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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)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial Highlights	For the year ended 30 September		
	2022 HK\$'000	2021 HK\$'000	Change %
<b>Revenue</b>			
Cryptocurrency trading	8,939,289	–	100%
Others	513,575	610,713	(15.9)%
	<u>9,452,864</u>	<u>610,713</u>	1,447.8%
<b>Gross profit</b>	184,694	302,631	(39.0)%
<b>Gross profit margin</b>	2.0%	49.6%	(96.0)%
<b>(Loss)/profit before income tax</b>	(196,387)	181,525	(208.2)%
<b>(Loss)/profit for the year attributable to owners of the Company</b>	(199,670)	141,477	(241.1)%
<b>Basic (loss)/earnings per share</b>	HK cents (64.7913)	HK cents 46.0276	(240.8)%
<b>Diluted (loss)/earnings per share</b>	HK cents (64.7913)	HK cents 45.7593	(241.6)%
<b>Net cash</b>	(144,487)	257,822	(156.0)%
<b>Total equity</b>	<u>147,086</u>	<u>278,605</u>	<u>(47.2)%</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL EVENTS

#### **Discloseable transaction – Subscription of New World Pioneer Mining Fund 1 LPF (the “Fund”)**

On 7 February 2022, New Huo Solutions Limited (the “**New Huo Solutions**” and formerly known as “Huobi Solutions Limited”), a direct wholly-owned subsidiary of the Company, entered into a subscription agreement with HB Venture Management Limited (the “**General Partner**”), pursuant to which New Huo Solutions agreed to subscribe for partnership interest in the Fund in the total subscription amount of USD10 million (equivalent to approximately HK\$78 million) in cash.

The Fund is a Hong Kong limited partnership fund, registered under the Limited Partnership Fund Ordinance (Cap. 637 of the laws of Hong Kong). The Fund is established for the purpose of making investments in 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. The Fund may also acquire interests in mining equipment directly or indirectly through intermediate entities.

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.

On 4 March 2022, Chainup Technic Limited (“**Chainup**”), an independent third party to the Group, entered into a subscription agreement (“**Chainup Agreement**”) with the General Partner, pursuant to which Chainup agreed to subscribe for partnership interest in the Fund in the total subscription amount of 10 million United States Dollar Tether (“**USDT**”) (equivalent to approximately USD10 million and approximately HK\$78 million).

Upon completion of the Chainup Agreement, the capital of the Fund increased to a value which was equivalent to approximately USD20 million and the partnership interest in the Fund held by New Huo Solutions reduced from 100% to 50%. Such dilution of the Company’s partnership interest in the Fund constituted a deemed disposal by the Company pursuant to Rule 14.29 of the Listing Rules. Accordingly, the partnership interest in the Fund is held as to 50% by New Huo Solutions and as to 50% by Chainup respectively.

For details, please refer to the Company’s announcements dated 8 February 2022, 4 March 2022 and 29 April 2022.

**Discloseable transaction – Subscription of interest of NH Investment SPC (the “Fund Company” and formerly known as “Huobi Investment SPC”) – NH Multi Strategy Crypto Fund SP (the “Segregated Portfolio” and formerly known as Huobi Multi Strategy Crypto Fund SP)**

On 21 February 2022, New Huo Solutions entered into a subscription agreement with the Fund Company, pursuant to which New Huo Solutions 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 USD15 million (equivalent to approximately HK\$117 million) in cash.

The Fund Company is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability on 4 September 2020. The Segregated Portfolio was launched on 29 March 2021.

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. New Huo Asset Management (Hong Kong) Limited (the “**Investment Manager**” and formerly known as “Huobi Asset Management (Hong Kong) Limited”) 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.

Following completion of the subscription agreement, the participating shares of the Fund Company in issue is held as to approximately 96.6% by New Huo Solutions and as to approximately 3.4% by an independent third party.

For details, please refer to the Company’s announcement dated 21 February 2022.

**Business cooperation with Raffles Family Office Limited**

On 15 March 2022, the Company entered into a cooperation agreement in relation to the joint operation of a company with Raffles Family Office Limited, a company incorporated in Hong Kong with limited liability, pursuant to which the Company agreed to invest in the form of cash, provision of technical service and capital commitment subject to the terms and conditions of the cooperation agreement. The Company would establish a digital family office platform in cooperation with Raffles Family Office Limited. As a bridge between traditional investors and virtual asset investments, the platform would provide high-net-worth investors with cryptocurrency-based investments and related advice, as well as services such as wallet integration, inheritance consultation and family governance solutions.

For details, please refer to the Company’s announcement dated 21 April 2022.

## **Change of address of Hong Kong branch share registrar and transfer office**

The Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, will change its address from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to: 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong with effective from 15 August 2022.

For details, please refer to the Company's announcement dated 19 July 2022.

## **Amendments to the Memorandum and Articles of Association**

On 1 January 2022, the Listing Rules were amended to introduce, among others, a uniform set of 14 "core standards" for shareholder protection as set out in Appendix 3 to the Listing Rules, which are applicable to issuers regardless of their place of incorporation. The board of directors of the Company (the "**Board**") has made certain amendments to the Memorandum and Articles of Association to, among others, bring the Memorandum and Articles of Association in line with the said "core standards" for shareholder protection, as well as incorporate certain housekeeping changes.

The Board also adopted the new Memorandum and Articles of Association in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association with effective from 28 October 2022

For details, please refer to the Company's announcements dated 20 May 2022, 13 October 2022, 28 October 2022, 28 November 2022 and circular dated 21 September 2022.

## **Continuing connected transactions in relation to New Huo Trust Company Limited ("New Huo Trust HK")'s signing of the custodial services agreements**

On 11 October 2021, in view of the growing demand for the custodial services provided under the previous custodial services agreements signed on 14 July 2021, the parties thereto entered into new custodial services agreements to revise the term of services and the annual caps for the provision of custodial services under the previous custodial services agreements. On 17 December 2021, the previous custodial services agreements were terminated and the new custodial services agreements entered into between New Huo Trust HK and Orion Financial Technology Limited ("**Orion Financial**") (the "**OF Custodial Services Agreement**") and HB Infinite Limited ("**HB Infinite**") (the "**HB Custodial Services Agreement**") respectively became effective.

Further, also on 11 October 2021 Huobi Technology (Gibraltar) Co. Ltd. ("**Huobi Gibraltar**") entered into a custodial services agreement with New Huo Trust HK for appointing New Huo Trust HK as the custodian of Huobi Gibraltar's assets (the "**HG Custodial Services Agreement**").

Each of Orion Financial, HB Infinite and Huobi Gibraltar is an associate of the connected person of the Company under 14A.07 of the Listing Rules. The terms for each of the above custodial services agreements dated 11 October 2021 and entered into with Orion Financial, HB Infinite and Huobi Gibraltar (each a “**Custodial Services Agreement**”, and collectively the “**Custodial Services Agreements**”) commenced from 17 December 2021 to 30 September 2024 (both dates inclusive) and may be renewed by the respective parties in writing, subject to compliance with the Listing Rules.

The assets of Orion Financial, HB Infinite and Huobi Gibraltar in the custody account(s) maintained by New Huo Trust HK (the “**Custody Account(s)**”) shall be non-interest bearing. The custodial fee and the withdrawal fee shall constitute the fees payable to New Huo Trust HK as consideration for the custodial services. The custodial fee shall accrue daily on a tiered fee structure based on a percentage of the daily USDT value of the assets held in the Custody Account(s) and shall be paid on a monthly basis in arrears.

Subject to the minimum withdrawal amount and the minimum withdrawal fee, with reference to the transparent scale of fee published in the official website of New Huo Trust HK from time to time, the withdrawal fee shall be calculated as a percentage of 0.1% of the USDT value of the assets transferred out of the Custody Account(s) and shall be paid upon withdrawal of the assets from the Custody Account(s). The scale of minimum withdrawal fee is determined by New Huo Trust HK by reference to the general market rates and the administration costs of New Huo Trust HK.

