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新火科技
SINOHOPE

SINOHOPE 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)

**(1) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTIONS INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE
(2) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT
UNDER SHARE OPTION SCHEME
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
(4) PROPOSED AMENDMENTS TO MEMORANDUM AND
ARTICLES OF ASSOCIATION**

(1) THE PROPOSED ACQUISITIONS

On 16 August 2024 (after trading hours), the Company as BVI Purchaser and FCCR, Lightning Pay, Sky Fort, Tekne, Vision Leader, Hong Jia, Zhen Partners, HSG, Avenir Investment, Mr. Song, Mr. Hu and Mr. Du collectively as BVI Vendors entered into the BVI Agreement, pursuant to which BVI Vendors have conditionally agreed to sell, and the Company has conditionally agreed to acquire the BVI Sale Shares, representing the entire issued share capital of BVI Company, at the consideration of USD30,462,086.38 (equivalent to approximately HK\$237,604,273.76), which shall be satisfied by the allotment and issue of the Consideration Shares A at the Issue Price to BVI Vendors (or their nominees) at completion.

On 16 August 2024 (after trading hours), the Company as BitTrade Purchaser and Goldenway as BitTrade Vendor entered into the BitTrade Agreement, pursuant to which Goldenway has conditionally agreed to sell, and the Company has conditionally agreed to acquire the BitTrade Sale Shares, representing approximately 7.69% of the entire issued share capital of BitTrade, at the consideration of USD2,769,435.22 (equivalent to approximately HK\$21,601,594.72), which shall be satisfied by the allotment and issue of the Consideration Shares B at the Issue Price to Goldenway (or its nominees) at completion.

Immediately after completion, the BVI Company will become a wholly-owned subsidiary of the Company and BitTrade will become an indirect subsidiary of the Company, and the financial results of the BVI Company and the BitTrade will be consolidated in the financial statements of the Group.

THE CONSIDERATION SHARES

The Consideration Shares in aggregate represent up to (i) approximately 25.52% of the issued Shares as at the date of this announcement; and (ii) approximately 20.33% of the issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming (i) there is no adjustments to the consideration under the Proposed Acquisitions; and (ii) there will be no other change to the issued share capital of the Company from the date of this announcement to the date of completion of the Proposed Acquisitions).

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be granted by the Independent Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Proposed Acquisitions exceeds 100%, the Proposed Acquisitions constitute a very substantial acquisition for the Company subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Avenir Investment (which is indirectly wholly owned by Mr. Li, a non-executive Director), a substantial shareholder of the Company holding 90,990,474 Shares (representing approximately 19.53% of the total issued Shares), is interested in approximately 72.783% equity interest in the BVI Company. As such, Avenir Investment is a connected person of the Company; and (ii) Mr. Du, an executive Director and a substantial shareholder of the Company, is interested in 83,682,305 Shares (representing approximately 17.96% of the total issued Shares), and is also interested in approximately 1.692% equity interest in BVI Company. As Avenir Investment and Mr. Du are connected persons of the Company, the BVI Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Avenir Asset is a directly wholly-owned subsidiary of BVI Company, which is interested in 57,306,800 ordinary shares of BitTrade (representing approximately 84.62% of the total issued shares of BitTrade). As such, Avenir Asset is an associate of Avenir Investment and hence a connected person of the Company. Therefore, the BitTrade Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEBT REPAYMENT TRANSACTIONS SUBSEQUENTLY BECOMING CONNECTED

Avenir Cayman has been providing certain loans at a fixed annual interest rate of 2% to BitTrade with respect to an aggregate amount of approximately JPY4,147,564,121 (approximately HK\$216,137,031.96) as at 29 February 2024. Moreover, as at 29 February 2024, BitTrade has an amount payable balance of JPY89,946,000.00 (approximately HK\$4,687,247.96) to Hainan Lepeng. The said loans and payables will remain outstanding after completion of the Proposed Acquisitions.

As at the date of this announcement, Mr. Li is the ultimate beneficial owner holding more than 30% of the entire issued share capital of each of Hainan Lepeng and Avenir Cayman. As such, Hainan Lepeng and Avenir Cayman are each an associate of Mr. Li and hence connected persons of the Company. Upon completion of the Proposed Acquisitions, BitTrade will become a non-wholly owned subsidiary of the Company, and the debt repayment transactions contemplated under the Debt Repayment Agreement would subsequently become connected transactions of the Company under Chapter 14A of the Listing Rules.

(2) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT UNDER SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders on 27 October 2016 and subsequently amended on 17 November 2020, 30 March 2023 and 28 July 2023. As at the date of this announcement, the Company had granted an aggregate of 25,400,000 Share Options to subscribe for up to 25,400,000 Shares, of which 5,342,766 Share Options are available for grant.

In order to provide the Company with more flexibility to provide incentives or rewards to Eligible Participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group, the Board proposes to refresh the Scheme Mandate Limit to 10% of the Shares in issue as at the date of approval by the Shareholders at the EGM.

(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

To accommodate the allotment and issue of the Consideration Shares following the completion of the Proposed Acquisitions, the refreshment of the Scheme Mandate Limit and to provide additional flexibility to the Company to issue new Shares for future investments and developments, the Board proposes to increase the authorised share capital of the Company from HK\$500,000 divided into 500,000,000 Shares to HK\$700,000 divided into 700,000,000 Shares by the creation of an additional 200,000,000 new Shares. Such new Shares, upon issued and fully paid, shall rank pari passu in all respects with the Shares.

The proposed increase in the authorised share capital of the Company is conditional upon the approval of the Shareholders by way of an ordinary resolution at the EGM.

(4) PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

In view of the proposed increase in the authorised share capital of the Company, the Board proposes to make certain amendments to the existing Memorandum and Articles of Association. The proposed amendments to the Memorandum and Articles of Association are subject to Shareholders' approval by way of special resolution at the EGM.

EGM AND DESPATCH OF CIRCULAR

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save and except for Avenir Investment, Mr. Li, Mr. Du, HSG, FCCR, Lightning Pay, Sky Fort, Tekne, Vision Leader, Hong Jia, Zhen Partners, Mr. Song, Mr. Hu and their associates, no other Shareholder has a material interest in the Proposed Acquisitions.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on whether the terms of the BVI Agreement, the BitTrade Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the BVI Agreement, the BitTrade Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider and, if thought fit, to approve (i) the BVI Agreement, the BitTrade Agreement and the transactions contemplated thereunder; (ii) the proposed refreshment of the Scheme Mandate Limit; (iii) the proposed increase in the authorised share capital of the Company; and (iv) the proposed amendments to the Memorandum and Articles of Association.

A circular containing, among other things, (i) further details of the Proposed Acquisitions; (ii) the financial information of the Group; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Proposed Acquisitions; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisitions; (v) further details of the proposed refreshment of the Scheme Mandate Limit; (vi) further details of the proposed increase in the authorised share capital of the Company; (vii) further details regarding the proposed amendments to the Memorandum and Articles of Association; (viii) the notice of the EGM; and (ix) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 6 September 2024.

Shareholders and potential investors of the Company should note that completion of the Proposed Acquisitions is subject to the satisfaction of the conditions precedent as set out in the Agreements. Therefore, the Proposed Acquisitions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

THE PROPOSED ACQUISITIONS

On 16 August 2024, the Company, as purchaser, and the Vendors entered into the Agreements in respect of the Proposed Acquisitions.

A. The BVI Agreement

The principal terms and conditions of the BVI Agreement are set out below:

Date

16 August 2024

Parties

BVI Vendors: FCCR, Lightning Pay, Sky Fort, Tekne, Vision Leader, Hong Jia, Zhen Partners, HSG, Avenir Investment, Mr. Song, Mr. Hu and Mr. Du

BVI Purchaser: the Company

Subject matter

Pursuant to the BVI Agreement, BVI Vendors have conditionally agreed to sell, and the Company has conditionally agreed to acquire the BVI Sale Shares, representing the entire issued share capital of BVI Company at the consideration of USD30,462,086.38 (equivalent to approximately HK\$237,604,273.76), which shall be satisfied by the allotment and issue of the Consideration Shares A at the Issue Price to BVI Vendors (or their nominees) at completion.

Consideration

The consideration for the acquisition of the BVI Sale Shares is USD30,462,086.38 (equivalent to approximately HK\$237,604,273.76), which shall be satisfied by the allotment and issue of the Consideration Shares A, comprising up to 108,992,786 new Shares, to BVI Vendors at the Issue Price of HK\$2.18 per Share at completion.

The consideration was determined after arm's length negotiations between the Company and the BVI Vendors with reference to, among others, (i) the appraised fair value of the Target Group of approximately USD36,079,000 as at 29 February 2024, as appraised by the Valuer; (ii) the historical and anticipated financial performance of the Target Group; (iii) the business prospect of the Target Group; (iv) the factors set out in the section headed "Reasons for and benefits of the Proposed Acquisitions" in this announcement; and (v) the outstanding loans balance due to Avenir Cayman as set out in the section headed "Debt repayment transactions subsequently becoming connected" in this announcement.

Conditions Precedent

Completion is conditional upon fulfillment of the following conditions:

- (a) the Company being satisfied with the results of the due diligence review (including but not limited to the legal and financial due diligence review) on the Target Group;
- (b) all requisite authorisations, approvals, permissions, agreements, consents and waivers required to be obtained by the BVI Vendors in respect of the entering into of the BVI Agreement and the implementation of the transactions contemplated thereunder having been obtained and remaining in full force and effect, with full compliance of all applicable laws and regulations (including but not limited to the Listing Rules);
- (c) the Listing Committee granting listing of and permission to deal in the Consideration Shares A;
- (d) the representation, warranties and/or undertakings given by the BVI Vendors and Company under the BVI Agreement shall remain true, accurate and not misleading in all material respects throughout the period from the date of the BVI Agreement to the date of completion, and there having been no breach by any party of the BVI Agreement;
- (e) legal opinions issued by local counsel in respect of the due incorporation and valid existence of each of companies of the Target Group having been obtained;
- (f) a valuation report of the BVI Company from an independent professional valuer in form and substance satisfactory to the Company having been obtained;
- (g) the Shareholders having passed the resolution approving the BVI Agreement and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares A (to the BVI Vendors and/or their nominees) under the Specific Mandate) at the EGM;

- (h) the completion of the registration of the Amended and Restated Memorandum and Articles by the BVI Registrar of Corporate Affairs;
- (i) all third party consents, approvals and notices which are required to be obtained by the BVI Vendors pursuant to any applicable laws or agreements involving the BVI Vendors or any Target Group, and in connection with the transactions contemplated under the BVI Agreement having been obtained; and
- (j) there is no material adverse change, or any development likely to involve a material adverse change in the condition, financial or otherwise, or in the operations or prospects of the Target Group.

The Company may at any time waive in whole or in part and conditionally or unconditionally any of the conditions precedent above (save for conditions (b), (c), (g) and (h), which cannot be waived).

As at the date of this announcement, conditions (b), (e) and (f) have been fulfilled.

Each of the BVI Vendors and the Company hereby undertakes to use its best endeavours to procure (so far as it lies within its power so to do) that the above conditions are satisfied as soon as practicable after the signing of the BVI Agreement.

If the above conditions are not satisfied (or waived, as the case may be) on or before the Long Stop Date, the BVI Agreement shall terminate, following which all rights and obligations of the parties shall cease immediately, and no party shall have any obligations and liabilities under the BVI Agreement save for any antecedent breaches of the terms thereof.

Completion

Completion of the BVI Agreement shall take place on the tenth (10th) Business Day immediately following the day of the fulfilment (or waiver, as applicable) of all the conditions precedent above or on such other date as the Company and the BVI Vendors may agree in writing.

Immediately following completion, the BVI Company will become a wholly-owned subsidiary of the Company, and the financial results of the BVI Company will be consolidated in the financial statements of the Group.

B. The BitTrade Agreement

The principal terms and conditions of the BitTrade Agreement are set out below:

Date

16 August 2024

Parties

BitTrade Vendor : Goldenway

BitTrade Purchaser : the Company

Subject matter

Pursuant to the BitTrade Agreement, Goldenway has conditionally agreed to sell, and the Company has conditionally agreed to acquire the BitTrade Sale Shares, representing approximately 7.69% of the issued share capital of BitTrade, at the consideration of USD2,769,435.22 (equivalent to approximately HK\$21,601,594.72), which shall be satisfied by the allotment and issue of the Consideration Shares B at the Issue Price to Goldenway (or its nominees) at completion.

Consideration

The consideration for the acquisition of the BitTrade Sale Shares is USD2,769,435.22 (equivalent to approximately HK\$21,601,594.72), which shall be satisfied by the allotment and issue of the Consideration Shares B, comprising up to 9,908,988 new Shares, to Goldenway at the Issue Price of HK\$2.18 per Share at completion.

The consideration was determined after arm's length negotiations between the Company and Goldenway with reference to, among others, (i) the appraised fair value of the Target Group of approximately USD36,079,000 as at 29 February 2024, as appraised by the Valuer; (ii) the historical and anticipated financial performance of the Target Group; (iii) the business prospect of the Target Group; (iv) the factors set out in the section headed "Reasons for and benefits of the Proposed Acquisitions" in this announcement; and (v) the outstanding loans balance due to Avenir Cayman as set out in the section headed "Debt repayment transactions subsequently becoming connected" in this announcement.

