Right License Agreement exceed 5% but is less than 25%, the transaction constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements but is exempted from independent Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Bitcoin”	Bitcoin, a type of cryptocurrency based on an open source cryptographic protocol existing on the Bitcoin Network;
“Bitcoin Mining”	all activities associated with creating new Bitcoin by solving mathematical puzzles with special mining machines equipped with specialized chips;
“Board”	the board of Directors;
“Commencement Date”	The later of (i) the date on which the Licensee confirms Licensor’s Work has been completed in a manner satisfactory to the Licensee; and (ii) the date on which all conditions set forth in the section headed “Operation Right License Agreement–Licensor’s Obligations” are fulfilled;
“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);
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Company and any directors, chief executives or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates and not otherwise a connected person of the Company;
“Licensee”	HBTPower Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company;

“Licensor”	Mohawk Energy, LLC, a company incorporated in Kentucky, United States of America with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operation Right License Agreement”	The operation right license agreement entered into between the Licensor and the Licensee on 31 May 2022, taking effect on 1 June 2022;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 1 June 2022

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. Yu Chun Kit, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin as independent non-executive Directors.

In this announcement, amounts denominated in US\$ have been converted to HK\$ at the rate of US\$1 = HK\$7.8. Such exchange rate is for illustration purposes only and does not constitute a representation that any amount in US\$ has been, could have been or may be converted at such rate.