Both custodial fee and withdrawal fee shall be charged in the form of the assets under custody and deducted automatically by New Huo Trust HK from the Custody Account(s) 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 general market rate industry practice, regulatory requirements, market competition, customer demand, cost structure and service content, and their corresponding terms under the Custodial Services Agreements were no less favourable to New Huo Trust HK than those available to/from independent third parties.

The table below sets out the annual caps for the fees charged by New Huo Trust HK under the Custodial Services Agreements for the following periods:

**(1) *The OF Custodial Services Agreement***

<b>Periods</b>	<b>From</b>	<b>From 1 October</b>	<b>From 1 October</b>
	<b>17 December</b>	<b>2022 to</b>	<b>2023 to</b>
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>(both dates inclusive)</b>		
Annual caps	HK\$73,000,000	HK\$73,000,000	HK\$73,000,000

**(2) *The HB Custodial Services Agreement***

<b>Periods</b>	<b>From</b>	<b>From 1 October</b>	<b>From 1 October</b>
	<b>17 December</b>	<b>2022 to</b>	<b>2023 to</b>
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>(both dates inclusive)</b>		
Annual caps	HK\$14,000,000	HK\$14,000,000	HK\$14,000,000

**(3) *The HG Custodial Services Agreement***

<b>Periods</b>	<b>From</b>	<b>From 1 October</b>	<b>From 1 October</b>
	<b>17 December</b>	<b>2022 to</b>	<b>2023 to</b>
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>(both dates inclusive)</b>		
Annual caps	HK\$11,600,000	HK\$11,600,000	HK\$11,600,000

For details, please refer to the Company's announcements dated 11 October 2021, 2 November 2021, 16 November 2021 and 17 December 2021 and the Company's circular dated 26 November 2021.

With effective from 4 October 2022, Orion Financial, HB Infinite and Huobi Gibraltar are no longer ultimately controlled by Mr. Li Lin (the “**Mr. Li**”). Orion Financial, HB Infinite and Huobi Gibraltar are, respectively, no longer the associates of Mr. Li who is the connected persons of the Company under Chapter 14A of the Listing Rules. Hence, the above transaction is not a continuing connected transaction to the Company with effective from 4 October 2022.

### **Continuing connected transactions in relation to referral services framework agreement**

On 30 November 2021, HBIT Limited, an indirect wholly-owned subsidiary of the Company, and Block Matrix Limited, an associate of the connected person of the Company under Rule 14A.07 of the Listing Rules, entered into a referral services framework agreement, pursuant to which HBIT Limited shall provide referral services to Block Matrix Limited by way of introduction of borrowers to Block Matrix Limited for the provision of loans, and Block Matrix Limited shall pay referral fees to HBIT Limited as consideration for such referral services. The term of the agreement commenced from 1 December 2021 and will expire on 30 September 2024 (both dates inclusive).

The table below sets out the annual caps for the referral fees charged by HBIT Limited under the referral services framework agreement for the following periods:

<b>Periods</b>	<b>From 1 December 2021 to 30 September 2022</b>	<b>From 1 October 2022 to 30 September 2023</b>	<b>From 1 October 2023 to 30 September 2024</b>
	(both dates inclusive)		
Annual caps	HK\$13,000,000	HK\$13,000,000	HK\$13,000,000

The referral fees payable shall be invoiced monthly and calculated at a percentage of 0.2–0.5% of the loan amount based upon the nature and type of the loan to be provided by Block Matrix Limited to the borrowers, such rate to be agreed by the parties from time to time.

The referral fees standards were determined based on arm’s length negotiations between the parties, taking into consideration factors including industry practice, market competition and customer demand, and the corresponding terms under the referral services framework agreement were no less favourable to HBIT Limited than those available to/from independent third parties.

For details, please refer to the Company’s announcement dated 30 November 2021.

With effective from 4 October 2022, Block Matrix Limited is no longer ultimately controlled by Mr. Li. Block Matrix Limited is no longer an associate of Mr. Li who is the connected person of the Company under Chapter 14A of the Listing Rules. Hence, the above transaction is not a continuing connected transaction to the Company with effective from 4 October 2022.

### **Connected transaction – Loan transaction**

On 3 March 2022, New Huo Solutions (the “**Borrower**”), a direct wholly-owned subsidiary of the Company, entered into a loan agreement with Huobi Cayman Holding Limited (the “**Lender**”), an associate of the connected person of the Company under Rule 14A.07 of the Listing Rules, pursuant to which the Lender agreed to grant the Borrower a loan of 250,000 filecoin (equivalent to approximately HK\$40,000,000 at the transaction date) (the “**Loan**”) for a term of 540 days.

The Loan is for filecoin mining or such other purpose(s) as may be agreed by the Lender. Simple interest of 15% per annum applied from the date of receipt of the Loan by the Borrower to the date of full repayment of the Loan. The Loan is not secured by any collateral from the Borrower to the Lender. The term of Loan is 540 days from the date of receipt of the Loan by the Borrower. The Borrower may, within three (3) months of signing the loan agreement, send the Lender a loan request notice to request delivery of the Loan to the Borrower’s designated wallet address stated in the loan agreement. On the date falling 540 days after receipt of the Loan by the Borrower, the Borrower shall repay the Loan to the Lender together with all outstanding interest thereon in filecoin. The Borrower may repay the whole or any part of the outstanding principal amount and interest before the repayment date without paying any fee, penalty or compensation to the Lender.

For details, please refer to the Company’s announcement dated 3 March 2022.

### **Connected transaction – Disposal of Huobi Nevada Inc.**

On September 9, 2022, New Huo Digital Limited (the “**Vendor**” and formerly known as Huobi Digital 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, entered into a sale and purchase agreement with Huobi Cayman Holding Limited (the “**Purchaser**”), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser, a company incorporated in the Cayman Islands with limited liability, whose controlling shareholder and ultimate beneficial owner is Mr. Li, has conditionally agreed to acquire 100% equity interest in Huobi Nevada Inc., a company with limited liability incorporated in United States and an indirect wholly-owned subsidiary of the Company at a consideration of USD6.8 million (equivalent to approximately HK\$53.0 million). The disposal was completed in September 2022.

For details, please refer to the Company’s announcement dated 9 September 2022.



## **PERFORMANCE REVIEW**

The Group recorded a total revenue of approximately HK\$9,452.9 million for the year ended 30 September 2022 (“**Year 2022**”), representing a significant increase of approximately 1,447.8% or HK\$8,842.2 million from approximately HK\$610.7 million for the year ended 30 September 2021 (“**Year 2021**”).

The gross profit of the Group was approximately HK\$184.7 million for Year 2022, representing a decrease of approximately 39% or approximately HK\$117.9 million from approximately HK\$302.6 million for Year 2021.

The Group recorded a net loss of approximately HK\$206.5 million for Year 2022 compared to the net profit of approximately HK\$141.5 million for Year 2021.

Basic loss per share of the Group for Year 2022 was HK64.7913 cents (Year 2021: basic earnings per share of HK46.0276 cents).

## **BUSINESS REVIEW**

### **Power-related & electrical/electronic products business**

The revenue of the Group from power-related & electrical/electronic products business was approximately HK\$396.1 million for Year 2022, representing an increase of approximately HK\$19.8 million or 5.3% as compared to HK\$376.3 million for Year 2021. The increase was primarily due to the market recovery from COVID-19 epidemic.

Cost of sales, mainly comprising raw materials, direct labour and manufacturing overheads, amounted to approximately HK\$322.3 million for Year 2022, representing an increase of approximately HK\$24.9 million or approximately 8.4% from approximately HK\$297.4 million for Year 2021.

The gross profit was approximately HK\$73.8 million and approximately HK\$78.9 million, representing a gross profit margin of approximately 18.6% and approximately 21.0% for Year 2022 and Year 2021 respectively.

Selling and distribution expenses decreased by approximately HK\$2.8 million or approximately 34.1% from approximately HK\$8.2 million for Year 2021 to approximately HK\$5.4 million for Year 2022. The decline was mainly attributable to the improvement of management in control of sales expenses.

During the year, the Group has made a one-off provision of restructuring cost for the relocation of factory of approximately HK\$36.5 million.