Conditions Precedent

Completion is conditional upon fulfillment of the following conditions:

- (a) the Company being satisfied with the results of the due diligence review (including but not limited to the legal and financial due diligence review) on the Target Group;
- (b) all requisite authorisations, approvals (including but not limited to the approvals granted by METI, FSA and Kanto Local Finance Bureau), permissions, agreements, consents and waivers required to be obtained by Goldenway in respect of the entering into of the BitTrade Agreement and the implementation of the transactions contemplated thereunder having been obtained and remaining in full force and effect, with full compliance of all applicable laws and regulations (including but not limited to the Listing Rules);
- (c) the Listing Committee granting listing of and permission to deal in the Consideration Shares B;
- (d) the representation, warranties and/or undertakings given by Goldenway and Company under the BitTrade Agreement shall remain true, accurate and not misleading in all material respects throughout the period from the date of the BitTrade Agreement to the date of completion, and there having been no breach by any party of the BitTrade Agreement;
- (e) legal opinions issued by local counsel in respect of the due incorporation and valid existence of each companies of the Target Group having been obtained;
- (f) a valuation report of BitTrade from an independent professional valuer in form and substance satisfactory to the Company having been obtained;
- (g) the Shareholders having passed the resolution approving the BitTrade Agreement and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares B (to Goldenway and/or its nominee) under the Specific Mandate) at the EGM;
- (h) the completion of the registration of the Amended and Restated Memorandum and Articles by the BVI Registrar of Corporate Affairs;
- (i) all third party consents, approvals and notices which are required to be obtained by Goldenway pursuant to any applicable laws or agreements involving Goldenway or any Target Group, and in connection with the transactions contemplated under the BitTrade Agreement having been obtained; and

- (j) there is no material adverse change, or any development likely to involve a material adverse change in the condition, financial or otherwise, or in the operations or prospects of the Target Group.

The Company may at any time waive in whole or in part and conditionally or unconditionally any of the conditions precedent above (save for conditions (b), (c), (g) and (h), which cannot be waived).

As at the date of this announcement, conditions (b), (e) and (f) have been fulfilled.

Each of the BitTrade Vendor and the Company hereby undertakes to use its best endeavours to procure (so far as it lies within its power so to do) that the above conditions are satisfied as soon as practicable after the signing of the BitTrade Agreement.

If the above conditions are not satisfied (or waived, as the case may be) on or before the Long Stop Date, the BitTrade Agreement shall terminate, following which all rights and obligations of the parties shall cease immediately, and no party shall have any obligations and liabilities under the BitTrade Agreement save for any antecedent breaches of the terms thereof.

Completion

The Company is not obliged to complete the acquisition of the BitTrade Sale Shares unless the acquisition of the BVI Sale Shares is completed simultaneously.

Completion of the BitTrade Agreement shall take place on the tenth (10th) Business Day immediately following the day of the fulfilment (or waiver, as applicable) of all the conditions precedent above or on such other date as the Company and Goldenway may agree in writing.

Immediately following completion, BVI Company will become a wholly-owned subsidiary of the Company and BitTrade will become an indirect subsidiary of the Company, and the financial results of the BVI Company and BitTrade will be consolidated in the financial statements of the Group.

THE CONSIDERATION SHARES

The Consideration Shares comprise up to (i) 108,992,786 Consideration Shares A under the BVI Agreement; and (ii) 9,908,988 Consideration Shares B under the BitTrade Agreement, which will be allotted and issued at the Issue Price of HK\$2.18 each, credited as fully paid.

The Issue Price represents:

- (i) a premium of approximately 14.14% to the closing price of HK\$1.91 per Share as quoted on the Stock Exchange on 16 August 2024, being the date of the Agreements;
- (ii) a premium of approximately 14.14% to the average closing price of approximately HK\$1.91 per Share as quoted on the Stock Exchange for the last five (5) Trading Days immediately prior to the date of the Agreements; and
- (iii) a premium of approximately 19.13% to the average closing price of approximately HK\$1.83 per Share as quoted on the Stock Exchange for the last ten (10) Trading Days immediately prior to the date of the Agreements.

The Issue Price was determined with reference to the prevailing market price of the Shares. The Directors consider that the Issue Price is fair and reasonable.

The aggregate nominal value of the Consideration Shares is HK\$118,901.774.

The Consideration Shares in aggregate represent up to (i) approximately 25.52% of the issued Shares as at the date of this announcement; and (ii) approximately 20.33% of the issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming (i) there is no adjustments to the consideration under the Proposed Acquisitions; and (ii) there will be no other change to the issued share capital of the Company from the date of this announcement to the date of completion of the Proposed Acquisitions).

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. The Consideration Shares will be allotted and issued pursuant to the specific mandate to be granted by the Independent Shareholders at the EGM.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

INFORMATION ON THE BVI VENDORS

The BVI Company is an investment holding company incorporated in the BVI with limited liability, is owned by BVI Vendors. Each of the BVI Vendors' shareholding interests in the BVI Company as at the date of this announcement and information are set out below:

	BVI Vendors	Number of shares	% (approx.)	Information
(i)	FCCR	66	0.132%	FCCR Fund, L.P., a limited partnership incorporated under the laws of the Cayman Islands, which is managed and operated by its general partner FCCR Fund GP, LLC, whose ultimate beneficial owner is Mr. Charles Reim. FCCR is principally engaged in investment business.
(ii)	Lightning Pay	350	0.700%	Lightning Pay Technology Limited is a limited company incorporated under the laws of the Cayman Islands. Mr. Anthony Wong is the ultimate beneficial owner of the entire issued share capital of Lightning Pay. Lightning Pay is principally engaged in investment holding.
(iii)	Sky Fort	405	0.810%	Sky Fort Investments Limited, is a limited company incorporated under the laws of the Republic of Seychelles. Mr. Anthony Wong is the ultimate beneficial owner of the entire issued share capital of Sky Fort. Sky Fort is principally engaged in investment holding.

	BVI Vendors	Number of shares	% (approx.)	Information
(iv)	Tekne	437	0.874%	Tekne Private Ventures IX, LP, a limited partnership incorporated under the laws of Delaware, which is managed and operated by its general partner Tekne Capital Management LLC, whose general partner is Tekne Partners GP LLC. The ultimate beneficial owner of Tekne Partners GP LLC is Mr. Beeneet Kothari. Tekne is principally engaged in making private investments.
(v)	Vision Leader	983	1.966%	Vision Leader II Investment Holdings Limited, is a limited company incorporated under the laws of the BVI, is an investment holding company. Mr. 戴志康 is the ultimate beneficial owner of the entire issued share capital of Vision Leader. Vision Leader is principally engaged in investment holding.
(vi)	Hong Jia	1,277	2.554%	Hong Jia Investment Management Co., Ltd., is a limited company incorporated under the laws of the Cayman Islands. Mr. Chen Weixing is the ultimate beneficial owner of the entire issued share capital of Hong Jia. Hong Jia is principally engaged in investment management, asset management, property management and investment consultancy business.

BVI Vendors	Number of shares	% (approx.)	Information
(vii) Zhen Partners	1,696	3.3923%	Zhen Partners Fund I, L.P., is a limited partnership incorporated under the laws of the Cayman Islands, which is managed and operated by its general partner Zhen Partners Management (MTGP) I, L.P., whose general partner is Zhen Partners Management (TTGP) I, Ltd., an indirect subsidiary of R&H Trust Co. (Singapore) Pte. Limited, being a trustee of Mr. Xu Xiaoping's family trust. Zhen Partners is principally engaged in making venture capital investments.
(viii) HSG	6,666	13.333%	HSG CV IV HOLDCO, LTD., a limited company incorporated under the laws of the Cayman Islands, is indirectly wholly-owned by Hong Shan Capital Venture Fund IV, L.P., whose general partner is HSG Venture IV Management, L.P.. The general partner of HSG Venture IV Management, L.P. is HSG Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Mr. Nanpeng Shen is the holder of the entire issued share capital of SNP China Enterprises Limited. HSG is principally engaged in making equity investments in private companies.

	BVI Vendors	Number of shares	% (approx.)	Information
(ix)	Avenir Investment	36,388	72.783%	Avenir Investment Limited, a substantial shareholder of the Company holding 90,990,474 Shares (representing approximately 19.53% of the total issued Shares), is a limited company incorporated under the laws of the BVI. Avenir Investment is principally engaged in investment holding. As such, Avenir Investment is a connected person of the Company. As at the date of this announcement, Avenir Investment is indirectly wholly owned by Mr. Li, a non-executive Director.
(x)	Mr. Song	122	0.244%	Mr. Song Ying (宋瑛先生), who primarily engages in investment activities.
(xi)	Mr. Hu	759	1.518%	Mr. Hu Donghai (胡東海先生), who primarily engages in investment activities.
(xii)	Mr. Du	846	1.692%	Mr. Du, an executive Director and a substantial shareholder of the Company, is interested in 83,682,305 Shares (representing approximately 17.96% of the total issued Shares). Mr. Du is the beneficial owner of 80,682,305 Shares and 3,000,000 Share Options which shall entitle him to subscribe for 3,000,000 Shares upon exercise of all such Share Options. As such, Mr. Du is a connected person of the Company under Chapter 14A of the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, as at the date of this announcement, (i) save as Avenir Investment and Mr. Du as disclosed above and save for the shareholdings of FCCR, Tekne, Vision Leader, Hong Jia, Zhen Partners, HSG, Avenir Investment, Mr. Song, Mr. Hu and Mr. Du in the Company as disclosed in this announcement, other BVI Vendors are Independent Third Parties, and (ii) save that Mr. Anthony Wong is the ultimate beneficial owner of the entire issued share capital of each of Lightning Pay and Sky Fort, the BVI Vendors are not connected with each other.

To the best of the knowledge, information, and belief of the Directors, and having made all reasonable inquiries, approximately 72.783% equity interest in the BVI Company was distributed to Avenir Investment, and approximately 1.692% equity interest in the BVI Company was distributed to Mr. Du by Avenir Asset following the completion of share distribution on 27 December 2023. Prior to such share distribution, on 12 September 2018, the BVI Vendors acquired a 100% shareholding of Avenir Asset (in which Mr. Li and Mr. Du held approximately 72.783% and 1.692% of the issued share capital, respectively and which, at the material time, held approximately a 75% equity interest in the Target Company), for a consideration of approximately USD50,000,000.00.

INFORMATION OF GOLDENWAY

Goldenway is a company incorporated in Japan in 2006 with limited liability. Goldenway operates a trading platform that provides investment advisory, online trading analytics, foreign exchange, and tax returns services, and is a specialist in conducting online over-the-counter derivative transactions for general investors via the Internet. It is currently registered with FSA since 2017, and Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan, serving local clients as a broker and dealer for a variety of products including foreign exchange (FX) and commodities. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Hao Tang is the ultimate beneficial owner of Goldenway. Goldenway is an Independent Third Party as at the date of this announcement.

INFORMATION OF THE COMPANY AND THE GROUP

The Company, being the BVI Purchaser and the BitTrade Purchaser, is an investment holding company incorporated in the BVI, whose Shares are listed on the main board of the Stock Exchange. The Group is principally engaged in the provision of technology solution services, a variety of services in virtual asset ecosystem, such as asset management, trust and custodian businesses and cryptocurrency trading. Cryptocurrency trading has been the major source of revenue of the Group for the year ended 30 September 2023, during which the revenue generated from cryptocurrency trading business was approximately HK\$2,810,576,000, accounting approximately 99% of the Group's revenue.

INFORMATION OF THE TARGET GROUP

The BVI Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, BVI Company indirectly holds approximately 84.62% of the issued share capital of BitTrade.

Avenir Asset is a company incorporated in Singapore with limited liability and is principally engaged in investment holding. As at the date of this announcement, Avenir Asset is directly wholly-owned by BVI Company and directly holds approximately 84.62% of the issued share capital of BitTrade.

BitTrade is a company incorporated in Japan with limited liability in 2016 and is principally engaged in cryptocurrency trading business. In addition, BitTrade is a licensed virtual currency exchange service provider (registered with the Cryptoasset Exchange Service Provider – Director of the Kanto Finance Bureau No.00007* (暗号資産交換業 – 関東財務局長第00007号牌照) and Type I Financial Instruments Business – Kanto Local Finance Bureau (FIBO) No.3295* (第一種金融商品取引業 – 関東財務局長(金商)第3295号牌照)). There is no validity period related to the aforesaid registrations of BitTrade and thus the registrations do not require renewal.

Further, BitTrade has successfully joined three self-regulatory associations being formally recognised by the FSA, including the Japanese Virtual and Crypto assets Exchange Association (“JVCEA”) and Japan Cryptoasset Business Association, which possess the capability to establish and enforce regulations and standards for cryptocurrency exchanges in Japan, and Japan Security Token Offering Association, which facilitates the systematic introduction and advancement of security tokens within Japan. As a member of these associations, BitTrade not only enhances trust and credibility with the public but has also gained access to participate in policy-making discussions and setting industry standards. This access provides BitTrade with insights into potential regulatory changes, enabling BitTrade to swiftly respond to evolving regulatory landscapes.

BitTrade is also a member of two associations for the Japanese crypto-asset industry including Japan Security Token Association and Fintech Association of Japan. As an active member of these industry associations, BitTrade is well-positioned to stay abreast of the latest industry trends explore business opportunities with other prominent members, thereby strengthening its presence in the Japan cryptocurrency market.

Beyond these business activities, BitTrade also offers provision of support and ancillary services related to virtual currency business. BitTrade primarily acquires clients through the cryptocurrency trading platform and makes profits through virtual currency trading business, being the major source of its income. The revenue recognized from BitTrade's cryptocurrency trading for the year ended 31 March 2023 is JPY4,592,216,000 (approximately HK\$239,308,641.75), accounting approximately 93% of BitTrade's revenue. BitTrade's primary revenue stream, derived from cryptocurrency trading, aligns with the Group's principal source of revenue.

BitTrade HK and BitTrade Wallet are wholly-owned subsidiaries of BitTrade, incorporated on 12 May 2023 and 20 October 2023, respectively. Under the Target Group's business plans, the principal business of BitTrade HK would involve providing virtual asset services in Hong Kong. The principal business of BitTrade Wallet, as a wholly-owned subsidiary of BitTrade HK, would involve providing custodian services for all client assets of the virtual asset trading platform to be operated by BitTrade HK. In order to conduct business providing virtual asset services (including but not limited to operating a virtual asset exchange, distributing virtual asset-related products, offering dealing services, and advisory services), BitTrade HK was required to apply for a VASP license from the SFC under the new licensing regime. An application was submitted but later withdrawn due to substantial costs.

