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## **NEW HUO TECHNOLOGY HOLDINGS LIMITED**

### **新火科技控股有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock code: 1611)**

## **DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY**

### **THE DISPOSAL**

On 1 November 2022, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Company, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of US\$3,270,000 (equivalent to approximately HK\$25.5 million).

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company, whereas the Target Company will cease to be a subsidiary of the Company. The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group upon completion of the Disposal.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## THE DISPOSAL

On 1 November 2022, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Company, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, at a consideration of US\$3,270,000 (equivalent to approximately HK\$25.5 million).

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 1 November 2022

Parties : (1) the Vendor; and  
(2) the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Subject matter : The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of the Target Company.

Consideration : The consideration of the Disposal shall be US\$3,270,000 (equivalent to approximately HK\$25.5 million), which was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, (i) the net asset value of the Target Company as of 30 September 2022; (ii) the profit-making financial position of the Target Company in the latest financial year ended 30 September 2022; (iii) the business prospect of the Target Company; (iv) the factors set out in the section headed "Reasons for and benefits of the Disposal" in this announcement; and (v) the valuation performed by independent valuer on the Target Company as at 30 September 2022.

The consideration will be payable by the Purchaser to the Vendor in cash upon completion of the Disposal.

Conditions precedent : Completion of the Disposal is conditional upon:

- (a) the passing of the necessary resolutions by the Vendor and Purchaser approving the Sale and Purchase Agreement and all other transactions contemplated hereunder and the granting of such regulatory approvals as may be necessary, including without limitation in accordance with the Listing Rules and other applicable laws;
- (b) the representation, warranties and/or undertakings given by the Vendor and Purchaser under the Sale and Purchase Agreement remaining true, accurate and not misleading throughout the period from the date of the Sale and Purchase Agreement to the date of completion, and there having been no breach by any party to the Sale and Purchase Agreement; and
- (c) if applicable, all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated under the Sale and Purchase Agreement required to be obtained on the part of the Purchaser and/or Vendor having been obtained.

In the event that the conditions set out above shall not have been fulfilled (or waived in accordance with the terms of the Sale and Purchase Agreement) on or before the Long Stop Date, the Sale and Purchase Agreement shall lapse and be of no further effect and no party to the Sale and Purchase Agreement shall have any liability and obligation to the other party, save in respect of any antecedent breaches of the Sale and Purchase Agreement.

Completion : Completion of the Disposal shall take place upon the Vendor transferring the entire equity interest in the Target Company to the Purchaser and completing the necessary business registration in relation to the Disposal.

## FINANCIAL INFORMATION OF TARGET COMPANY

The Target Company was incorporated in 2018. A summary of the unaudited financial information of the Target Company for the two financial years ended 30 September 2021 and 2022 is set out below:

	<b>For the year ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2022</b>
	<i>JPY000</i>	<i>JPY000</i>
Profit before taxation	253,366	261,911
Profit after taxation	205,542	170,010

The net assets of the Target Company based on its unaudited management accounts as of 30 September 2022 was approximately JPY448.5 million (equivalent to approximately HK\$24.2 million).

## FINANCIAL EFFECT OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company, whereas the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group upon completion.

It is expected that upon completion of the Disposal, the Group will record a gain on the Disposal of approximately HK\$1.3 million. Such gain is estimated based on the transfer consideration in the amount of US\$3,270,000 (equivalent to approximately HK\$25.5 million) less the net assets of the Target Company as of 30 September 2022 in the amount of approximately JPY448.5 million (equivalent to approximately HK\$24.2 million). Such gain from the Disposal expected by the Company are unaudited and subject to the final confirmation. It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

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

As a result of the global economy downturn and ongoing bear market in crypto, the Target Company's revenue generated from the cloud-based services dropped significantly in the second half of the year. It was due to the decrease of virtual asset price and the consequential drop of virtual asset transaction volume. The Board is not optimistic with its future performance and of the view that the Disposal provides a good opportunity for the Group to realise its investment in the Target Company and focus its resources to develop its other existing businesses.

The Directors (including the independent non-executive Directors) are of the view that although the Disposal is not in the ordinary and usual course of business of the Group, the Disposal and the terms of the Sale and Purchase Agreement were entered into on arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

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 Vendor**

The Vendor is a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and a direct wholly-owned subsidiary of the Company. The principal activity is investment holding.

### **The Purchaser**

The Purchaser is a company with limited liability incorporated in the British Virgin Islands. The principal activity is investment holding. The Purchaser is ultimately beneficially owned by Ms. Liu Jinxiu.

### **The Target Company**

The Target Company is a company incorporated in Japan with limited liability in 2018. The principal businesses include provision of cloud based and data centre related services, including but not limited to data storage and backup, data centre operation and maintenance. The Target Company is an indirect wholly-owned subsidiary of the Company.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	New Huo Technology Holdings Limited (新火科技控股有限公司), 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
“Disposal”	the disposal of the Sale Shares pursuant to the Sale and Purchase Agreement
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“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
“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

“JPY”	Japanese yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	means 31 December 2022, or such later date as may be agreed between the Vendor and the Purchaser
“Purchaser”	Exonexa Limited, a company with limited liability incorporated in the British Virgin Islands, and is ultimately beneficially owned by Ms. Liu Jinxiu
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 November 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Shares”	2,720 issued shares of the Target Company, representing 100% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Win Techno Inc., a company with limited liability incorporated under the laws of Japan and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States

“Vendor” New Huo Investment Limited, a company with limited liability incorporated in Hong Kong under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and a direct wholly-owned subsidiary of the Company

“%” per cent

By order of the Board  
**New Huo Technology Holdings Limited**  
**Wu Shupeng**  
*Executive Director*

Hong Kong, 1 November 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.*

*For the purpose of this announcement, the conversion of JPY into HK\$ is based on the approximate exchange rate of JPY1.00 = HK\$0.054 and the conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 = HK\$7.8. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at such particular rate or at all.*