## **Provision of technology solution services**

### **(i) *Technology solution business***

The Group, through Win Techno Inc. which is a company with limited liability incorporated under the laws of Japan and was the wholly-owned subsidiary of the Company, provide data center and cloud-based services to global customers in blockchain, virtual assets, fintech, big data as well as other innovative technology sectors.

The technology solution business dropped during Year 2022 and the revenue was approximately HK\$72.8 million compared to approximately HK\$99.2 million for Year 2021.

The gross profit of the aforementioned business was approximately HK\$16.7 million during Year 2022, representing a gross profit margin of approximately 22.9%.

As a result of the global economy downturn and ongoing bear market in virtual asset, the 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 Group was not optimistic with its future performance. Subsequent to the reporting period, the Group has disposed of Win Techno Inc to an independent third party at a consideration of USD3,270,000 (equivalent to approximately HK\$25.5 million).

### **(ii) *Provision of Software-as-a-Service (“SaaS”)***

The Group provides clients access to and use of the virtual asset trading platform related technology software (the “**Software**”) in the hosted environment. This includes maintaining, supporting, developing and implementing customisations to the Software in order to operate a virtual asset trading platform. During the Year 2022, the business dropped and the revenue has decreased by 93.8% or approximately HK\$114.9 million from approximately HK\$122.5 million in Year 2021 to approximately HK\$7.6 million in Year 2022. The decrease was attributed to the loss of major clients and the drop of virtual asset price and the consequential drop of virtual asset transaction volume.

The gross profit of the aforementioned business was approximately HK\$7.0 million during the Year 2022, representing a gross profit margin of approximately 92.1%.

## Virtual Asset Ecosystem

### *(i) Asset management*

The Group has carried on asset management businesses through New Huo Asset Management (Hong Kong) Limited (the “**New Huo Asset Management**”). New Huo Asset Management was incorporated in Hong Kong with limited liability for carrying on businesses in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “**SFO**”).

New Huo Asset Management’s vision is to bridge the gap between traditional and virtual asset investments and offer integrated investment solutions to professional investors. The products integrate traditional financial assets and virtual assets and cover the primary and secondary markets. New Huo Asset Management has provided asset management services during Year 2022 but has not provided any securities advisory service on securities during the same period.

Currently, New Huo Asset Management is managing five funds containing virtual assets: Bitcoin tracker fund, Ethereum tracker fund, multi-strategy virtual asset fund, and two private equity funds for blockchain mining-related businesses. New Huo Asset Management shall only provide services to professional investors, as defined in the SFO and its subsidiary legislation.

During the Year 2022, the revenue generated from the provision of asset management services was approximately HK\$8.9 million.

### *(ii) Trust and custodian business*

The business was being carried out through Huobi Trust Company (the “**New Huo Trust US**”) and New Huo Trust HK (formerly known as “**Huobi Trust Company Limited**”) during Year 2022.

New Huo Trust HK, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company, obtained a certificate issued by the Registrar of Companies under section 78(1) the Trustee Ordinance (Cap. 29 of the laws of Hong Kong) for registration as a trust company. The trust and custody services provided by the Group typically include the safekeeping, settlement and other customised services of its clients’ assets.

New Huo Trust US was issued with a Trust Company License by the Financial Institutions Division of the Department of Business and Industry in Nevada, the United States, to engage in the trust company business within the meaning of Chapter 669 of the Nevada Revised Statutes and the rules and regulations thereunder. Due to the high operating cost and change of business planning, New Huo Trust US ceased the provision of custodial and compliance services and was dissolved in September 2022.

During the Year 2022, the revenue generated from the provision of custodial, compliance and consultancy services was approximately HK\$26.2 million. The types of assets custodied under the business include virtual asset, fiat currency, financial instrument or any type of other assets.

***(iii) Virtual asset trading platform***

In Hong Kong, the SFC has implemented a licensing regime for the regulation and licensing of virtual asset trading platform. The Group has submitted an application to the SFC for licenses to conduct Type 1 and Type 7 regulated activities under the SFO as a virtual asset trading platform in Hong Kong. The application is subject to vetting and approval by the regulatory authority and may or may not succeed.

In Singapore, the Group has submitted an application to the Monetary Authority of Singapore last year to be licensed under the Payment Services Act 2019 as a Major Payment Institution providing, amongst other things, digital payment token services. Due to the change in business focus and planning, the Group has withdrawn the application in November 2022.

***(iv) Virtual asset lending and over-the-counter trading business***

During the Year 2022, the Group has commenced (i) virtual asset lending business to clients and the Group received virtual assets collateral under its virtual asset lending arrangements with clients; and (ii) over-the-counter (the “OTC”) virtual asset trading business to trade virtual assets with corporate and individual customers through its trading platforms. The revenue generated from the virtual asset lending and trading business were approximately HK\$8,939.3 million respectively.

The virtual asset lending business generates interest income and the interest rate charged 10% per annum. Current clients include high-net-worth-individuals and professional investors. The OTC trading business generates income through trading spreads from clients who buy and/or sell virtual assets through our platform. Current clients include high-net-worth-individuals and professional investors. During the year, OTC trading business has become the main income drive for the Group.

The cost of sales is approximately HK\$8,941.1 million and recognized a loss of approximately HK\$1.8 million.

(v) ***Virtual asset mining-related business***

The Group has commenced its own compliant virtual asset mining-related business including but not limited to investing in virtual asset mining related fund. During the year, the Group has, through New Huo Solutions, invested in the New World Pioneer Mining Fund 1 LPF.

New Huo Solutions holds 50% partnership interest in New World Pioneer Mining Fund 1 LPF which is established for the purpose of making investment in the cryptocurrency mining ecosystem. The total subscription amount made by New Huo Solutions was USD10 million (equivalent to approximately HK\$78 million). The Fund, through an intermediate entity, invested in 100% equity interest in FIL Limited. FIL Limited was accounted as a joint venture and recorded a share of loss of approximately HK\$21.4 million.

New Huo Solutions holds 51% partnership interest in New Era Pioneer Mining Fund 1 LPF (the “**New Era Fund**”) which is established for the purpose of making investment in the cryptocurrency mining ecosystem. The total subscription amount made by New Huo Solutions was approximately USD4.8 million (equivalent to approximately HK\$37.5 million). The New Era Fund recorded a loss of approximately HK\$30.8 million during the year.

In light of the macroeconomic challenges, the Group will continue to stay alert, but positive, to pursue its prudent strategy in developing its existing and new businesses.

## **NON-OPERATING EXPENSES OVERVIEW**

### **Other income**

Other income, which mainly includes net gain on derivative of approximately HK\$8.2 million and sundry income of approximately HK\$9.7 million, has decreased by approximately HK\$2.4 million from approximately HK\$28.7 million for Year 2021 to approximately HK\$26.3 million for Year 2022.

### **Administrative expenses**

Administrative expenses have increased by approximately HK\$205.9 million or approximately 160.4% from approximately HK\$128.4 million for Year 2021 to approximately HK\$334.3 million for Year 2022. The administrative expenses mainly consist of (1) employee benefit expenses of approximately HK\$215.9 million; and (2) the one-off provision of re-location and restructuring cost of factory in relation to the contract manufacturing one-off business of approximately HK\$36.5 million.

## **Finance costs**

Finance costs have increased by approximately HK\$5.3 million or approximately 38.7% from approximately HK\$13.7 million for Year 2021 to approximately HK\$19.0 million for Year 2022, which were in line with the increase in level of borrowings in the Group for the comparable period.

## **(Loss)/profit before income tax**

The Group's loss before income tax for Year 2022 was approximately HK\$196.4 million as compared to the profit before income tax of approximately HK\$181.5 million for Year 2021. The turnaround from profit to loss before income tax was due to (i) an increase in administrative expenses attributed to an increase in the staff cost of high calibre personnel and related professional service fees as the Company applied for virtual asset and finance related licenses in major markets around the world; (ii) an increase in the expenses for the development of new business of the Company; and (iii) the provision of re-location and restructuring cost of factory in relation to the contract manufacturing business.

## **Income tax expense**

Income tax expense decreased from approximately HK\$40.0 million of tax expense for Year 2021 to approximately HK\$10.1 million of tax expense for Year 2022, representing an decrease of approximately HK\$29.9 million.