As at the date of this announcement, BitTrade is owned as to approximately 84.62% by Avenir Asset, approximately 7.69% by Goldenway, approximately 3.845% by Tokai and approximately 3.844% by FPG. Tokai is listed on Tokyo Stock Exchange (TYO:8616) and is engaged in the purchase and sale of securities, the brokerage of securities, the underwriting, sale, public offering and private offering of securities, other financial product transaction businesses and financial product-related businesses, as well as the provision of financing and fund management services for clients in overseas markets. FPG is listed on Tokyo Stock Exchange (TYO:7148) and is mainly engaged in fund and financial services business (including but not limited to leasing fund, real estate fund, FinTech, insurance, and mergers and acquisitions) and aviation services business. As at the date of this announcement, the controlling shareholder of FPG is HT Holdings Co., Ltd, holding approximately 27.28% of the issued share capital of FPG.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, on 12 September 2018, the BVI Vendors acquired a 100% shareholding in Avenir Asset (which, at the material time, held approximately a 75% equity interest in the Target Company), for a consideration of approximately USD50,000,000.00. Subsequently, between 2018 and 2020, Avenir Asset acquired an additional 9.61% equity interest in BitTrade by making cash contribution of approximately USD19,793,537.00, resulting in the total acquisition cost of USD69,793,537.00 and an increase in Avenir Asset's shareholding in the Target Company to approximately 84.62%.

At the date of this announcement, Mr. Guan is a director and authorized representative of BitTrade, the sole director of BitTrade HK, and the sole director of BitTrade Wallet. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Guan is not a shareholder or director of the Company.

Potential share repurchase by the Target Company

As informed by the Target Company, FPG and Tokai are able to request the Target Company, or a third party designated by the Target Company, to repurchase their equity interests in the Target Company in the event that Mr. Li is no longer the ultimate beneficial owner of the Target Company, or if Avenir Investment disposes of more than 50% of the Target Company's shares. The Target Company, FPG and Tokai agreed that, after completion of the Proposed Acquisitions, the Target Company would repurchase FPG's and Tokai's shares in the Target Company for a consideration equivalent to their initial investment costs amounting to JPY1,000,000,000.

The Target Company's business model

The Target Company operates within a single segment: virtual assets ecosystem. The Target Company's business model is primarily focused on the cryptocurrency trading business, with a smaller emphasis on other virtual asset business ("**Other Virtual Asset Business**"), which includes providing services relating to automated cryptocurrency trading, cryptocurrency listing and cryptocurrency wallet.

Regarding the cryptocurrency trading business, the Target Company holds cryptocurrencies before re-selling them to the counterparties, it is primarily responsible for the delivery of the cryptocurrencies to the counterparties and it is exposed to risks arising from fluctuations of the market price and inventory risk of cryptocurrencies before delivery to counterparties and has discretion in setting prices charged to counterparties. The Target Company generates profit margins from purchasing virtual assets at a lower price and subsequently selling them at a relatively higher price.

Regarding the Other Virtual Asset Business, the scope of the Target Company's activities is as follows:

- (a) the Target Company provides automated cryptocurrency trading services through its proprietary platform, offering clients a diverse selection of the most popular cryptocurrencies (i.e. 42 types). Under these arrangements, clients trade among themselves on the platforms where the Target Company merely provides facilitation services to match their trades. Commission fees are derived by calculating a fixed mark-up percentage on each trade transaction amount and are recognised at the time when each trade transaction is completed;

- (b) the Target Company offers services for listing cryptocurrencies on its cryptocurrency trading platform. The Target Company assists cryptocurrency providers in preparing and submitting cryptocurrency listing applications to JVCEA. Upon obtaining the approval from JVCEA, the Target Company will proceed with submitting another application to FSA on behalf of the cryptocurrency providers. Listing fee income is recognized upon the completion of each application to either JVCEA or FSA;
- (c) the Target Company charges handling fees from clients when withdrawing deposits or cryptocurrencies from its cryptocurrency trading platform. Handling fee income is recognised at the point in time when the withdrawal is completed.

The Target Company's primary sources of funding include cash flows generated from its operating activities, shareholder equity as well as other borrowings. Once the Target Company achieves profitability, operational net profit and cash inflows are expected to be converted into retained earnings, which will also serve as additional sources of funding.

The Target Company's customers and revenue generated model

The Target Company has cultivated a broad and diverse customer base for its cryptocurrency trading business, comprising high-net-worth individuals and professional investors in Japan, and multinational enterprises and organisations. The Target Company also derives listing fees from multiple global Web3.0 developers and financial institutions that are seeking to list their cryptocurrencies on trading platforms in Japan.

The user base of the Target Company's cryptocurrency trading platform consists of Japanese nationals, foreigners who are residents in Japan, multinational enterprises and financial institutions from around the globe. As of the date of this announcement, the Target Company's cryptocurrency trading platform boasts a significant user base, with approximately 165,000 registered users, of whom more than 110,000 have completed know-your-client verification. These registered users engage in various principal business activities on the platform, including digital currency trading, cryptocurrency listing services, and deposit and withdrawal transactions.

In February 2024, the Target Company's cryptocurrency trading platform acquired approximately 4,000 new users, and over the past six months, the registered user base has increased by approximately 23,000 users. Overall, the trading platform's user base is showing a continuing upward trend.

Revenue generated by the Target Company from its cryptocurrency trading business is recognised at point in time upon each trade transaction is completed. The sale amounts received from counterparties are recorded as revenue of cryptocurrency trading business on a gross basis and the associated cost as the direct cost.

The revenue from cryptocurrency trading represented: (i) approximately 98.03% of the total revenue for the year ended 31 March 2022 and amounted to approximately 4.62 billion JPY; (ii) approximately 92.78% of the total revenue for the year ended 31 March 2023 and amounted to approximately 4.59 billion JPY; and (iii) approximately 98.86% of the total revenue for the eleven months ended 29 February 2024 and amounted to approximately 12.65 billion JPY.

The Target Company also derived revenue from its Other Virtual Asset Business, including commission fees from providing cryptocurrency trading services, as well as listing fees and handling fees generated by the Target Company's cryptocurrency trading platform.

The revenue from Other Virtual Asset Business in aggregate amounted to: (i) approximately 92.66 million JPY, accounting for approximately 1.97% of the total revenue for year ended 31 March 2022; (ii) approximately 357.55 million JPY, accounting for approximately 7.22% of the total revenue for the year ended 31 March 2023; and (iii) approximately 0.15 billion JPY, accounting for approximately 1.14% of the total revenue for the eleven months ended 29 February 2024.

As at the date of this announcement, no revenue has been generated from BitTrade HK and BitTrade Wallet.

Sales and marketing strategies

Since the commencement of the Target Company's business in 2016, the Target Company's cryptocurrency trading platform has maintained stable growth and has garnered a strong reputation for its reliable and secure platform in the cryptocurrency market. The Target Company strives to continuously grow our user and client base by word-of-mouth referral and precision marketing.

The Target Company primarily relies on its marketing team to promote its cryptocurrency trading platform to potential users by: (i) arranging online and offline events to increase awareness of the Target Company's brand; (ii) establishing strategic relations with third parties, including financial institutions, industry standard-setting bodies and blockchain companies; and (iii) promoting the Target Company's products and creating product-related strategies to support marketing activities.

To increase user registration, the Target Company has streamlined the client registration and initial trading setup processes, enabling new users to complete their account applications free and swiftly. Additionally, the Target Company has initiated promotion activities such as user referrals, where existing users introduce new clients to register and trade. Upon successful referrals, both new and existing users receive a specific reward.

To encourage trading activities, the Target Company launched different incentive programs on its trading platform from time to time and it does not charge any account maintenance or custody fees. The Target Company's platform also maintains competitive appeal by charging relatively low trading fees on major trading pairs.

In order to convert registered users into active clients of its cryptocurrency trading business, the Target Company's trading platform allows new registered users to purchase Bitcoin and Ethereum with a minimal initial investment. Additionally, the Target Company offers a prominent one-click ordering feature on its cryptocurrency trading webpage, facilitated by its automated ordering system (自動落單平台). These strategies are designed to facilitate user conversion by creating a favourable trading environment and improving the overall user experience.

The Target Company's future business development plan upon completion of the Proposed Acquisitions

Following the completion of the Proposed Acquisitions, the Target Company will continue to focus on its established business strategies, with the main source of income being the revenue generated from cryptocurrency trading business. The Target Company will also continue to offer cryptocurrency trading services, initial coin offering services and services relating to cryptocurrency wallet to its existing and potential clients.

Going forward, the Target Company will continue to invest in technology and talents, to maintain its competitive advantages and to facilitate the execution of its future business development plan.

Due diligence on the Target Group

The Board has conducted several assessments and due diligence reviews regarding the Proposed Acquisitions in relation to the Target Group from commercial, finance, legal, and human resources perspectives as set out below:

- (i) From a commercial standpoint, the Company has convened several meetings with the management team of the Target Group to delve into its market positioning and competitive landscape. Additionally, the Company has reviewed the historical financial performance of the Target Group to comprehend its future growth and business strategy.

- (ii) From a financial perspective, the Company's representatives have conducted financial and onsite due diligence on the Target Group. In particular, they completed two field trips to the Target Group, during which they had management discussion and analysis with the management of the Target Group and examined the Target Group's key financials to gain detailed understanding of the Target Group's financial position. The Company also conducted internal controls interviews with the Target Group in December 2023 and April 2024, engaged its auditor to perform a review of the Target Group which concluded that the audited historical financial figures are true and fair, and reviewed the valuation report and enquired into the Valuer on the methodology, basis and assumptions adopted therein.
- (iii) From a legal perspective, the Board has reviewed the Target Group's statutory records and licences required for its business and operations. Moreover, the Board has engaged local counsels to provide legal opinions on the due incorporation and valid existence of the Target Group. In addition, the legal due diligence review also includes conducting online and publicly available searches to ascertain the potential liabilities, contingent issues, and legal or contractual obstacles in the Target Group. Furthermore, the Company has obtained confirmations from the BVI Vendors and BitTrade Vendor in March 2024 that there are no restrictions on the share transfer in respect of the Proposed Acquisitions.
- (iv) From a human resources perspective, the Board has obtained and considered the employees information, staff structure, and payroll information of the Target Group, and has discussed with BitTrade's management to identify potential risks associated with the Proposed Acquisitions.

As at the date of this announcement, the due diligence on the Target Group has been substantially completed by the Company. The Board is satisfied with the results of the above due diligence review on the Target Group and there are no material irregularities based on the due diligence review. Prior to Completion, the Company will continue to conduct certain bringdown searches and due diligence reviews on the assets, liabilities, operations, business, financial and legal affairs, as well as business plans of the Target Group, as and when needed.

Potential risks of the Proposed Acquisitions

The Target Company is primarily engaged in the cryptocurrency trading business, characterized by rapidly evolving technologies, infrastructure, increasing competition, changing regulations, and shifting market demands. Based on current due diligence results and obtained information, it is assessed that the Target Company's business and prospects, in light of encountered or potential risks, include the following:

- (a) *Network interruptions and security breaches* – unexpected network interruptions, security breaches, or computer virus attacks, and failures in the Target Company's database and system could materially affect its business, financial condition, and operational results. The internet-based nature of the business relies heavily on infrastructure performance, reliability, and security. Any failure to maintain these aspects could significantly damage the Target Company's reputation and its ability to retain existing users and attract new ones. Since protecting client's assets is one of the top priorities of the Target Company, it uses cold wallets and implements multi-data center backups for enhanced security.
- (b) *Regulatory compliance* – the Target Company is subject to extensive and evolving Japanese laws and regulatory requirements. The FSA conducts regular inspections and supervision activities over the Target Company's trading systems and operations. Non-compliance may lead to penalties, limitations, or prohibitions on future business activities, or suspension or revocation of licenses and trading rights. Additionally, the Target Company may undergo regulatory examinations, which could harm its reputation and lead to legal, financial, and operational consequences.
- (c) *Market disruptions* – the performance of the cryptocurrency market can significantly impact the trading volume of the Target Company's cryptocurrency trading platform and its cryptocurrency trading business. Factors such as macroeconomic conditions, investor sentiment, and technological advancements influence market dynamics. Market disruptions can directly impact sales and profitability, particularly if market values of cryptocurrencies decline, leading to illiquid markets and lower revenues.
- (d) *Intense competition* – the Target Company must continuously monitor rapid blockchain developments, technological developments and evolving industry trends to stay competitive in the cryptocurrency trading platform sector. Despite significant investments in research and development, there is no guarantee of expected returns. To meet client demands for advanced trading facilities and access to wider markets, better trading tools, lower commissions and financing rates, the Target Company has embarked on building such facilities and service enhancements.

To evaluate the associated risks of the Proposed Acquisitions, the Board has completed and will continue to conduct the following assessments:

- (a) conducting comprehensive due diligence to assess the Target Group’s financial, operational, legal, and regulatory aspects;
- (b) reviewing the Target Company’s compliance with Japanese cryptocurrency regulations, which includes licensing requirements, anti-money laundering procedures, know-your-client policies, and personal data protection regulations;
- (c) performing regular evaluations of the Target Company’s historical financial performance, revenue streams, profitability, and growth projections to gauge its financial health and potential for future growth;
- (d) conducting regular reviews of the cryptocurrency market in Japan, analyzing market size, growth trends, and competitive landscape. This included an evaluation of the Target Company’s market position, market share, and competitive advantages;
- (e) evaluating the Target Company’s technology infrastructure, trading platform, and software systems. This assessment focused on scalability, reliability, performance, and compatibility with emerging technologies and industry standards; and
- (f) developing a comprehensive integration plan to address operational, technological, cultural, and human resources integration challenges, and to identify synergies, cost-saving opportunities, and integration milestones.

With the above assessments and due diligence exercise conducted against the Target Group, having made all reasonable enquiries, the Board is of the view that the Target Group has implemented effective measures to mitigate its risk exposure.

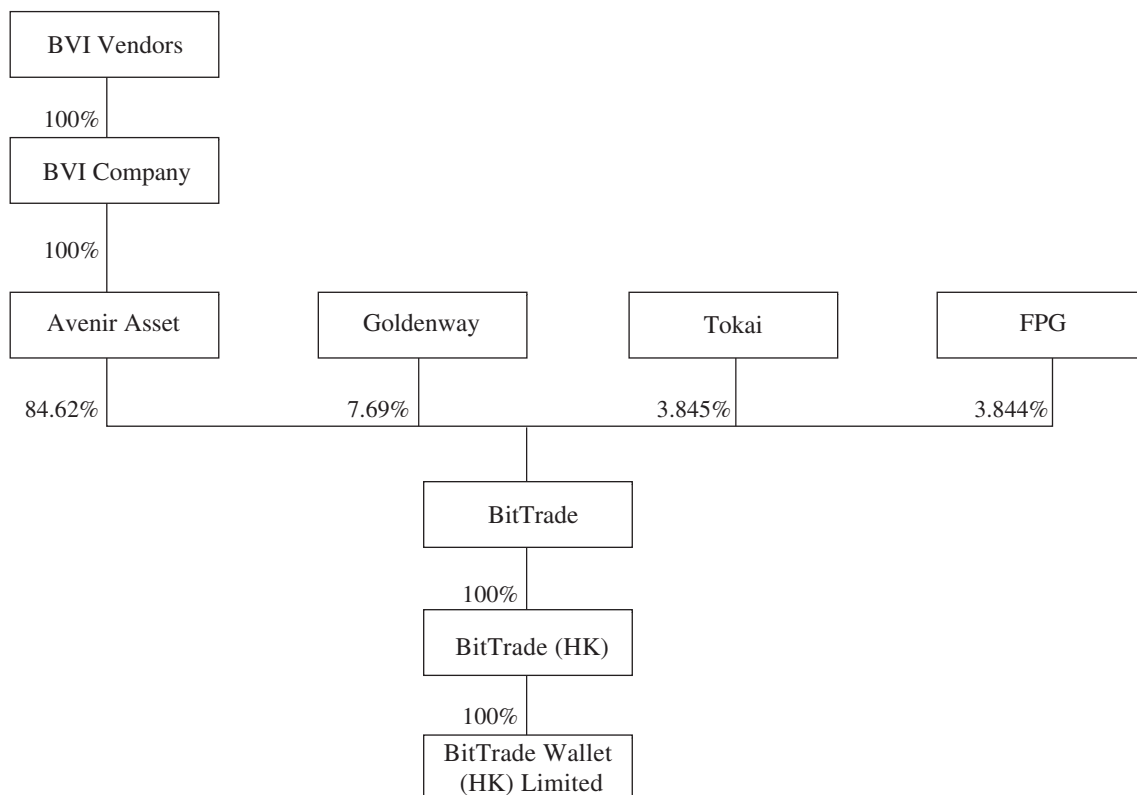
Despite the potential risks associated with the Proposed Acquisitions, the Board believes the terms of the Proposed Acquisitions are fair and reasonable. This assessment is based on several key factors: the Target Group has a proven track record of regulatory compliance, the Target Group’s alignment with the Company’s long-term strategic objectives, the synergies and growth opportunities the Target Group could offer, the strategies in place for risk mitigation, as well as the industry experts and talents retained by the Target Group. The Board remains optimistic about the synergistic benefits the Proposed Acquisitions could bring to the Group, viewing these advantages as significantly outweighing the associated risks. The synergistic benefits expected from the Proposed Acquisitions are set out in the sections headed “Reasons for and benefits of the Proposed Acquisitions”.

INFORMATION OF HAINAN LEPENG AND AVENIR CAYMAN

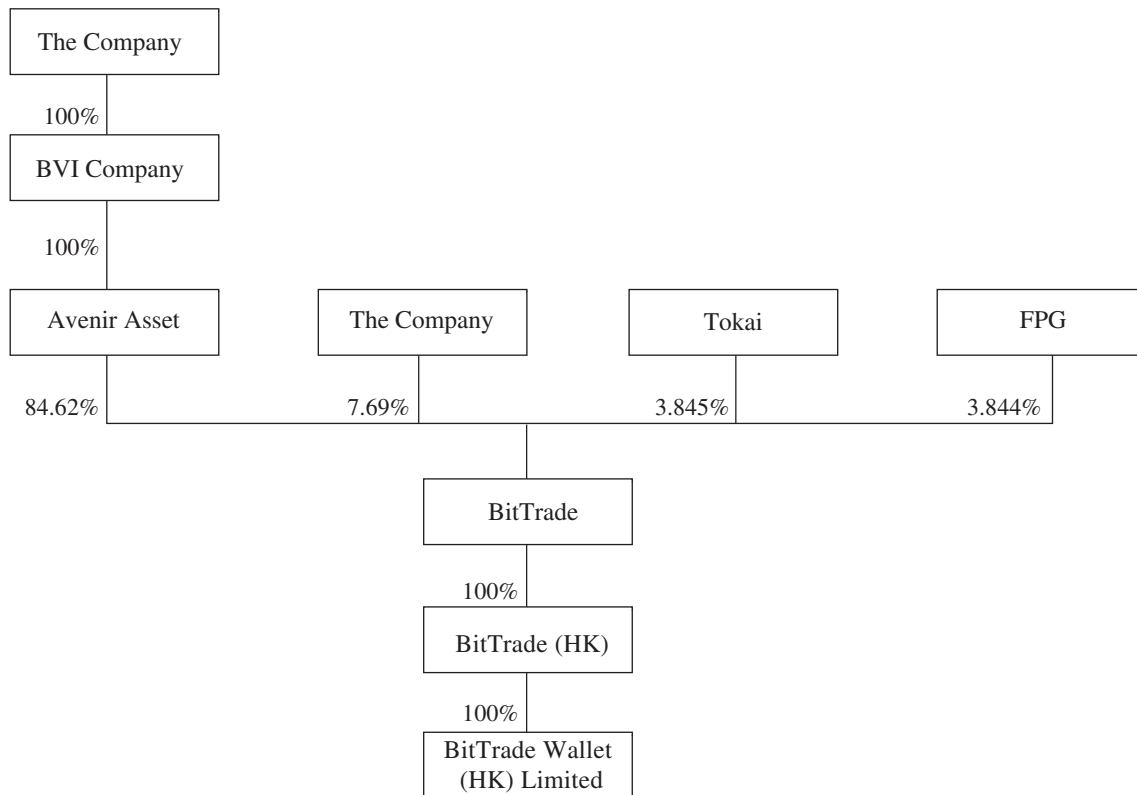
Hainan Lepeng is a company incorporated and existing under the laws of the PRC with limited liability, the ultimate beneficial owner of which is Mr. Li. It is principally engaged in business information, financial and enterprise management consulting, information technology development and consulting, software services, development and consulting, product and model design, as well as domestic trading and e-commerce.

Avenir Cayman is a company incorporated under the laws of the Cayman Islands with limited liability, the ultimate beneficial owner of which is Mr. Li. Avenir Cayman is primarily engaged in investment holding.

A corporate structure chart of BVI Company and BitTrade as at the date of this announcement is set out below:



A corporate structure chart of BVI Company and BitTrade immediately after completion of the Proposed Acquisitions is set out below:



Set out below is the audited consolidated financial information of the Target Group prepared in accordance with International Financial Reporting Standards for the two years ended 31 March 2022 and 2023, for the eleven months ended 29 February 2024 and the unaudited consolidated financial information of the Target Group for the year ended 31 March 2024:

	For the year ended 31 March 2022	For the year ended 31 March 2023	For the eleven months ended 29 February 2024	For the year ended 31 March 2024
	<i>US\$'000</i> (audited)	<i>US\$'000</i> (audited)	<i>US\$'000</i> (audited)	<i>US\$'000</i> (unaudited)
Net assets/(liabilities)	14,566	11,438	10,865	12,349
Profit/(Loss) before taxation	(3,426)	(3,128)	(610)	957
Profit/(Loss) after taxation	(3,426)	(3,128)	(610)	957

The changes from an audited net loss of approximately US\$610,000 for the eleven months ended 29 February 2024 to an unaudited net profit of approximately US\$957,000 for the year ended 31 March 2024, recorded by the Target Group, were mainly due to (i) the favorable market value of cryptocurrencies in March 2024, which resulted in a gain on the fair value change of cryptocurrencies, and (ii) an increase in the Target Group's non-operating income.

VALUATION OF THE TARGET GROUP

In respect of the Valuer's qualification and independence, the Board had reviewed and enquired into the qualifications and experience of the Valuer in relation to the preparation of the valuation report. To the best of the Directors' knowledge and belief and having made all reasonable enquiries, Mr. Oswald W Y Au, the person in charge of the appraisal, is a member of Hong Kong Institute of Surveyors (General Practice), Associate Member of Australian Property Institute, a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board and an International Certified Public Accountant, and has over 19 years of experience in financial valuation and property valuation in various regions including but not limited to Hong Kong, the PRC, the U.S., and Asia Pacific region. The Valuer has extensive experience in valuing cryptocurrency assets in Asia Pacific region. The Board also obtained information on the Valuer's track records on experience in financial valuation, cryptocurrency assets valuation and property valuation. As such, the Board is of the view that the Valuer is qualified, experienced and competent in performing the valuation of the Target Group and providing a reliable opinion in respect of the valuation of the Target Group.

The Board also enquired with the Valuer as to its independence from the Group and the parties involved in the Proposed Acquisitions, and understand that the Valuer is independent from the Group, the BVI Vendors, the BitTrade Vendor, the Target Group and their respective associates.

Valuation Approach and Result

According to the valuation report prepared by the Valuer, the sum of the fair value of 100% equity interest in the Target Group was USD36,079,000 as at 29 February 2024. Given the valuation date is 29 February 2024, utilizing the financial data from the same period, namely the Last Twelve Months (LTM) revenue of the Target Company (specifically, from 1 March 2023 to 29 February 2024), is deemed appropriate to provide a more up-to-date and accurate representation of the Target Company's current and latest status and condition.

Guideline Company Method

Annualized Revenue of the Target Company (JPY'000) ⁽¹⁾	13,205,681
Adjusted Median EV/S Multiple ⁽²⁾	0.31x
Estimated 100% Enterprise Value of the Target Company (JPY'000) ⁽⁶⁾	4,093,761
Add: Cash (JPY'000) ⁽³⁾	2,652,789
Add: Net non-operating assets and liabilities (JPY'000) ⁽³⁾	3,787,647
Less: Debts (JPY'000) ⁽⁴⁾	4,174,678
Estimated 100% Equity Value of the Target Company (JPY'000) ⁽⁷⁾	6,400,000
Less: Share Repurchase (JPY'000) ⁽⁵⁾	1,000,000
Adjusted 100% Equity Value of the Target Company (JPY'000)	5,400,000
Rounded Adjusted 100% Equity Value of the Target Company (JPY'000) ⁽⁷⁾	5,400,000
Exchange Rate (USD/JPY) ⁽⁶⁾	150
100% Equity Value of the Target Company (USD) ⁽⁷⁾	36,079,000
Rounded	36,000,000

Notes:

- (1) Revenue is referred to the LTM revenue up to the 29 February 2024 financial statement (i.e., from 1 March 2023 to 29 February 2024) of the Target Company, which is obtained as follows:

	For the year ended 31 March 2023 JPY'000 (audited)	For the year ended 31 March 2023 JPY'000 (audited)	For the eleven months ended 29 February 2024 JPY'000 (audited)	For the last twelve months ended 29 February 2024 JPY'000
	A	B = A/12	C	D = B + C
Total Revenue	4,949,764	412,280	12,793,201	13,205,681
Duration (Months)	12	1	11	12

- (2) Selected EV/S Multiple is based on the median EV/S multiple computed through Guideline Company Method.
- (3) Cash, net non-operating assets and liabilities based on the 29 February 2024 financial statement of the Target Company. Cash refers to the cash on hand or in banks. The non-operating assets and liabilities include the Target Company's own crypto assets, crypto assets of the Target Company's clients, long-term equity investments, foreign exchange margin, trust fund and client deposits with mismatched names, etc. These items are unrelated to the Target Company's regular operational activities.

- (4) Debts based on the 29 February 2024 financial statement of the Target Company include the borrowings from an intermediate holding company, Avenir Cayman Holding Limited (“**Avenir Cayman**”), long-term debt, short-term lease obligations and long-term lease obligations. The Target Company entered into several borrowing agreements in cryptocurrencies with Avenir Cayman, resulting in an outstanding amount of JPY3,147,564,121 as of 29 February 2024. Besides, the Target Company has also entered into a loan agreement with a former fellow subsidiary, Huobi Cayman Holding Limited (formerly known as Huobi Global Limited) (“**Huobi Global**”), amounting to JPY1,000,000,000 for five years from 16 May 2022 to 15 May 2027, thereby representing the long-term debt. On 1 October 2022, Huobi Global signed a novation agreement with Avenir Cayman, and transferred the rights and obligations of the said long-term debt to Avenir Cayman. As such, there is a total outstanding amount of JPY4,147,564,121 owed to Avenir Cayman as of 29 February 2024. The Target Company has decided not to settle the aggregate outstanding debt balance prior to the completion of the Proposed Acquisitions. The management of the Target Group anticipates that the aggregate outstanding debt balance will be settled by 31 December 2024. Additionally, the amount of total short and long-term lease obligations as of 29 February 2024 is approximately JPY27,114,000. Overall, the total amount of debt is JPY4,147,564,121 in debt and JPY27,114,000 in lease obligations, totaling approximately JPY4,174,678,000. Furthermore, there is an outstanding amount payable to 海南樂朋商務信息諮詢有限公司 (Hainan Lepeng Business Information Consulting Co., Ltd.*) (“**Hainan Lepeng**”), totaling JPY89,946,000 as at 29 February 2024. However, this amount payable is associated with the Target Company’s regular operational activities, specifically technical service fees payable to Hainan Lepeng, and it has been included in the calculation of the Enterprise Value of the Target Company.
- (5) FPG and Tokai are able to request the Target Company, or a third party designated by the Target Company, to repurchase their equity interests in the Target Company if Mr. Li is no longer the ultimate beneficial owner of the Target Company, or if Avenir Investment disposes of more than 50% of the Target Company’s shares. The Target Company has committed to FPG and Tokai that, after completion of the Proposed Acquisitions, it will repurchase FPG’s and Tokai’s shares in the Target Company for a total consideration equivalent to their initial investment costs amounting to JPY1,000,000,000. The said amount has been factored into the valuation.
- (6) Exchange Rate based on the spot rate from FactSet as of 29 February 2024.
- (7) Figures may not exactly add up due to rounding.