## **(Loss)/profit after income tax**

The Group's loss after income tax for Year 2022 was approximately HK\$206.5 million as compared to the profit after income tax of approximately HK\$141.5 million for Year 2021.

## **Dividend**

The Directors do not recommend the payment of a final dividend for Year 2022 (Year 2021: Nil).

## OUTLOOK

In November 2022, the HKSAR Government issued a policy statement on the development of virtual assets in Hong Kong, clarifying the government's policy stance and approach to the development of a vibrant virtual asset industry and ecosystem in Hong Kong. At the same time, pilot programmes were launched, including the launch of NFT, tokenised green bonds and digital Hong Kong dollars during the Hong Kong Fintech Week 2022. Based in Hong Kong, New Huo Tech has the first-mover advantage in compliance. With the support of the government and the continuous improvement of local regulations, we believe that the future development of the Company is full of potential and imagination as long as we seize the opportunities to explore the business direction with a broad vision.

Volatility in industry development has given rise to the need for compliance, safety and professional platforms. As a leading one-stop virtual asset platform, New Huo Tech will closely follow the market demand to provide more comprehensive services in the future. We plan to build a new virtual asset service – Sinohope in the near future, and develop a hybrid virtual asset service platform integrating centralisation and decentralisation, aiming to provide a safe, compliant, professional and easy-to-use portal for investors who are interested in accessing the virtual asset world. At the same time, we will fully leverage our experience and resources in the industry to optimise the allocation of funds and resources, and expand the depth and breadth of our business in a more directional manner.

Looking ahead, the virtual asset development frenzy will remain fierce, and Web 3.0's innovation is on fire. Embracing the opportunities of the era, New Huo Tech will lead the development of virtual asset compliance and create more inclusive value for the society with Web 3.0 technology. The Group believes that it will bring reasonable returns to the Group and shareholders as long as it adheres to the long-term principle, forward-looking layout and steady development of compliance business.

The Board (the “**Board**”) of directors (the “**Director(s)**”) of New Huo Technology Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 September 2022 together with the comparative figures for the year ended 30 September 2021.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 30 September*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4		
Cryptocurrency trading		8,939,289	–
Others		<u>513,575</u>	<u>610,713</u>
		<u>9,452,864</u>	<u>610,713</u>
<b>Cost of sales and services</b>			
Cryptocurrency trading		(8,941,077)	–
Others		<u>(327,093)</u>	<u>(308,082)</u>
		<u>(9,268,170)</u>	<u>(308,082)</u>
<b>Gross profit</b>		<b>184,694</b>	302,631
Other income and gains/losses	5	26,335	28,711
Fair value loss on cryptocurrencies		(28,018)	–
Interest income	6	700	458
Selling and distribution expenses		(5,359)	(8,222)
Administrative expenses		(334,334)	(128,374)
Share of result of a joint venture		(21,414)	–
Finance costs	7	<u>(18,991)</u>	<u>(13,679)</u>
<b>(Loss)/profit before income tax</b>	8	<b>(196,387)</b>	181,525
Income tax expense	9	<u>(10,114)</u>	<u>(40,048)</u>
(Loss)/profit for the year		<u><b>(206,501)</b></u>	<u>141,477</u>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		(199,670)	141,477
Non-controlling interests		<u>(6,831)</u>	–
		<u><b>(206,501)</b></u>	<u>141,477</u>



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 September

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(Loss)/profit for the year</b>	<b>(206,501)</b>	141,477
<b>Other comprehensive income</b>		
<b>Item that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising on the translation of financial statements of foreign operations	<u>(15,131)</u>	<u>4,525</u>
<b>Item that will not be reclassified subsequently to profit or loss:</b>		
Charge in fair value of equity instruments at fair value through other comprehensive income	<u>2,609</u>	<u>–</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<u>(12,522)</u>	<u>4,525</u>
<b>Total comprehensive (loss)/income for the year</b>	<u><u>(219,023)</u></u>	<u><u>146,002</u></u>
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Owners of the Company	(212,192)	146,002
Non-controlling interests	<u>(6,831)</u>	<u>–</u>
	<u><u>(219,023)</u></u>	<u><u>146,002</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <b>HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		47,989	39,501
Right-of-use assets		120,001	51,154
Goodwill		174	174
Other intangible asset		–	349
Investment in a joint venture		53,154	–
Financial assets at fair value through other comprehensive income		38,962	1,946
		<u>260,280</u>	<u>93,124</u>
<b>Current assets</b>			
Inventories		44,109	67,349
Cryptocurrencies		294,489	3,072
Trade and other receivables	12	135,467	149,734
Loan receivable		582	–
Amount due from a joint venture		54	–
Convertible loan receivable		–	4,645
Financial assets at fair value through profit or loss		1,328	245
Pledged bank deposit		7,850	7,785
Time deposits with original maturity of over three months		1,600	–
Cash and bank balances		322,633	552,175
		<u>808,112</u>	<u>785,005</u>
<b>Current liabilities</b>			
Trade and other payables	13	158,689	198,640
Collateral payables		124,758	–
Contract liabilities		–	3,347
Bank and other borrowings		678	13,987
Lease liabilities		90,491	19,402
Tax payable		40,947	40,903
		<u>415,563</u>	<u>276,279</u>
<b>Net current assets</b>		<u>392,549</u>	<u>508,726</u>
<b>Total assets less current liabilities</b>		<u>652,829</u>	<u>601,850</u>

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Bank and other borrowings		<b>466,442</b>	280,366
Lease liabilities		<b>32,588</b>	35,718
Deferred tax liabilities		<b>6,713</b>	7,161
		<u><b>505,743</b></u>	<u>323,245</u>
<b>Net assets</b>		<u><b>147,086</b></u>	<u>278,605</u>
<b>EQUITY</b>			
Share capital	<i>14</i>	<b>309</b>	308
Reserves		<b>134,620</b>	278,297
<b>Total equity attributable to owners of the Company</b>		<b>134,929</b>	278,605
Non-controlling interests		<b>12,157</b>	–
<b>Total equity</b>		<u><b>147,086</b></u>	<u>278,605</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

### 1. GENERAL INFORMATION

New Huo Technology Holdings Limited (formerly known as Huobi Technology Holdings Limited) (the “**Company**”) was incorporated in the British Virgin Islands (the “**BVI**”) as a limited liability company on 27 December 1990 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange of Hong Kong**”) on 21 November 2016. The address of the Company’s registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and its principal place of business is 6/F & Unit 702-3,100 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively, referred to as the “**Group**”) are principally engaged in the 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 a varieties of services in virtual asset ecosystem, such as asset management, trust and custodian business and cryptocurrency trading. These business segments are the basis upon which the Group reports its primary segment information.

The ultimate controlling party is Mr. Li Lin (李林) (“**Mr. Li**”).

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (“**HK\$’000**”), unless otherwise stated.

### 2. ADOPTION OF NEW OR AMENDED HKFRSs

#### (a) *Adoption of new or amended HKFRSs – effective from 1 October 2021*

The Group has applied the following new or amended HKFRSs issued by the HKICPA that are relevant to the Group’s operations and first effective for the current accounting period of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The adoption of these new or amended HKFRSs did not have significant impact on the Group’s financial performance and financial position. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

**(b) New or amended HKFRSs that have been issued but are not yet effective**

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>5</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to AG5	Merger Accounting for Common Control Combinations <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9 and Illustrative Examples accompanying HKFRS 16 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2024.

The above new and amendments to existing standards do not expect to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new and amended HKFRSs to existing standards when they become effective.

### 3. SEGMENT INFORMATION

The Group has determined its operating segments and prepared segmental information based on regular internal financial information reported to the chief operating decision makers, i.e. the executive Directors of the Company, who are responsible for making strategic decisions. The executive Directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports. During the year ended 30 September 2021, the Group started a new business of virtual asset ecosystem and had three reportable and operating segments as follows:

- (i) Contract manufacturing;
- (ii) Provision of technology solution services; and
- (iii) Virtual asset ecosystem.

Each of these operating segments is managed separately as each of them requires different resources.