The valuation was computed based on market approach, adopting the guideline company method which the Valuer has selected eight appropriate comparable public companies based on the comparability of the overall industry sector, taking into account the following selection criteria and basis:

- (a) the primary business of the comparable public companies is cryptocurrency trading and exchanges, with over 50% of their revenues coming from these activities;
- (b) the comparable public companies are listed on exchange markets in developed countries, with the over-the-counter market excluded;
- (c) the financial information of the comparable public companies is publicly available; and
- (d) the revenues of the comparable public companies are positive.

The Valuer has considered all the comparable companies listed in developed countries, including but not limited to the United States, Canada, Europe, Hong Kong, Singapore, and Japan. The reason for choosing comparable companies with over 50% of their revenues from cryptocurrency trading and exchanges is to identify businesses primarily engaged in similar activities as the Target Company. Based on the aforementioned selection criteria, there are no listed cryptocurrency trading and exchange-related companies with over 50% of their revenue coming from these activities in Japan, Singapore, or Hong Kong. Selecting listed companies in developed countries due to their strict laws and governance, transparency, and similar accounting standards, will lead to more accurate and reliable evaluations. Comparable companies from over-the-counter markets are not selected due to their lack of transparency, lower regulatory standards, and higher risk compared to listed exchanges. Additionally, companies on over-the-counter markets often have lower liquidity and less reliable financial information, making accurate comparisons difficult. Having considered the above selection criteria and basis, besides the selected eight comparable public companies, the Valuer has not considered other comparable companies. The list of selected comparable companies is exhaustive based on the Valuer's research and selection criteria on a best-effort basis. After screening eight comparable companies based on the aforementioned selection criteria, an additional criterion is applied to select the appropriate comparable companies for determining the multiples. In order to enhance the comparability between the selected comparable companies and the Target Company, the size of the sales amount is also taken into account as a determinant factor, as EV/S multiples are used.

The Valuer also noted that the comparable companies hold varying amounts of cryptocurrency assets and have significantly different capital structures. According to the Equity Investments and Equity Valuation chapters of CFA I and II curriculum, enterprise value (EV) is appropriate for comparing firms with substantial variations in capital structure. The rationale for subtracting cash and investments lies in the fact that an acquirer’s net price paid for an acquisition target would be reduced by the amount of the target’s liquid assets.

The formula for calculating the enterprise value of the comparable companies is as follows:

$$\text{Enterprise Value} = \text{Market Capitalization} - \text{Cryptocurrency Assets} + \text{Debts} - \text{Net Non-operating Assets and Liabilities} - \text{Cash} + \text{Minority Interest} + \text{Preferred Stock}$$

Set out below is the calculation (including the EV/S multiple) and adjustments for the above-mentioned items to arrive at the equity value of the Target Company:

Annualized Revenue of the Target Company	A
Adjusted Median EV/S Multiple of Comparable Companies	B
Estimated 100% Enterprise Value of the Target Company	C = A X B
Add: Cash	D
Add: Net non-operating assets and liabilities (including the Cryptocurrency assets)	E
Less: Debts	F
Estimated 100% Equity Value of the Target Company	G = C + D +E +F

In calculating the EV/S multiples of the comparable companies, the Valuer has adjusted for the amounts of cryptocurrency assets held. Similarly, the enterprise value of the Target Company has been adjusted to reflect the value of its cryptocurrency assets held, ensuring an apples-to-apples comparison. When calculating equity value of the Target Company, the Valuer adds back the cryptocurrency assets to account for them. This approach ensures that the valuation is fair, as both the comparable companies and the Target Company are evaluated in the same manner.

Methodology and Assumptions

The EV/S multiples, along with the enterprise value, market capitalization, other financial indicators and details of the eight selected comparable public companies as of 29 February 2024, are listed in the below table. Adjustments for marketability discount and control premium were made for the differences between the Target Group and the market comparables.

Company No	Company Name	Listing Location	Business Description ⁽¹⁾	Business Segment ⁽¹⁾	Currency	Market Capitalization as of Valuation Date ⁽¹⁾	Rank in Market Capitalization (from High to low)	Enterprise Value as of Valuation Date ⁽¹⁾	Cryptocurrency assets held ⁽¹⁾	Latest NAV ⁽¹⁾⁽²⁾	LTM EBITDA ⁽¹⁾⁽²⁾	LTM Net income ⁽¹⁾⁽²⁾	LTM Sales ⁽¹⁾⁽²⁾	EV/S ⁽⁴⁾
1	Coinbase Global, Inc.	United States	Coinbase Global, Inc. engages in technology and financial infrastructure products and services. It offers crypto-powered technologies including self-custody wallets, decentralized apps and services, and open community engagement platforms.	Transaction Revenue from cryptocurrency trading: 73.8% Subscription and Services Revenue: 24.8% Other Revenue: 1.4%	USD million	49,317.5	1st	45,898.1	193,609,013.0	6,281.6	66.9	94.8	3,108.4 (Outlier) ⁽⁷⁾	14.77x (Outlier) ⁽⁷⁾
2	Bakkt Holdings, Inc.	United States	Bakkt Holdings, Inc. engages in the intersection of cryptoassets, loyalty and rewards, and payments. It also provides a platform to expand payment offerings, create new revenue streams, and increase client loyalty.	Transaction Revenue from cryptocurrency trading: 51.1% Subscription and Services Revenue: 48.9%	USD million	159.7	2nd	175.1	505.7	69.3	(122.8)	(147.1)	581.2 (Outlier) ⁽⁷⁾	0.30x (Outlier) ⁽⁷⁾
3	Goobit Group AB	Sweden	Goobit Group AB engages in the provision of financial transaction activities. It offers cryptocurrency under the BTCX brand.	Cryptocurrency Trading Related: 100.0%	USD million	3.9	8th	3.5	N/A ⁽⁶⁾	0.8	(1.3)	(1.9)	8.6	0.40x

No	Company Name	Listing Location	Business Description ⁽¹⁾	Business Segment ⁽¹⁾	Currency	Market Capitalization		Rank in Market Capitalization (from High to low)	Enterprise Value as of		Latest NAV ⁽¹⁾⁽²⁾	LTM EBITDA ⁽¹⁾⁽³⁾	LTM Net income ⁽¹⁾⁽²⁾	LTM Sales ⁽¹⁾⁽²⁾	EV/S ⁽⁴⁾
						as of Valuation Date ⁽¹⁾	Date ⁽¹⁾		Valuation Date ⁽¹⁾	Date ⁽¹⁾					
4	Safello Group AB	Sweden	Safello Group AB provides payment solutions. It offers direct payment methods and services to buy, sell and store bit coins.	Cryptocurrency Trading Related: 100.0%	USD million	7.5	7th	7th	5.1	704.0	3.1	(0.4)	(0.5)	54.3	0.09x
5	Banxa Holdings, Inc.	Canada	Banxa Holdings, Inc. operates as a payments service provider for the digital asset space. Its product Plug-and-Play allows access to digital currencies via multiple payment methods.	Commissions and Spread from Services: 84.7% Sales of cryptocurrencies: 15.3%	USD million	28.2	5th	5th	35.9	236,040.8	(3.6)	(2.0)	(6.3)	136.5	0.26x
6	BIGG Digital Assets Inc.	Canada	BIGG Digital Assets, Inc. engages in the development of blockchain technology solutions, search, and data analytics. Its solutions include Q.U.E.io and BitRank. It operates through the Blockchain Technology Development and Digital Currency Sales Brokerage segments.	Transaction Revenue from cryptocurrency trading: 72.8% Subscription Revenue: 19.9% Service Revenue: 7.3%	USD million	64.6	4th	4th	54.4	47,675,945.7	23.6	(11.6)	(18.8)	4.1	13.41x

No	Company Name	Listing Location	Business Description ⁽¹⁾	Business Segment ⁽¹⁾	Currency	Market Capitalization as of Valuation Date ⁽¹⁾	Rank in Market Capitalization (from High to low)	Enterprise Value as of Valuation Date ⁽¹⁾	Cryptocurrency assets held ⁽¹⁾	Latest NAV ⁽¹⁾⁽²⁾	LTM EBITDA ⁽¹⁾⁽²⁾	LTM Net income ⁽¹⁾⁽²⁾	LTM Sales ⁽¹⁾⁽²⁾	EV/S ⁽⁴⁾
7	WonderFi Technologies Inc	Canada	WonderFi Technologies, Inc. is a technology company, which engages in the creating unified access to digital assets through centralized and decentralized platforms. It operates under the Decentralized Finance (DeFi) and Centralized Finance (CeFi) segments.	Cryptocurrency Exchange: Related 100.0%	USD million	123.6	3rd	92.0	450,028,132.9	73.5	(10.5)	(91.5)	11.9	7.73x
8	Bitcoin Well Inc	Canada	Bitcoin Well, Inc. engages in the buy and sell of bitcoin through a bitcoin automated teller machine network and suite of web-based transaction services.	Sales of Cryptocurrency to Clients: 90.1% Arms-length Cryptocurrency exchanges: 9.9%	USD million	16.7	6th	23.9	6,146,273.5	(5.8)	(1.1)	(6.4)	43.6	0.55x
9	BitTrade Inc. (the "Target Company")	Japan	The Target Company is principally engaged in the operation of cryptocurrency exchange in Japan.	Cryptocurrency Trading: 98.9% Other Business: 1.1%	USD million	36.1		27.3	25.9	10.9	(0.3)	(0.9)	88.2	0.31x
	Median ⁽⁴⁾ excluding outlier Before LoMD and Control Premium													0.48x
	Lack of Marketability Discount ("LoMD") ⁽⁵⁾													42.9%
	Control Premium ⁽⁵⁾													13.6%
	Median excluding outlier After LoMD and Control Premium													0.31x

Source: FactSet, annual reports of the comparable companies and audited report of the Target Company

Notes:

- (1) Data sourced from FactSet and annual reports of the comparable companies and the Target Company. The enterprise value of the comparable companies is computed based on the market capitalization of the companies and the latest financial data of the comparable companies available as of 29 February 2024.
- (2) Data sourced from FactSet and audited report of the Target Company. Financial indicators of the comparable companies are based on the trailing twelve months financial data of the comparable companies available as of 29 February 2024.
- (3) Exchange Rate based on the spot rate from FactSet as of 29 February 2024.
- (4) Median and average share the same role in understanding the central tendency of a set of numbers. Median, which would not be affected by extreme values, is regarded as a better mid-point measure for skewed number distributions. Hence, median is adopted to derive the result, which we consider to be a more reasonable approach to prevent the outliers from distorting the result.
- (5) Marketability Discount and Control Premium

Lack of Marketability Discount (“**LOMD**”) reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The EV/S multiple adopted in the valuation was calculated from public listed companies, which represents marketable ownership interest. Fair value calculated using such EV/S multiple, therefore, represents the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

The report “Stout Restricted Stock Study Companion Guide (2022 edition)” by Stout Risius Ross, LLC, a reputable research company, suggested a median marketability discount for the 5th quintile of 772 transactions is about 42.9%. The median marketability discount in the 5th quintile has been with reference to because the median market value is similar to the Target Company. A marketability discount of 42.9% is considered appropriate and suitable for this valuation as we understand that the Target Company is a privately held company.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1- LOMD)

Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. The EV/S multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; market value calculated using such EV/S multiple, therefore, represents the minority interest. Thus, control premium was adopted to adjust such minority interest market value to controlling interest market value.

Adjustment for control is made by the application of a control premium to the value of the Target Company's shares. The report "Control Premium Study: 4th Quarter 2023" by FactSet Mergerstat, LLC, a reputable research company, suggested a median control premium for the category of Finance, Insurance and Real Estate is about 13.6%. A control premium of 13.6% is considered appropriate and suitable for this valuation as we understand that the Company intends to acquire a controlling stake in the Target Company.

The value of controlling interest can be calculated from minority interest using the following formula:

Fair Value of Controlling Interest = Fair Value of Minority Interest x (1 + Control Premium)

Combining the adjustments on LOMD and control premium:

Adjusted EV/S multiple = EV/S multiple x (1 - LOMD) x (1 + Control Premium)

- (6) The balance sheet of Goobit Group AB does not specifically disclose the breakdown of assets. It is unobservable how much crypto assets are held by Goobit Group AB.
- (7) Based on the list of comparable companies, the sales range from a minimum of USD4.1 million to a maximum of USD3,108 million. The exceptions that the Valuer considers as outliers are Coinbase Global, Inc. and Bakkt Holdings, Inc. The Valuer further calculated that the standard deviation of the sales of these comparable companies lies outside of the BitTrade Inc.'s sales amount plus or minus 1 standard deviation of sales, hence the Valuer concludes that Coinbase Global, Inc. and Bakkt Holdings, Inc. are outliers. The comparable companies with similar sales sizes to the Target Company are Goobit Group AB, Safello Group AB, Banxa Holdings, Inc., BIGG Digital Assets Inc., WonderFi Technologies Inc, and Bitcoin Well Inc. The median EV/S multiple before LoMD and Control Premium for these six comparable companies is 0.48x, which is the same as the adopted multiple.

In selecting the eight comparable companies for the purpose of valuation, the Valuer is of the view that the price-to-earnings ratio is deemed inappropriate for valuation due to the Target Company's history of net losses over three years ended 31 March 2021, 2022 and 2023, and the latest eleven months ended 29 February 2024 and it could exhibit higher fluctuations comparing to revenue due to its business characteristics, rendering earnings-based metrics less reliable. The price-to-book ratio is considered not appropriate for this valuation because book value captures only the tangible assets of a company, and the Target Company is an asset light company. The price-to-EBITDA ratio is also not selected in this valuation because the Target Company has experienced three consecutive years of negative EBITDA historically, aligning with the rationale behind excluding the price-to-earnings ratio. Therefore, EV/S Ratio is considered appropriate and adopted in this valuation.

The valuation report prepared by the Valuer states, among other things, that:

- (a) in the course of arriving at the opinion of value, the following principal factors have been considered:
- the economic outlook for the region operated by the Target Group and specific competitive environments affecting the industry;
 - the business risks of the Target Group;
 - the comparable companies are engaging in business operations similar to the Target Group;
 - the experience of the management team of the Target Group and support from its shareholders; and
 - the legal and regulatory issues of the industry in general.
- (b) the key assumptions adopted in the valuation include:
- there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group;
 - there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values, as well as no changes in market conditions after 29 February 2024;
 - there will be no significant fluctuations in the cryptocurrency market that could adversely affect the operations and financial position of the Target Group;
 - there will be no significant changes in the regulatory environment specifically governing cryptocurrencies, including tax laws, compliance requirements, and regulatory frameworks, that could adversely affect the operations of the Target Group; and
 - the liquidity of cryptocurrencies will not experience any significant changes that would adversely affect their prices.

The Board's view on the fairness and reasonableness of the valuation methodology and assumptions

The valuation report prepared by the Valuer has been reviewed by the Board to assist the determination of the consideration of the Consideration Shares. The Company's representatives have discussed with the Valuer in respect of the methodology of, bases and assumptions adopted for the valuation to arrive at the valuation of the Target Group. In assessing the fairness and reasonableness of the appraised value of the Target Group, the Board understands that the Valuer had considered three approaches that are generally accepted in business valuation, namely the cost approach, the income approach and the market approach.

The Board concur with the Valuer's view that the market approach is the most appropriate valuation approach to determine the value of the Target Company, as it is a commonly accepted valuation method which reflects market expectations for the corresponding industry by considering price multiples of comparable companies derived from market consensus. Since there are sufficient comparable public companies in similar industries and business models as the Target Company, their market values serve as good indicators of the industry of the cryptocurrency trading business. The Board agrees that cost approach is not appropriate because it assumed the assets and liabilities of the Target Group are separable and can be sold separately, and the cost approach is more appropriate for the industry that their assets are highly liquid, like property development and financial institution. The Board also considers that the income approach is inappropriate in the circumstances because if the income approach was adopted, plenty of assumptions would be involved in formulating the financial projection of the Target Group, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target Group. Cryptocurrency markets are highly volatile, making the estimation of future cash flows uncertain and reliant on conjecture. Since improper assumptions will impose a significant impact on the fair value, the Board agrees that the income approach is not adopted in this valuation.

Further, the Directors understand from the Valuer that the Valuer had made best efforts to search for and identify appropriate comparable companies through publicly available sources. Having considered the comparable companies selected by the Valuer, the Board understands that the primary business of these comparable companies is cryptocurrency trading and exchanges, with over 50% of their revenues derived from such activity. Therefore, the companies selected have suitably similar characteristics to the Target Group and constitute fair and representative samples. The Board also agrees that using EV/S ratio is appropriate because trading volume and revenue are key indicators that determine the value of companies doing business for cryptocurrency trading and virtual assets trading platform. As the EV/S multiples of comparable companies show a range of values, the Board considers that the adoption of the median of the EV/S multiples is reasonable and appropriate.

Also, the Board considers that ownership interests in closely held private companies are typically less marketable compared to similar interests in publicly listed companies. Consequently, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company. In this regard, the Board concurs with the Valuer's view that it is appropriate to apply a Lack of Marketability Discount adjustment considering that the Target Company is not listed. Furthermore, the control premium adjustment accounts for acquiring a controlling interest in the company. As the EV/S multiple used in the valuation was calculated from publicly listed companies and represent minority ownership interests, the Board believes it is suitable to apply the control premium to account for acquiring a controlling interest in the Target Company.

The Directors concurred with the Valuer's view that the bases, valuation methodology, selection basis of comparable companies, adjustments for lack of marketability and control premium and limiting conditions and assumptions adopted in the Valuation Report are appropriate under the current circumstances. The Directors are of the view that the valuation of 100% equity interest in the Target Group as at 29 February 2024 has been prepared after due and careful enquiry, and after considering the overall virtual asset market condition. The Directors (other than the independent non-executive Directors who will be advised by the Independent Financial Adviser) consider that such valuation is fair and reasonable.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the issue and allotment of the Consideration Shares in full:

Shareholders of the Company	As at the date of this announcement		Number of Consideration Shares to be allotted and issued	Immediately following the allotment and issuance of the Consideration Shares	
	<i>Number of Shares held</i>	<i>Approx. %</i>		<i>Number of Shares held</i>	<i>Approx. %</i>
	Avenir Investment Limited	90,990,474		19.53%	79,328,523
HSG CV IV Holdco, Ltd.	30,529,406	6.55%	14,532,371	45,061,777	7.70%
Zhen Partners Fund I, L.P.	8,471,223	1.82%	3,697,405	12,168,628	2.08%
Tekne Private Ventures IX, LP.	1,100,187	0.24%	952,692	2,052,879	0.35%

Shareholders of the Company	As at the date of this announcement		Number of Consideration Shares to be allotted and issued	Immediately following the allotment and issuance of the Consideration Shares	
	<i>Number of</i>			<i>Number of</i>	
	<i>Shares held</i>	<i>Approx. %</i>		<i>Shares held</i>	<i>Approx. %</i>
Vision Leader II Investment Holdings Limited	3,956,779	0.85%	2,143,012	6,099,791	1.04%
Sky Fort Investments Limited	0	0.00%	882,930	882,930	0.15%
Lightning Pay Technology Limited	0	0.00%	763,026	763,026	0.13%
FCCR Fund, L.P.	162,528	0.03%	143,885	306,413	0.05%
Hong Jia Investment Management Co., Ltd.	3,188,042	0.68%	2,783,954	5,971,996	1.02%
Du Jun	80,682,305	17.32%	1,844,342	82,526,647	14.11%
Hu Donghai	5,372,142	1.15%	1,654,676	7,026,818	1.20%
Song Ying	856,294	0.18%	265,969	1,122,263	0.19%
Goldenway	0	0.00%	9,908,988	9,908,988	1.69%
ON CHAIN Technology LIMITED	82,300,000	17.66%	0	82,300,000	14.07%
Other Public Shareholders	<u>158,351,285</u>	<u>33.98%</u>	<u>0</u>	<u>158,351,285</u>	<u>27.07%</u>
Total	<u>465,960,665</u>	<u>100%</u>	<u>118,901,774</u>	<u>584,862,439</u>	<u>100%</u>

Immediately following the allotment and issuance of the Consideration Shares, the Company will be able to satisfy the minimum public float requirement under Rule 8.08 of the Listing Rules, and there will be no change in control of the Company. Avenir Investment will be interested in an aggregate of 170,318,997 Shares, representing approximately 29.12% of the entire issued share capital of the Company and will remain as the single largest shareholder of the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITIONS

The Group principally operates in one business segment, which is providing services in virtual asset ecosystem. This includes: (i) virtual asset management; (ii) virtual asset lending and over-the-counter virtual asset trading business; (iii) virtual asset mining-related business; and (iv) trust and custodian of virtual asset business. Given that the use of virtual currencies around the world has been increasing, largely driven by the growing popularity of blockchain technology and its application across different industries, the Group has been continuously exploring suitable investment opportunities to expand and develop its virtual asset related businesses.

Despite price volatility among major virtual currencies in recent years, the Directors maintain that blockchain technology will become prevalent among various sectors. As a result, the directors believe that owning and operating a virtual currency trading platform will be beneficial to the long-term growth of the Group and promote the development of the Group's business. Therefore, the Group has submitted the following applications to the SFC and the Monetary Authority of Singapore respectively: (i) application for licenses to conduct Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the SFO as a virtual asset trading platform in Hong Kong; and (ii) application for the Company to be licensed under the Payment Services Act 2019 as a "major payment institution" providing, amongst other things, digital payment token services. However, as these applications have not been approved for 3-4 years while incurring costs from devising a prototype trading platform and attempted trial operations, the Group withdrew the applications in January 2023 and November 2022 respectively.

To further pursue this business direction, the Company continued to explore other ways to commence its virtual currency trading platform in new overseas markets that have well-established regulatory systems ensuring fair competition to enrich its business portfolio. The Directors considered that Japan (where BitTrade is incorporated and operates) is a favorable choice for the Company as the Japanese government has implemented a registration system and provided operational guidelines for virtual currency trading platforms since 2017. Additionally, Japan is known for being one of the most active markets for virtual currency trading globally and the Group can draw insights from the compliance and management practice of the Japanese market to mitigate its business risks.

Following completion of the Proposed Acquisitions, the Company will indirectly hold 92.31% of BitTrade. Therefore, the Company will in turn, through BitTrade, hold 2 licenses to carry on virtual currency trading business in Japan (namely the Cryptoasset Exchange Service Provider - Director of the Kanto Finance Bureau No.00007* (暗号資産交換業 - 関東財務局長第00007号牌照) and Type I Financial Instruments Business - Kanto Local Finance Bureau (FIBO) No.3295* (第一種金融商品取引業 - 関東財務局長(金商)第3295号牌照)), which complements the Company's asset management services and thereby providing the Group with a good opportunity to tap into the virtual asset trading exchange business. BitTrade is one of the 29 virtual currency trading platform operators registered with the Financial Services Agency of Japan. It is also one of the earliest operators to be registered and deals with the second highest number of crypto-assets in Japan at the moment. The Company can also make use of BitTrade's self-developed trading systems which comply with the requirements of the Japanese regulatory authorities. Further, the Proposed Acquisitions would allow the Group to continue utilizing BitTrade's trading platform services for the Group's asset management business following completion of the Proposed Acquisitions. The Group also expects a dynamic growth of the cryptocurrency market in 2024 which will improve BitTrade's transaction volume and profits.

In view of the market trend of the industry, the Directors are of the view that the following benefits will be accrued from the Acquisition and synergy will be created between the principal business of the Target Group and that of the Group:

- (a) Immediately after the completion of the Proposed Acquisitions, the Group will integrate the technological capabilities of BitTrade to enhance its internal systems and software. For instance, the Group will involve a team of qualified developers from BitTrade to assist with writing robust codes using innovative technologies to build an automated cryptocurrency ordering system (自動落單平台) for the Group's cryptocurrency trading business. This system will allow the Group to trade with clients directly and swiftly through its own automated platform. Further, there is no legal impediment or other restrictions for the Group to launch the aforesaid system. Additionally, BitTrade's technological support team will be integrated into the Group, enhancing the Group's capacity to develop its technology solution services.

- (b) The Group is licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Regarding the Group's asset management business, the Group currently uses BitTrade, Coinbase, Hashkey and Bitfinex to conduct cryptocurrency trading on behalf of the funds it manages. BitTrade has always been the preferred platform to conduct trades. However, the Group is not using BitTrade's trading platform for its over-the-counter virtual asset trading business, as the common control within the Group and BitTrade may potentially render such business engagement as connected transactions under the Listing Rules. As of the date of this announcement, the Group has mainly been using Coinbase to conduct its over-the-counter virtual asset trading business. Within 1–6 months after the completion of the Proposed Acquisitions, the Group will register accounts with BitTrade's cryptocurrency trading platform for conducting its over-the-counter cryptocurrency trading business and continue the use of the platform for its asset management business. BitTrade will be the preferred platform for the Group's over-the-counter cryptocurrency trading business and asset management business, and the Group intends to utilize BitTrade's trading platform provided that the required cryptocurrencies are available on BitTrade's platform and BitTrade's fee structure remains competitive to the Group.
- (c) Within 1 to 6 months after the completion of the Proposed Acquisitions, the Group will also be able to expand its market presence in Japan by offering custodian services, Multi-party Computation wallets, technology solutions, and consultancy services. BitTrade will market these services to its existing clients in the Japan's financial and corporate sectors. This expansion strategy includes targeted marketing campaigns, localization efforts, and forming partnerships with local businesses and institutions. The Board believes the Proposed Acquisitions will bring deeper market penetration and broaden its client base in the aforementioned sectors.
- (d) BitTrade has established strong business relationships with several banks in Japan, which positions it advantageously for future financial strategies. Within 12 months after the completion of the Proposed Acquisitions, the Group intends to leverage those business relationships to transition its operations from being solely based on HK\$ and US\$ to incorporating a broader, multi-currency approach.

- (e) The Group is considering applying for a VASP licence in HK and utilize the sophisticated systems, goodwill and brand of BitTrade to enter the Hong Kong market. The focus will be on adapting the platform to meet the specific needs and preferences of Hong Kong clients, as well as complying with local regulatory requirements. This expansion aims to capitalize on the growth opportunities in the Hong Kong cryptocurrency market and further diversify the Group's geographic footprint. By integrating the Group's prototype virtual asset trading platform and the experience gained from the trial operations, resources and technologies of BitTrade, the Group is considering the strategy of applying for a VASP licence in HK through BitTrade HK. Currently, the expected timeline for the VASP application has not been determined by the Group, the application will be resubmitted considering Company's resources and the market of Hong Kong.

Shareholders should note that the period specified in the estimated timeline are indicative only and may be subject to changes. In the event any special circumstances arise, the Group may extend, or make adjustment to, the timeline if it is considered appropriate.

Albeit the Company recorded a loss before income tax of approximately HK\$294,858,000 for the year ended 30 September 2023, the Board remains optimistic about the Company's future performance, particularly for the year ended 30 September 2024, given the effective cost management and the successful adjustment of the Company's strategy. As at the date of this announcement, the Company has settled all other borrowings, and the Board expects no significant cash outflows in short-term and mid-term. Furthermore, the Company believes that the recovery of cryptocurrency assets arising from the FTX incident, as disclosed in the Company's announcements dated 14 November 2022, 22 February 2024, 24 May 2024 and 4 June 2024, provides additional working capital to support operations of the enlarged Group following the Proposed Acquisitions. The Company also possesses specialized expertise in blockchain technology, cryptocurrency markets, regulatory compliance, and software development, and will continue to provide training and development opportunities for existing employees to enhance their understanding of the Japanese market and regulations, as well as the cryptocurrency industry.