The chief operating decision makers assess the performance of the operating segments based on a measure of operating profit. The measurement policies used by the Group for reporting segment results are consistent with those used in its financial statements prepared under HKFRSs, except for income tax expense and corporate income and expenses which are not directly attributable to the business activities of any operating segment and are not included in arriving at the operating results of the operating segment.

Segment assets include all assets other than unallocated corporate assets (mainly comprising certain property, plant and equipment, right-of-use assets, other receivables, financial assets at fair value through other comprehensive income (“**FVTOCI**”), convertible loan receivable, financial assets at fair value through profit or loss (“**FVTPL**”), and cash and bank balances).

Segment liabilities include all liabilities other than unallocated corporate liabilities (mainly comprising certain other payables, tax payable, other borrowings, lease liabilities and deferred tax liabilities).

Information regarding the Group's reportable segments is set out below:

**For the year ended 30 September 2022**

	<b>Contract manufacturing HK\$'000</b>	<b>Provision of technology solution services HK\$'000</b>	<b>Virtual asset ecosystem HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers	<u>396,138</u>	<u>80,561</u>	<u>8,976,165</u>	<u>9,452,864</u>
Segment results	(4,474)	63,929	(142,430)	(82,975)
<b>Unallocated corporate income</b>				
Interest income				7
Sundry income				2,380
Fair value gain on financial assets				1,345
<b>Unallocated corporate expenses</b>				
Administrative expenses				(109,910)
Finance costs				<u>(7,234)</u>
Loss before income tax				<u>(196,387)</u>

**For the year ended 30 September 2021**

	<b>Contract manufacturing HK\$'000</b>	<b>Provision of technology solution services HK\$'000</b>	<b>Virtual asset ecosystem HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers	<u>376,328</u>	<u>221,753</u>	<u>12,632</u>	<u>610,713</u>
Segment results	66,139	204,976	(39,911)	231,204
<b>Unallocated corporate income</b>				
Interest income				13
Sundry income				523
Fair value loss on financial assets				(102)
<b>Unallocated corporate expenses</b>				
Administrative expenses				(40,403)
Finance costs				<u>(9,710)</u>
Profit before income tax				<u>181,525</u>

There were no inter-segment transactions during the years ended 30 September 2022 and 2021.

Unallocated administrative expenses mainly comprise legal and professional fees, share-based compensation expenses, exchange losses and salaries and allowances.

**As at 30 September 2022**

	<b>Contract manufacturing</b>	<b>Provision of technology solution services</b>	<b>Virtual asset ecosystem</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Segment assets	347,002	111,906	523,325	982,233
<b>Unallocated corporate assets</b>				
Property, plant and equipment				10,459
Right-of-use assets				7,776
Financial assets at FVTOCI				38,962
Financial assets at FVTPL				1,328
Other receivables				3,545
Cash and bank balances				<u>24,089</u>
Total assets				<u><u>1,068,392</u></u>
Segment liabilities	174,531	81,072	170,615	426,218
<b>Unallocated corporate liabilities</b>				
Other payables				6,256
Tax payable				8,166
Other borrowings				466,442
Lease liabilities				7,511
Deferred tax liabilities				<u>6,713</u>
Total liabilities				<u><u>921,306</u></u>



As at 30 September 2021

	Contract manufacturing <i>HK\$'000</i>	Provision of technology solution services <i>HK\$'000</i>	Virtual asset ecosystem <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	321,480	258,873	166,990	747,343
<b>Unallocated corporate assets</b>				
Property, plant and equipment				11,894
Right-of-use assets				13,340
Financial assets at FVTOCI				1,946
Convertible loan receivable				4,645
Financial assets at FVTPL				245
Other receivables				4,220
Cash and bank balances				<u>94,496</u>
Total assets				<u><u>878,129</u></u>
Segment liabilities	194,453	137,930	15,143	347,526
<b>Unallocated corporate liabilities</b>				
Other payables				7,820
Tax payable				8,166
Other borrowings				220,123
Lease liabilities				13,769
Deferred tax liabilities				<u>2,120</u>
Total liabilities				<u><u>599,524</u></u>

## Other segment information

For the year ended 30 September 2022

	Contract manufacturing <i>HK\$'000</i>	Provision of technology solution services <i>HK\$'000</i>	Virtual asset ecosystem <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amortisation of other intangible asset	–	–	230	230
Net gain on derivatives	–	–	(8,171)	(8,171)
Depreciation of property, plant and equipment	3,914	2,055	2,851	8,820
Depreciation of right-of-use assets	17,374	5,242	6,661	29,277
Gain on lease modification	(4,117)	–	(1,128)	(5,245)
Capital expenditure	3,114	2,165	9,664	14,943
Loss on disposal of intangible asset	–	–	903	903
Loss on disposal of property, plant and equipment	–	–	11	11
Interest expenses	4,505	639	6,613	11,757
Interest income	(53)	(17)	(623)	(693)
Provision for impairment loss on inventories	2,289	–	–	2,289
Income tax expense/(credit)	<u>5,928</u>	<u>5,824</u>	<u>(1,017)</u>	<u>10,735</u>

For the year ended 30 September 2021

	Contract manufacturing <i>HK\$'000</i>	Provision of technology solution services <i>HK\$'000</i>	Virtual asset ecosystem <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amortisation of other intangible asset	–	–	25	25
Depreciation of property, plant and equipment	5,270	1,666	318	7,254
Depreciation of right-of-use assets	8,926	1,930	1,190	12,046
Capital expenditure	610	57	1,943	2,610
Gain on disposal of property, plant and equipment	(4)	–	–	(4)
Interest expenses	3,466	36	467	3,969
Interest income	(440)	(5)	–	(445)
Provision for impairment loss on inventories	2,314	–	–	2,314
Income tax expense	<u>12,121</u>	<u>22,008</u>	<u>145</u>	<u>34,274</u>

## Geographical information

The Group's operations are mainly located in the People's Republic of China (including Hong Kong Special Administrative Region ("HKSAR")), the United Kingdom (the "UK"), the United States of America (the "USA") and Japan. The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The People's Republic of China (the "PRC")		
– Mainland China	62,945	55,289
– HKSAR (place of domicile)	8,594,917	14,555
USA	192,470	150,741
UK	445,168	44,268
Japan	62,187	159,144
Russia	7,601	119,737
Others	<u>87,576</u>	<u>66,979</u>
	<u><b>9,452,864</b></u>	<u><b>610,713</b></u>

The revenue information above is based on the location of the customers or location of trading cryptocurrencies.

"Others" above, represents sales to various countries which, individually represent less than 10% of the total revenue of the Group.

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue of each segment for the year, is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Virtual asset ecosystem:</b>		
Customer A	7,284,622	*–
<b>Contract manufacturing:</b>		
Customer B	207,382	159,274
Customer C	62,006	73,548
<b>Provision of technology solution services:</b>		
Customer D	67,467	85,286
Customer E	<u>*–</u>	<u>119,737</u>

\* The revenue from such customers did not contribute over 10% of the revenue of that segment of the Group for the year ended 30 September 2022 or 2021.

The following is an analysis of the carrying amount of non-current assets analysed by the geographical areas in which the assets are located:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HKSAR	126,531	31,580
Mainland China	99,067	48,799
Japan	3,467	5,280
USA	31,215	7,296
Others	–	169
	<u>260,280</u>	<u>93,124</u>

#### 4. REVENUE

Revenue mainly includes sale of power-related and electrical/electronic products, provision of technology solution services and provision of virtual asset ecosystem for the year.

The Group's disaggregated revenue from its major products and service lines are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of:		
Solenoid coils	223,293	171,724
Power tool chargers	48,067	43,234
Printed circuit board assembly	69,834	83,140
Parts assembly	22,744	31,479
Others	32,360	46,751
	<u>396,298</u>	376,328
Cryptocurrency trading	<u>8,939,289</u>	–
<b>Revenue recognised at a point in time</b>	<u><b>9,335,587</b></u>	<u>376,328</u>
Provision of data centre services	5,316	13,847
Provision of cloud-related services	67,467	85,379
Provision of custodian services	25,393	4,772
Provision of asset management services	8,902	6,574
Provision of lending management services	1,792	–
Provision of SaaS	7,615	122,527
Provision of consultancy services	792	1,286
<b>Revenue recognised over time</b>	<u><b>117,277</b></u>	<u>234,385</u>
<b>Total revenue</b>	<u><b>9,452,864</b></u>	<u>610,713</u>

## Transaction price allocated to the remaining performance obligations

As at 30 September 2022, there is no remaining performance obligations under the Group's existing contracts.