Furthermore, the Company's board members and senior management possess the relevant skills and expertise to conduct the principal business of the Target Group, particularly in conducting virtual trading business on the Japan-based cryptocurrency platform. Brief biographical details of the board members and senior management are set out below:

- (i) Mr. Li, the Chairman of the Board and a non-executive Director, founded Huobi Group, one of the world's biggest Bitcoin exchanges and altcoin crypto exchanges and now having offices in Hong Kong, South Korea, Japan and the United States, in 2013. Among other things, Huobi Japan operates a cryptocurrency exchange and primarily focuses on providing bitcoin exchange and digital asset exchange service. Prior to establishing Huobi Group, Mr. Li also worked at Oracle, the world's largest database service company. Mr. Li possesses over 10 years of experience in technology, blockchain and corporate management. As the controlling shareholder and beneficial owner of BitTrade since 28 November 2018, Mr. Li oversees BitTrade's business conducted in Japan and is knowledgeable about the development and updates of the Japanese regulations and compliance issues in the crypto industry, in particular the cryptocurrency platforms;
- (ii) Mr. Du, an executive Director and the Chief Executive Officer of the Company, has served as the co-founder of Huobi Group since November 2013 and was responsible for the strategic planning and management of Huobi Group (including Huobi Japan). During this period, Mr. Du has also served as the co-founder and managing partner of ABCDE Capital (a fund investing in web3 builders) since May 2022, responsible for the strategy planning and management of ABCDE Capital. As a shareholder of BitTrade, Mr. Du oversees BitTrade's business conducted in Japan and keeps abreast of the latest developments in the Japanese laws and regulations on the cryptocurrency platforms based in Japan. Mr. Du also served as an outside director (shagai torishimariyaku 社外取締役) of BitTrade from 1 May 2023 to 3 April 2024. In this role, he was independent of BitTrade's management, providing oversight of the management's decisions, offering independent and objective advice, and representing the interests of BitTrade's shareholders. Furthermore, since 2017, Mr. Du invested in ChainUp, a world-leading provider of a complete suite of blockchain technology solutions for businesses, covering both infrastructure development and ecosystem support, and providing technology solutions to several Japanese cryptocurrency exchanges;

- (iii) Ms. Zhang, an executive Director and the Chief Financial Officer of the Company, held a bachelor's degree and a master's degree in automotive engineering and obtained an EMBA from Peking University in July 2019. Ms. Zhang has extensive knowledge in computer science, programming languages, software engineering marketing, entrepreneurship, and project management. Since 1 February 2022, Ms. Zhang has served as an outside director (shagai torishimariyaku 社外取締役) of BitTrade. She has in-depth knowledge about the operation of BitTrade and the cryptocurrency industry in Japan. As an outside director of BitTrade, Ms. Zhang is independent of BitTrade's management, providing oversight of the management's decisions, offering independent and objective advice, and representing the interests of shareholders;
- (iv) Mr. Zirong Zhang, the Chief Technology Officer of the Company, has a deep understanding of programming languages, algorithms, and data structures. Mr. Zhang is a senior technical expert and has worked at Alibaba and Ant Group for nearly 10 years, specializing in designing high-performance and highly available distributed systems.

In view of the above, the Board believes that the Company possesses sufficient capabilities and resources to manage and oversee the operations of the Japan-based cryptocurrency platform following the Proposed Acquisitions, with no major changes to the Target Group's operations needed.

The Company believes that the Proposed Acquisitions will not result in any fundamental change in the Company's principal business (i.e. over-the-counter virtual asset trading business). The Company also believes that the Proposed Acquisitions will diversify the Group's existing operations and business layout, complementing the Group's over-the-counter virtual asset trading business, blockchain multi-party computation wallet business, and asset management business. This expansion aims to broaden the income stream and maximize returns for the Shareholders, while creating synergies with the Group's existing business. Cryptocurrency trading has been the major source of revenue of the Group for the year ended 30 September 2023, during which the revenue generated from cryptocurrency trading business was approximately HK\$2,810,576,000, accounting approximately 99% of the Group's revenue. In light of the above, the Directors (excluding the independent non-executive Directors, who will express their views in the circular after considering the advice from the Independent Financial Adviser) believe that the terms of the Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and the Proposed Acquisitions are in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

On 26 April 2023, the Company and Mr. Du entered into Subscription Agreement I, pursuant to which the parties conditionally agreed that Mr. Du shall subscribe for, and the Company shall allot and issue 74,700,000 Subscription Shares I at the Subscription Price of HK\$2.08 per Subscription Share. The aggregate Subscription Price of all Subscription Shares I is HK\$155,376,000.00 payable by Mr. Du in cash upon completion of Subscription I.

On 26 April 2023, the Company also entered into Subscription Agreement II, with ON CHAIN Technology LIMITED, pursuant to which the Company has conditionally agreed to allot and issue, and On Chain has conditionally agreed to subscribe for, an aggregate of 82,300,000 Subscription Shares II at the Subscription Price of HK\$2.08 per Subscription Share. The aggregate Subscription Price of all Subscription Shares II is HK\$171,184,000.00 payable by On Chain in cash upon completion of Subscription II.

On 10 October 2023, a total of 157,000,000 Subscription Shares have been allotted and issued to Mr. Du and On Chain pursuant to the terms of Subscription Agreement I and Subscription Agreement II, at the Subscription Price of HK\$2.08 per Subscription Share. The net proceeds from each of the Subscriptions, after deduction of related expenses in connection with the Subscriptions, amount to approximately HK\$154.4 million and HK\$170.2 million respectively.

For details of the funds raised on the Subscriptions and the intended use of the proceeds, please refer to the announcements dated 26 April 2023 and 10 October 2023, and the circular dated 6 July 2023 of the Company. Terms defined above would have the same meaning as those defined in the announcement dated 26 April 2023 of the Company.

Save as disclosed above, the Company has not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Proposed Acquisitions exceeds 100%, the Proposed Acquisitions constitute a very substantial acquisition for the Company subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, (i) Avenir Investment (which is indirectly wholly owned by Mr. Li, a non-executive Director), a substantial shareholder of the Company holding 90,990,474 Shares (representing approximately 19.53% of the total issued Shares), is interested in approximately 72.783% equity interest in BVI Company. As such, Avenir Investment is a connected person of the Company; and (ii) Mr. Du, an executive Director and a substantial shareholder of the Company, is the beneficial owner of 80,682,305 Shares and 3,000,000 share options of the Company which shall entitle him to subscribe for 3,000,000 Shares upon exercise of all such share options, and is also interested in approximately 1.692% equity interest in BVI Company. As Avenir Investment and Mr. Du are connected persons of the Company, the BVI Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Avenir Asset is a directly wholly-owned subsidiary of BVI Company, which is interested in 57,306,800 ordinary shares of BitTrade (representing approximately 84.62% of the total issued shares of BitTrade). As such Avenir Asset is an associate of Avenir Investment and hence a connected person of the Company. Therefore, the BitTrade Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Li is the ultimate beneficial owner holding more than 30% of the entire issued share capital of each of Hainan Lepeng and Avenir Cayman. As such, Hainan Lepeng and Avenir Cayman are each an associate of Mr. Li and hence connected persons of the Company. Upon completion of the Proposed Acquisitions, BitTrade will become a connected subsidiary and hence a connected person of the Company. Therefore, the debt repayment under the Debt Repayment Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules upon completion of the Proposed Acquisitions.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on whether the terms of the BVI Agreement, the BitTrade Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the BVI Agreement, the BitTrade Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As each of Mr. Li, Mr. Du and Ms. Zhang is deemed or may be perceived to have a material interest in the transactions contemplated under the Proposed Acquisitions, they have abstained from voting on the Board resolutions in connection with the Proposed Acquisitions and the transactions contemplated thereunder. To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save and except for Mr. Li, Mr. Du, Ms. Zhang and their associates, no other Directors have a material interest in the Proposed Acquisitions and the transactions contemplated thereunder and are not required to abstain from voting on the Board resolutions approving the same.

DEBT REPAYMENT TRANSACTIONS SUBSEQUENTLY BECOMING CONNECTED

Avenir Cayman has been providing certain loans at a fixed annual interest rate of 2% to BitTrade with respect to an aggregate amount of approximately JPY4,147,564,121 (approximately HK\$216,137,031.96) as at 29 February 2024. Moreover, as at 29 February 2024, BitTrade has a payable balance of JPY89,946,000,00 (approximately HK\$4,687,247.96) to Hainan Lepeng. The said loans and payables will remain outstanding after completion of the Proposed Acquisitions.

As at the date of this announcement, Mr. Li is the ultimate beneficial owner holding more than 30% of the entire issued share capital of each of Hainan Lepeng and Avenir Cayman. As such, Hainan Lepeng and Avenir Cayman are each an associate of Mr. Li and hence connected persons of the Company. Upon completion of the Proposed Acquisitions, BitTrade will become a non-wholly owned subsidiary of the Company, and the debt repayment transactions contemplated under the Debt Repayment Agreement would subsequently become connected transactions of the Company under Chapter 14A of the Listing Rules.

On 13 March 2024, Hainan Lepeng and Avenir Cayman as creditors and BitTrade as debtor entered into the Debt Repayment Agreement to record the debt repayment transactions. The principal terms and conditions of the Debt Repayment Agreement are set out below:

Parties

- (i) Hainan Lepeng and Avenir Cayman (as creditors)
- (ii) BitTrade (as debtor)

Repayment date

31 December 2024

Debt amounts to be repaid

- (i) Repayable to Hainan Lepeng: JPY89,946,000.00 (approximately HK\$4,687,247.96) (being the outstanding amount payable to Hainan Lepeng as at 29 February 2024 with no interest rate);
- (ii) Repayable to Avenir Cayman: JPY4,147,564,121 (approximately HK\$216,137,031.96) (being the outstanding principal amounts and accrued interest on the loans at 2% per annum repayable to Avenir Cayman as at 29 February 2024).

As part of the due diligence exercise in respect of the Target Group, the Company has engaged in discussions with BitTrade regarding the settlement plan for the outstanding debt balance. Given that (i) no interest is accrued on the outstanding amount payable to Hainan Lepeng; (ii) the fixed annual interest rate of the outstanding loans due to Avenir Cayman is only 2%, which is below the prevailing market rate, and (iii) considering the need to use the aggregate outstanding debt balance as funds to support BitTrade's operations, BitTrade has decided not to settle the aggregate outstanding debt balance prior to the completion of the Proposed Acquisitions. The management of the Target Group anticipates that the aggregate outstanding debt balance will be settled by 31 December 2024.

Following completion, BitTrade will become an indirect subsidiary of the Company and its financial results will be consolidated in the Group's financial statements. Although the Company will be liable for the aggregate outstanding debt balance upon completion of the Proposed Acquisitions, the Company considers the Proposed Acquisitions to be in the interest of the Company and its Shareholders. This is due to the reasons that the Target Group's general working capital is sufficient and capable of settling the aggregate outstanding debt balance, and as such, the aggregate outstanding debt balance will not have a material adverse impact on the working capital of the Company, as well as the overall factors set out in the section headed "Reasons for and benefits of the Proposed Acquisitions" of this announcement.

The amount repayable to Hainan Lepeng is associated with the Target Company's regular operational activities, specifically technical service fees payable to Hainan Lepeng, and it has not been factored in the valuation. On the other hand, as the outstanding loans balance due to Avenir Cayman is one of the factors considered in arriving at the considerations of the Proposed Acquisitions, and the impact of the outstanding loans balance has been factored into the valuation report by the Valuer when determining the appraised fair value of the Target Group, the outstanding loans balance has already been added to the considerations of the Proposed Acquisitions for the purpose of calculation of the consideration ratio.

FUTURE FINANCING PLANS OF THE TARGET GROUP

The Target Group has set out the following financing plans to satisfy its future financing needs, in particular, following the settlement of the outstanding loans balance due to Avenir Cayman, the outstanding amount payable to Hainan Lepeng and the potential repurchase of FPG's and Tokai's shares in the Target Company:

- (i) after considering that the Target Group's aggregate cash and cash equivalents (approximately JPY2,652,789,000 as at 29 February 2024) and cryptocurrencies assets (approximately JPY3,881,133,000 as at 29 February 2024) are higher than the outstanding loan balance due to Avenir Cayman, outstanding amount payable to Hainan Lepeng and consideration of the potential repurchase of FPG's and Tokai's shares in the Target Company, the Target Group would still have sufficient working capital to satisfy its short to medium term financing needs and to support its operation following the settlement of the outstanding loans balance due to Avenir Cayman, the outstanding amount payable to Hainan Lepeng and the potential repurchase of FPG's and Tokai's shares in the Target Company;
- (ii) the Target Group is also considering equity and debt financings to raise capital after the Proposed Acquisitions to benefit its medium to long term development; and
- (iii) if there is any working capital insufficiency regarding the Target Group after the Proposed Acquisitions, the Company would support the working capital requirement of the Target Group through capital injections or by providing loan facilities.

As at the date of this announcement, the Target Group is still in the course of finalizing its future financing plans. If there is any material change in the Target Group's future financing plans, the Company will publish further announcement(s) to inform its Shareholders, as appropriate.

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders on 27 October 2016 and subsequently amended on 17 November 2020, 30 March 2023 and 28 July 2023. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

The Share Mandate Limit was refreshed at the 2020 AGM. Under the existing Scheme Mandate Limit, the maximum number of Shares that may be issued upon exercise of all the Share Options granted under the Share Option Scheme shall not exceed 30,742,766 Shares, representing approximately 10% of the then Shares in issue as at refreshment on the date of the 2020 AGM.

As at the date of this announcement, the Company had granted an aggregate of 25,400,000 Share Options to subscribe for up to 25,400,000, of which 5,342,766 Share Options are available for grant.

Proposed refreshment of the Scheme Mandate Limit

The Scheme Mandate Limit may be refreshed by approval of the Shareholders in general meeting provided that the total number of the Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed limit. Share Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit to be further refreshed.

In order to provide the Company with more flexibility to provide incentives or rewards to Eligible Participants for their contributions to the Group and/or to enable the Group to recruit and retain high quality personnel and attract human resources that are valuable to the Group, the Board proposes to refresh the Scheme Mandate Limit to 10% of the Shares in issue as at the date of approval by the Shareholders at the EGM. The Directors consider that the refreshment of the Scheme Mandate Limit is in the interest of the Company and the Shareholders as a whole. If the proposed refreshment of Scheme Mandate Limit is approved at the EGM, based on 465,960,665 Shares in issue as at the date of this announcement and assuming that no further Shares are issued and/or repurchased from the date of this announcement up to the date of the EGM, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme will be 46,596,066 Shares, being approximately 10% of the Shares in issue as at the date of the EGM. For the avoidance of doubt, the 5,342,766 Share Options available for grants as at the date of this announcement shall not be considered as an increment in the refreshed Scheme Mandate Limit.