As at 30 September 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts were approximately HK\$12,786,000. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 2 years.

## 5. OTHER INCOME AND GAINS/LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net gain on derivatives	8,171	–
Gain on lease modification	5,245	–
Government grants	2,829	1,039
Sundry income	9,659	5,830
Fair value gain/(loss) on convertible loan receivable	262	(347)
Fair value gain on financial asset at FVTPL	1,083	245
Loss on disposal of intangible asset	(903)	–
(Loss)/gain on disposal of property, plant and equipment	(11)	4
Gain on disposal of a subsidiary	–	21,940
	<u>26,335</u>	<u>28,711</u>

The government grants in the year ended 30 September 2022 mainly represent the subsidy amounting to HK\$1,350,000 (2021: HK\$732,000) under the Employment Support Scheme provided by the HKSAR Government and subsidies amounting to HK\$654,000 (2021: Nil) under the Job Growth Incentive and Wage Credit Scheme launched by the Singapore Government. There are no unfulfilled conditions relating to the grants.

## 6. INTEREST INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on bank deposits and balances	102	458
Interest income on loan receivable	598	–
	<u>700</u>	<u>458</u>

## 7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	174	179
Imputed interest on other loans from a related company	9,972	6,199
Imputed interest on other loans from a non-controlling shareholder	–	4,379
Interest on other loan from a non-controlling shareholder	2,400	243
Interest on other loans from a related company	785	–
Interest expenses on lease liabilities	<u>5,660</u>	<u>2,679</u>
	<u><u>18,991</u></u>	<u><u>13,679</u></u>

## 8. (LOSS)/PROFIT BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit before income tax is arrived at after charging/ (crediting):		
Amortisation of other intangible asset (included in administrative expenses)	382	25
Auditors' remuneration		
– audit services	1,903	1,620
– review service	–	340
– other services	438	80
Cost of inventories recognised as expenses		
– cryptocurrency trading business	8,941,077	–
– other business	318,490	296,217
Depreciation of property, plant and equipment	11,886	8,371
Depreciation of right-of-use assets	35,169	15,465
Low-value assets lease expenses	698	10
Short-term lease expenses	2,950	2,635
Provision for impairment loss on inventories	2,289	2,314
Employee benefit expenses	<u>215,916</u>	<u>141,021</u>

## 9. INCOME TAX EXPENSE

The income tax expense/(credit) for the year comprises:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax income – HKSAR:		
Provision for the year	4,145	29,411
Under provision in respect of prior years	<u>–</u>	<u>216</u>
	<u>4,145</u>	<u>29,627</u>
Current income tax – Overseas:		
Provision for the year:		
Japan	5,816	3,833
Mainland China	1,557	7,289
USA	<u>47</u>	<u>18</u>
	7,420	11,140
Under provision in respect of prior years – Overseas	<u>11</u>	<u>114</u>
	<u>7,431</u>	<u>11,254</u>
Deferred tax	<u>(1,462)</u>	<u>(833)</u>
<b>Income tax expense</b>	<b><u>10,114</u></b>	<b><u>40,048</u></b>

Hong Kong profits tax is calculated at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime with effect from the year of assessment 2018/2019.

The PRC corporate income tax charge of HK\$1,557,000 (2021: HK\$7,289,000) was determined in accordance with the relevant laws and regulations in Mainland China, and was assessed at a rate of 25% (2021: 25%).

Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

The Group considers that, as it is probable that its operating subsidiary in the PRC will continue to distribute earnings in the foreseeable future, a deferred tax provision of HK\$4,840,000 (2021: HK\$5,041,000) has been established at the end of the reporting period in relation to withholding tax based on 5% of post 1 January 2008 unremitted earnings.

## 10. DIVIDENDS

There was no interim dividend for the years ended 30 September 2022 and 2021.

The Directors do not recommend the payment of a final dividend for the years ended 30 September 2022 and 2021.

## 11. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares of 308,174,123 (2021: 307,373,965) in issue during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company	<u>(199,670)</u>	<u>141,477</u>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>308,174,123</u>	<u>307,373,965</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic (loss)/earnings per share	<u>(64.7913)</u>	<u>46.0276</u>

There was no diluted loss per share for the year ended 30 September 2022 as the exercise of share options would result in a reduction in loss per share for the year ended 30 September 2022. Accordingly, the diluted loss per share was the same as the basic loss per share for the year ended 30 September 2022.



Diluted earnings per share for the year ended 30 September 2021 is calculated by adjusting the weighted average number of ordinary shares outstanding on the assumption of the conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company relate to the share options under the Company's share option scheme.

	2021 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>141,477</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	307,373,965
Adjustment for share options	<u>1,802,494</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>309,176,459</u>
	<i>HK cents</i>
Diluted earnings per share	<u>45.7593</u>

## 12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	65,683	89,070
Less: Impairment provisions	<u>–</u>	<u>–</u>
Trade receivables – net	65,683	89,070
Rental and other deposit and prepayments	13,875	12,965
Deposit for purchase of property, plant and equipment	24,122	–
Other receivables	<u>31,787</u>	<u>47,699</u>
	<u>135,467</u>	<u>149,734</u>

Included in trade receivables were amounts due from related companies amounting to HK\$5,074,000 (2021: HK\$942,000) in which Mr. Li Lin, a Director of the Company, has beneficial interests. The amounts are unsecured, interest-free and trade in nature.

The Group operates an asset-backed lending facility based on certain of its trade receivables. The discounting transactions are with recourse and accordingly, do not meet the requirements in HKFRS 9 for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the discounted trade receivables. At 30 September 2022, trade receivables of HK\$714,000 (2021: HK\$14,723,000) continue to be recognised in the consolidated statement of financial position even though they have been legally transferred to the financial institutions. The proceeds of the discounting transactions are included in borrowings as asset-backed financing until the trade receivables are collected or the Group settles any losses suffered by the financial institutions. At 30 September 2022, the asset-backed lending liabilities amounted to HK\$678,000 (2021: HK\$13,987,000).

Included in other receivables was an amount due from a related company amounting to HK\$23,706,000 (2021: HK\$37,995,000) in which Mr. Li Lin, a Director of the Company, has beneficial interests. The amount is unsecured, interest-free and repayable in 30 days.

At the reporting date, the aged analysis of trade receivables, based on invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 60 days	52,623	80,678
61 – 90 days	11,339	7,836
91 – 120 days	1,721	299
More than 120 days	–	257
	<u>65,683</u>	<u>89,070</u>

The Group allows credit periods ranging from 30 to 100 days (2021: 30 to 100 days) to its trade customers depending on their credit status and geographical location during the year. The Directors of the Company consider that the carrying amounts of trade and other receivables approximate to their fair values.

The aged analysis of the Group's trade receivables, based on due date, that were past due as at the reporting date but not impaired, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Neither past due nor impaired	54,236	75,437
0 – 60 days past due	10,160	13,459
61 – 90 days past due	1,287	74
91 – 120 days past due	–	60
Over 120 days past due	–	40
	<u>65,683</u>	<u>89,070</u>

Trade receivables that were neither past due nor impaired related to a large number of customers for whom there has been no recent history of default. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit risk.

### 13. TRADE AND OTHER PAYABLES

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>25,331</b>	41,027
Other payables and accruals	<b><u>133,358</u></b>	<u>157,613</u>
	<b><u><u>158,689</u></u></b>	<u><u>198,640</u></u>

At the reporting date, the aged analysis of trade payables, based on invoice date, is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 – 60 days	<b>21,402</b>	28,871
61 – 90 days	<b>2,891</b>	7,535
More than 90 days	<b><u>1,038</u></b>	<u>4,621</u>
	<b><u><u>25,331</u></u></b>	<u><u>41,027</u></u>

The Directors of the Company consider that the carrying amounts of trade and other payables approximate to their fair values.

## 14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.001 each	Amount HK\$
<b>Authorised:</b>		
At 1 October 2020, 30 September 2021 and 30 September 2022	<u>500,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>		
At 1 October 2020	306,800,000	306,800
Issue of shares upon exercise of share options ( <i>note (i)</i> )	<u>1,070,665</u>	<u>1,071</u>
At 30 September 2021 and 1 October 2021	307,870,665	307,871
Issue of shares upon exercise of share options ( <i>note (ii)</i> )	<u>1,090,000</u>	<u>1,090</u>
<b>At 30 September 2022</b>	<b><u>308,960,665</u></b>	<b><u>308,961</u></b>

### Notes:

- (i) During the year ended 30 September 2021, the subscription rights attaching to 802,000, 148,666 and 119,999 share options were exercised at a subscription price of HK\$3.13, HK\$4.36 and HK\$3.28 per share respectively, resulting in the issue of 1,070,665 new shares at par value of HK\$0.001 each for a total cash consideration of approximately HK\$3,552,000. Approximately HK\$3,551,000 representing the difference between the subscription price and the par value was credited to share premium. In addition, HK\$2,047,000 representing that portion of the share option reserve in relation to the exercise of the share options during the year ended 30 September 2021, was transferred from the share option reserve to share premium account.
- (ii) During the year ended 30 September 2022, the subscription rights attaching to 1,024,000 and 66,000 share options were exercised at a subscription price of HK\$3.13 and HK\$4.36 per share respectively, resulting in the issue of 1,090,000 new shares at par value of HK\$0.001 each for a total cash consideration of approximately HK\$3,493,000. Approximately HK\$3,492,000 representing the difference between the subscription price and the par value was credited to share premium. In addition, HK\$1,607,000 representing that portion of the share option reserve in relation to the exercise of the share options during the year ended 30 September 2022, was transferred from the share option reserve to share premium account.
- (iii) All the shares issued during the reporting period ranked pari passu in all respects with the then existing shares in issue.

## 15. SHARE PREMIUM

	<i>HK\$'000</i>
At 1 October 2020	101,554
Arising from issue of shares on exercise of share options ( <i>note 14(i)</i> )	<u>5,598</u>
At 30 September 2021 and 1 October 2021	107,152
Arising from issue of shares on exercise of share options ( <i>note 14(ii)</i> )	<u>5,099</u>
<b>At 30 September 2022</b>	<b><u><u>112,251</u></u></b>

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

We finance our operations primarily through cash generated from operations, bank and other borrowings. The Group's net liquidity position as at 30 September 2022, together with the position as at 30 September 2021 is summarised below:

	<b>30 September 2022 HK\$'000</b>	30 September 2021 HK\$'000
Cash and cash equivalents	<b>322,633</b>	552,175
Less: Interest-bearing bank borrowings	<b>(678)</b>	(13,987)
Other borrowings	<b>(466,442)</b>	(280,366)
Net cash	<b><u>(144,487)</u></b>	<u>257,822</u>

Cash and cash equivalents were denominated in Hong Kong Dollars, US Dollars, Renminbi, Singapore Dollars and Japanese Yen.

As at 30 September 2022, the effective interest rates on the Group's floating rate borrowing range from 2.1% to 4.1% (30 September 2021: 2.1% to 2.6%) per annum.

### CASH FLOW FROM OPERATING ACTIVITIES

Net cash used in operating activities was approximately HK\$314.8 million for Year 2022 (Year 2021: net cash generated from operating activities was approximately HK\$181.6 million). The decrease in cash flow in Year 2022 was due to the decrease in operating profit.

### CASH FLOW FROM INVESTING ACTIVITIES

Net cash used in investing activities was approximately HK\$133.9 million for Year 2022 compared to net cash generated from investing activities of approximately HK\$9.5 million for Year 2021. The current period outflows mainly resulted from the formation of joint venture of approximately HK\$74.6 million, and outflow of capital expenditure of approximately HK\$20.2 million and investment in financial assets of approximately HK\$24.6 million with approximately HK\$12.1 million net outflows from the disposal of a subsidiary.

## **CASH FLOW FROM FINANCING ACTIVITIES**

Net cash generated from financing activities was approximately HK\$232.8 million for Year 2022 compared to approximately HK\$45.1 million used in financing activities for Year 2021. The inflow for Year 2022 mainly includes approximately HK\$281.2 million in relation to proceeds from loan from related company, with approximately HK\$30.4 million of repayment of lease liabilities.

## **CAPITAL EXPENDITURE**

Capital expenditure in Year 2022, financed by internal resources and credit facilities, amounted to approximately HK\$20.2 million (Year 2021: HK\$14.7 million).

## **TREASURY MANAGEMENT**

During Year 2022, there has been no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

We closely review our trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

For exchange risk management, the Group's foreign currency risk is mainly concentrated on the fluctuation of the US dollar against the Renminbi and Japanese Yen. The Group seeks to manage its foreign currency exposures by constructing natural hedges as well as entering into certain forward foreign exchange contracts to minimise any currency risks, when necessary.

## **CAPITAL STRUCTURE**

As at 30 September 2022, the Group's gearing ratio was approximately 317.5% (2021: 105.7%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period. The total borrowings of approximately HK\$467.1 million included bank and other borrowings (2021: HK\$294.4 million).

## **CHARGE ON GROUP ASSETS**

As at 30 September 2022, the banking facilities of the Company's wholly-owned subsidiaries which were based in mainland China and HKSAR amounted to approximately HK\$23.6 million (30 September 2021: HK\$23.3 million), comprising asset-backed lending facility. The facilities were secured against certain bank deposits and corporate guarantees from the Company and in the case of the asset-backed lending facility, an assignment over specific trade receivables. As at 30 September 2022, the amount drawn down under the asset-backed lending facility was HK\$0.7 million (30 September 2021: HK\$14.0 million).

As at 30 September 2022, approximately 238,027 filecoins with carrying amount of HK\$10,613,000 (2021: Nil) were pledged for cryptocurrency mining business.

## **DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING IN THE COMING YEAR**

As at the date of this announcement, the Group does not have any future plans for material investments or capital assets.

## **CONTINGENT LIABILITIES**

As at 30 September 2022, the Group did not have any material contingent liabilities (30 September 2021: HK\$Nil).

## **COMMITMENTS**


As at 30 September 2022, the Group has capital commitments amounting to HK\$62.4 million in respect of purchase of property, plant and equipment (30 September 2021: HK\$Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

### **Change of company name, logo, website and stock short name**

The Company has changed the English name of the Company from “Huobi Technology Holdings Limited” to “New Huo Technology Holdings Limited” and the Chinese name of the Company from “火幣科技控股有限公司” to “新火科技控股有限公司” with effective from 28 October 2022.



The new stock short name of the Company has changed from “Huobi Tech” to “New Huo Tech” in English and from “火幣科技” to “新火科技控股” in Chinese under which the Shares will be traded on the Stock Exchange with effective on 22 November 2022 and the new website address has changed from “www.huobitech.com” to “www.newhuotech.com” and logo of the Company has changed to “新火科技, New Huo Tech”.

For details, please refer to the Company’s announcements dated 13 September 2022, 21 September 2022, 13 October 2022, 28 October 2022, 17 November 2022 and circular dated 21 September 2022.

### **Discloseable transaction – Disposal of Win Techno Inc.**

On 1 November 2022, the New Huo Investment Limited (the “**Vendor**”), a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Exonexa Limited (the “**Purchaser**”), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the sale shares of Win Techno Inc., an indirect wholly-owned subsidiary of the Company, at a consideration of USD3,270,000 (equivalent to approximately HK\$25.5 million). The disposal was completed in November 2022.

For details, please refer to the Company’s announcement dated 1 November 2022.

### **Failure to withdraw cryptocurrency assets from crypto exchange FTX and financial assistance from controlling shareholder**

On 14 November 2022, Hbit Limited, a wholly-owned subsidiary of the Company, has a balance of approximately USD18.1 million cryptocurrencies deposited in cryptocurrency exchange FTX (“**FTX**”), out of which approximately USD13.2 million is client’s asset based on the clients’ trading request and approximately USD4.9 million is asset of Hbit Limited. As FTX group entities, including FTX, has filed for bankruptcy protection in the United States on 11 November 2022, the cryptocurrency assets may not able to be withdrawn from FTX (the “**Incident**”).

The Group will engage legal adviser to make enquiries with FTX and provide the Group with legal advice. The Group has also reached an agreement with Mr. Li, the controlling shareholder and non-executive director of the Company, pursuant to which Mr. Li agreed to make available to the Group an additional unsecured facility up to the maximum amount of USD14 million (the “**Shareholder’s Facility**”). The Shareholder’s Facility does not bear any interest and will be utilised by the Company for the purpose of covering client asset liability arising from the Incident if necessary.

For details, please refer to the Company’s announcement dated 14 November 2022.

## **FOREIGN CURRENCY RISK**

The Group's principal operating subsidiaries carry out their operations in the Mainland China, HKSAR, Japan, Singapore and United States. Entities in the Group regularly transact in currencies other than their respective functional currencies with regard to the sale and purchase of products. As a consequence, certain trade receivables and borrowings are denominated in foreign currencies. The Group seeks to manage its foreign currency exposures by constructing natural hedges as well as entering into certain foreign exchange contracts to minimise any currency exposure risks, when necessary.

## **RISK RELATED TO VIRTUAL ASSETS AND RELATED VIRTUAL ASSET BUSINESS**

The fast-developing nature of virtual asset markets including evolving regulations, custody and trading mechanisms, the dependency on information technology integrity and security, as well as valuation and volume volatility all subject the virtual assets and business of the Group to unique risks. The Directors consider that such risks and uncertainties are largely related to information technology, safekeeping of virtual assets, fluctuation of asset prices, compliance, and the ever-evolving nature of the markets. As the industry is in a growth stage, the Group has been implementing an operational infrastructure to support business development and growth. These initiatives include expanding IT infrastructure and hiring additional management personnel with an emphasis on experience in legal, regulatory, compliance, financial reporting, operations and technology development.

## **RISKS RELATED TO SAFEKEEPING OF ASSETS**

The Group maintains virtual assets in both "hot" (connected to the internet) and "cold" (not connected to the internet) wallets. "Hot" wallets are more susceptible to cyber-attacks or potential theft due to the fact they are connected to the public internet. Also, the virtual assets that kept in other crypto exchanges may have recovery risk if they go bankruptcy. To mitigate such risks, the Group has implemented guidelines and risk control protocols to adjust the level of virtual assets maintained in "hot" wallets and other crypto exchanges. The Group has implemented appropriated security controls and has risk mitigation processes in place.

## **PRICE RISK OF VIRTUAL ASSETS**

The Group received cryptocurrencies collateral under lending arrangements with counterparties. Since the Group is able to utilise such collateral for its own economic benefits, it is recorded as cryptocurrencies of the Group with a corresponding liability due to the counterparties recorded, under liabilities due to counterparties measured at fair value through profit or loss in non-current or current liabilities. The Group also held cryptocurrencies itself. The volatility and unpredictability of the price of cryptocurrencies relative to fiat currencies could cause impact to the Group's performance.

The Group provides trust and custody services to its clients. Such assets constitute trust assets and are not accounted for as assets of the Group and do not give rise to liabilities to the relevant customers. Accordingly, the Group has no price volatility exposure from these holdings.

## **RISKS RELATED TO ANTI-MONEY LAUNDERING**

During the Year 2022, the Group has commenced to provide trust and custody services to its clients. Any person who carries on a trust business in Hong Kong have to comply with the relevant requirements of the Anti- Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the guideline issued by the Companies Registry of Hong Kong. To mitigate such risks, the Group has implemented policies and procedures for Anti-Money-Laundering (AML) and Know-Your-Client (KYC) that are initiated during the client onboarding process and are applied by way of continuous monitoring and reporting. In enhancing these policies and procedures, we have also considered industry best-practice and the recommendations of the Financial Action Task Force (FATF).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2022, the Group had 786 employees (30 September 2021: 728 employees) working in mainland China, HKSAR, Japan, Singapore and the USA. The total employment costs (including Directors' remuneration and mandatory provident fund contributions) for Year 2022 amounted to approximately HK\$215.9 million (Year 2021: HK\$141.0 million). The significant increase in staff cost was mainly due to the recruitment of high calibre professional personnel as the Company applied for virtual asset and finance related licenses in major markets around the world. The Company's remuneration policy is set out by the Remuneration Committee on the basis of the employees' merit, qualifications and competence. The Group has also adopted certain bonus programmes, which are determined annually based on certain criteria including performance of the Company and individual employees. Other benefits including share option schemes, insurance policies, retirement benefit plans are offered to eligible employees.

## **THE COVID-19 PANDEMIC'S IMPACT**

The outbreak of COVID-19 has expanded globally and the prevention and control measures to combat the disease have continued to be implemented by different countries. As at the date of this annual report, there was no material negative impact on the business for the Group due to the outbreak of COVID-19.

The Directors will continue to closely monitor the development of the COVID-19 and assess its impact on the financial position, and operational results of the Group. At present, the Group does not foresee any material change in its exposures to credit risk and liquidity risk due to the COVID-19. The Group has remained to be financially stable as at 30 September 2022 and experienced no material recovery problem.

## **CORPORATE GOVERNANCE CODE**

During the year ended 30 September 2022, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the Corporate Governance Code (the “**CG Code**”) under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), save as and except for the deviations from code provision A.2.1 of the CG Code in which provides that the roles of chairman and CEO should be separated and performed by different individuals.

The Board believes that the dual roles of Mr. Li, both serving as the Chairman and the CEO has been conducive to the future development of the Company. Since Mr. Li possesses over 10 years of experiences in corporate management, the dual role arrangement could provide strong and consistent market leadership and is crucial to effective management and business development of the Group. As all major decisions have been made in consultation with the members of the Board, the Board is therefore of the view that there were adequate safeguards in place to ensure sufficient balance of powers within the Board, and such dual role arrangement have not undermined the current corporate governance structure of the Group.

On 18 December 2021, Mr. Li resigned and Mr. Wu Shupeng (“**Mr. Wu**”) was appointed as the CEO of the Company. The Company has complied with all the applicable code provisions set out in the CG Code and achieves better corporate governance pursuant to code provision A.2.1 of the CG Code. As Mr. Wu has extensive professional experience in the fields of information security technology and Technology, the Board believes that he can effectively manage and develop the business of the Group, so that Mr. Li could devote more time as the chairman of the Board and spend more time in formulating and handling the corporate strategy of the Company.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Year 2022.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “**Audit Committee**”) on 27 October 2016 with written terms of reference aligned with Rule 3.21 and 3.22 of the Listing Rules and code provision C.3 of the CG Code. The Audit Committee is to serve as a focal point for communication among other Directors, the external auditor, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying themselves as to the effectiveness of the Company’s internal controls and as to the efficiency of the audits.

Currently, the Audit Committee comprised three independent non-executive Directors, namely Mr. Yip Wai Ming (Chairman of the Audit Committee), Mr. Yu Chun Kit and Mr. Ngai Matthew Cheuk Yin.

The annual financial results of the Group for the year ended 30 September 2022 have been reviewed by Audit Committee.

## **SCOPE OF WORK PERFORMED BY THE AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, the consolidated statement of other comprehensive income and the related notes thereto for the year ended 30 September 2022 as set out in this announcement have been agreed by the Company's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 September 2022. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE 2022 ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange of Hong Kong at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.newhuotech.com](http://www.newhuotech.com). The Company's 2022 Annual Report containing all of the information as required by the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange of Hong Kong and on the website of the Company in due course.

By order of the Board  
**NEW HUO TECHNOLOGY HOLDINGS LIMITED**  
**Du Jun**  
*Executive Director*

HKSAR, 28 December 2022

*As at the date of this announcement, the Board comprises (1) Mr. Li Lin as a non-executive Director; (2) Mr. Du Jun 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.*