Conditions of the proposed refreshment of the Scheme Mandate Limit

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the Shareholders passing an ordinary resolution at the EGM to approve the proposed refreshment of the Scheme Mandate Limit; and
- (b) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Share Options that may be granted pursuant to the Share Option Scheme under the proposed refreshment of Scheme Mandate Limit not exceeding 10% of the number of Shares in issue as at the date of approval of the proposed refreshment of Scheme Mandate Limit by the Shareholders.

An application will be made to the Listing Committee for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the Share Options to be granted under the Share Option Scheme under the refreshed Scheme Mandate Limit.

As of the date of this announcement, the Company does not have any concrete plans to grant further Share Options under the existing Scheme Mandate Limit before the EGM. However, the Board may, from time to time, consider whether to grant any Share Options under the existing Scheme Mandate Limit, and the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate if further Share Options are granted.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the existing authorised share capital of the Company is HK\$500,000 divided into 500,000,000 Shares of par value HK\$0.001 each, of which 465,960,665 Shares were in issue as at the date of this announcement.

To accommodate the allotment and issue of the Consideration Shares following the completion of the Proposed Acquisitions, the refreshment of the Scheme Mandate Limit and to provide additional flexibility to the Company to issue new Shares for future investments and developments, the Board proposes to increase the authorised share capital of the Company from HK\$500,000 divided into 500,000,000 Shares to HK\$700,000 divided into 700,000,000 Shares by the creation of an additional 200,000,000 new Shares. Such new Shares, upon issued and fully paid, shall rank pari passu in all respects with the Shares.

The proposed increase in the authorised share capital of the Company is conditional upon the approval of the Shareholders by way of an ordinary resolution at the EGM.

PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

In view of the proposed increase in the authorised share capital of the Company, the Board proposes to make certain amendments to the existing Memorandum and Articles of Association (“**Proposed Amendments**”).

Details of the Proposed Amendments are as follows:

No.	Existing Memorandum	Amended Memorandum
10	The Company is authorised to issue a maximum of 500,000,000 shares of one class of HK\$0.001 par value each.	The Company is authorised to issue a maximum of 500,000,000 <u>700,000,000</u> shares of one class of HK\$0.001 par value each.

No.	Existing Memorandum	Amended Memorandum
14	Subject to the provisions of the Act, the Company may from time to time amend the Memorandum or the Articles by Special Resolution of Members, except the members may from time to time amend the Memorandum or the Articles to increase the maximum number of shares the Company is authorised to issue by Resolution of Members. The Directors shall not have the power to amend the Memorandum or the Articles.	Subject to the provisions of the Act, the Company may from time to time amend the Memorandum or the Articles by Special Resolution of Members, except the members may from time to time amend the Memorandum or the Articles to increase the maximum number of shares the Company is authorised to issue by Resolution of Members. The Directors shall not have the power to amend the Memorandum or the Articles.

No.	Existing Articles	Amended Articles
2.1	The Company is authorised to issue a maximum of 500,000,000 shares of one class of HK\$0.001 par value each.	The Company is authorised to issue a maximum of 500,000,000 <u>700,000,000</u> shares of one class of HK\$0.001 par value each.

The Proposed Amendments are subject to Shareholders' approval by way of special resolution at the forthcoming EGM.

The legal advisers to the Company as to Hong Kong laws and BVI laws have respectively confirmed that the Proposed Amendments comply with the requirements of the Listing Rules and do not violate the applicable laws of the BVI. The Company also confirms that there is nothing unusual about the Proposed Amendments for the BVI company listed on the Stock Exchange.

BOARD APPROVAL

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, no Directors have a material interest in (i) the proposed refreshment of the Scheme Mandate Limit; (ii) the proposed increase in the authorised share capital of the Company; and (iii) the proposed amendments to the Memorandum and Articles are not required to abstain from voting on the relevant Board resolutions.

EGM AND DESPATCH OF CIRCULAR

The EGM will be convened and held to consider and, if thought fit, to approve (i) the Agreements and the transactions contemplated thereunder; (ii) the Specific Mandate for the allotment and issue of the Consideration Shares; (iii) the proposed refreshment of the Scheme Mandate Limit; (iv) the proposed increase in the authorised share capital of the Company; and (v) the proposed amendments to the Memorandum and Articles.

Any Shareholders or their respective associates with a material interest in the Proposed Acquisitions, the BVI Agreement, the BitTrade Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM. To the best of the knowledge and belief of the Directors having made all reasonable enquiries, save and except for Avenir Investment, Mr. Li, Mr. Du, HSG, FCCR, Lightning Pay, Sky Fort, Tekne, Vision Leader, Hong Jia, Zhen Partners, Mr. Song, Mr. Hu and their associates, no other Shareholder has a material interest in the Proposed Acquisitions.

A circular containing, among other things, (i) further details of the Proposed Acquisitions; (ii) the financial information of the Group; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Proposed Acquisitions; (iv) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisitions; (v) further details of the proposed refreshment of the Scheme Mandate Limit; (vi) further details of the proposed increase in the authorised share capital of the Company; (vii) further details regarding the proposed amendments to the Memorandum and Articles of Association; (viii) the notice of the EGM; and (ix) other information as required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 6 September 2024.

Shareholders and potential investors of the Company should note that completion of the Proposed Acquisitions is subject to the satisfaction of the conditions precedent as set out in the Agreements. Therefore, the Proposed Acquisitions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“2020 AGM”	the Company’s annual general meeting for the year 2020 held on 19 March 2021;
“2023 Subscriptions”	The subscription of 157,000,000 Shares as announced by the Company on 26 April 2023 and completed on 10 October 2023;
“Agreements”	collectively, the BVI Agreement and the BitTrade Agreement;
“Articles”	the articles of association of the Company, as amended and restated from time to time;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Avenir Asset”	Avenir Asset Investment Pte. Ltd. (formerly known as Huobi Asset Investments Pte. Ltd.), a company incorporated in Singapore with limited liability, which is directly wholly-owned by BVI Company;
“Avenir Cayman”	Avenir Cayman Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the ultimate beneficial owner of which is Mr. Li;
“Avenir Investment”	Avenir Investment Limited, a company incorporated and in the BVI with limited liability, which is indirectly wholly-owned by Mr. Li;
“BitTrade” or “Target Company”	BitTrade Inc., a company incorporated in Japan with limited liability, which is owned as to approximately 84.62% by Avenir Asset, approximately 7.69% by Goldenway, approximately 3.845% by Tokai and approximately 3.844% by FPG;
“BitTrade Agreement”	the agreement entered into between the Company and Goldenway dated 16 August in respect of the sale and purchase of the BitTrade Sale Shares;

“BitTrade HK”	Bittrade (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BitTrade as at the date of this announcement;
“BitTrade Purchaser”	the Company;
“BitTrade Sale Shares”	5,210,000 ordinary shares of BitTrade, representing approximately 7.69% of the entire issued share capital of BitTrade;
“BitTrade Vendor”	Goldenway;
“BitTrade Wallet”	Bittrade Wallet (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BitTrade HK as at the date of this announcement;
“Board”	the board of Directors;
“Business Day(s)”	a day on which banks in Hong Kong are open for normal banking business throughout their normal business hours (excluding Saturdays, Sundays, public holidays in Hong Kong or a day on which tropical cyclone warning signal number 8 or above or a black rainstorm warning is in force at any time between 9:00 a.m. and 5:00 p.m. in Hong Kong);
“BVI”	the British Virgin Islands;
“BVI Agreement”	the agreement entered into between the Company and BVI Vendors dated 16 August in respect of the sale and purchase of the BVI Sale Shares;
“BVI Company”	Avenir Asset Holding Limited, a company incorporated in the BVI with limited liability;
“BVI Sale Shares”	49,995 shares of BVI Company, representing the entire issued share capital of BVI Company;
“BVI Vendors”	collectively, FCCR, Lightning Pay, Sky Fort, Tekne, Vision Leader, Hong Jia, Zhen Partners, HSG, Avenir Investment, Mr. Song, Mr. Hu and Mr. Du;

“Company”	Sinohope Technology Holdings Limited新火科技控股有限公司, a company incorporated in the BVI with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1611);
“Conditions”	the conditions precedent required for the completion of the Sale and Purchase Agreement as set out in the section headed “Conditions Precedent” in this announcement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consideration Shares”	collectively, the Consideration Shares A and the Consideration Shares B;
“Consideration Shares A”	a maximum number of 108,992,786 new Shares to be issued by the Company to the BVI Vendors at completion of the BVI Agreement as settlement of the Consideration for the acquisition of the BVI Sale Shares pursuant to the BVI Agreement;
“Consideration Shares B”	a maximum number of 9,908,988 new Shares to be issued by the Company to Goldenway at completion of the BitTrade Agreement as settlement of the Consideration for the acquisition of the BitTrade Sale Shares pursuant to the BitTrade Agreement;
“Debt Repayment Agreement”	the debt repayment agreement dated 13 March 2024 entered into between Hainan Lepeng and Avenir Cayman as creditors, and BitTrade as debtor;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to approve (i) the Agreements and the transactions contemplated thereunder; and (ii) the specific mandate for the issue of the Consideration Shares;

“Eligible Participant(s)”	any full-time or part-time employee of the Group, and any Director (including executive, non-executive or independent non-executive Directors) and chief executive officers of the Group;
“FCCR”	FCCR Fund, L.P., a limited partnership incorporated under the laws of the Cayman Islands;
“FSA”	the Financial Services Agency of Japan;
“FPG”	Financial Partners Group Co., Ltd. (株式会社 F P G), a company incorporated in Japan with limited liability;
“Goldenway”	Goldenway Japan Co., Ltd. is a company incorporated in Japan with limited liability. Goldenway is an Independent Third Party as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Hainan Lepeng”	海南樂朋商務信息諮詢有限公司 (Hainan Lepeng Business Information Consulting Co., Ltd.*), a company incorporated and existing under the laws of the PRC with limited liability, the ultimate beneficial owner of which is Mr. Li;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Jia”	Hong Jia Investment Management Co, Ltd., a company incorporated in the Cayman Islands with limited liability;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HSG”	HSG CV IV HOLDCO, LTD., a company incorporated in the Cayman Islands with limited liability;
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of making a recommendation to the Independent Shareholders as to whether the terms of Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole;

“Independent Financial Adviser”	Gram Capital, appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Agreements and the transactions contemplated thereunder;
“Independent Shareholder(s)”	Shareholders other than Avenir Investment, Mr. Li, Mr. Du, HSG, FCCR, Lightning Pay, Sky Fort, Tekne, Vision Leader, Hong Jia, Zhen Partners, Mr. Song, Mr. Hu and their associates who are involved or interested in the Proposed Acquisitions;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons;
“Issue Price”	HK\$2.18 per Consideration Share;
“JPY”	Japanese yen, the lawful currency of Japan;
“Lightning Pay”	Lightning Pay Technology Limited, a company incorporated in the Cayman Islands with limited liability;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 December 2024 (or such later date as may be agreed between the Parties in writing);
“MEIT”	Ministry of Economy, Trade and Industry of Japan;
“Memorandum”	the memorandum of association of the Company, as amended and restated from time to time;
“Memorandum and Articles of Association”	collectively, the Memorandum and the Articles;
“Mr. Du”	Mr. Du Jun (杜均先生), an executive Director and a shareholder of the Company;
“Mr. Guan”	Mr. Guan Lei (關磊先生);

“Mr. Hu”	Mr. Hu Donghai (胡東海先生);
“Mr. Li”	Mr. Li Lin (李林先生), a non-executive Director;
“Mr. Song”	Mr. Song Ying (宋瑛先生);
“Ms. Zhang”	Ms. Zhang Li (張麗女士), an executive Director and a director of BitTrade;
“PRC”	the People’s Republic of China;
“Proposed Acquisitions”	the proposed acquisitions of the BVI Sale Shares and the BitTrade Sale Shares;
“RMB”	Renminbi, the lawful currency of the PRC;
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme, which shall not in aggregate exceed 10% of the Shares in issue at the date of approval of the refreshed limit by the Shareholders;
“SFC”	the Hong Kong Securities and Futures Commission;
“SFO”	Securities and Futures Ordinance (Cap. 571);
“Share(s)”	ordinary share(s) of nominal value of HK\$0.001 each in the share capital of the Company;
“Share Options”	the options granted or to be granted to the Eligible Participants to subscribe for the Shares on terms determined by the Directors pursuant to the Share Option Scheme and for the time being subsisting;
“Share Option Scheme”	the share option scheme adopted by the Company on 27 October 2016, as amended on 17 November 2020, 30 March 2023 and 28 July 2023, and as further amended (and if applicable, approved by the Shareholders) from time to time, and the previous refreshment of the Scheme Mandate Limit of which was approved by the Shareholders on 19 March 2021;

“Shareholder(s)”	holder(s) of the Share(s);
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the EGM to allot and issue the Consideration Shares;
“Sky Fort”	Sky Fort Investments Limited, a company incorporated in the Republic of Seychelles with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Target Group”	BVI Company, BitTrade and their subsidiaries;
“Tekne”	Tekne Private Ventures IX, LP, a limited partnership incorporated under the laws of Delaware;
“Tokai”	Tokai Tokyo Financial Holdings, Inc. (東海東京フィナンシャル・ホールディングス株式会社), a company incorporated in Japan with limited liability;
“US\$” or “USD”	United States dollar, the lawful currency of the United States of America;
“Valuer”	Masterpiece Valuation Advisory Limited, an independent valuer engaged by the Company;
“VASP”	virtual asset service provider;
“Vision Leader”	Vision Leader II Investment Holdings Limited, a company incorporated in the BVI with limited liability;
“Zhen Partners”	Zhen Partners Fund I, L.P., a limited partnership incorporated under the laws of the Cayman Islands; and
“%”	per cent.

For the purpose of this announcement, the exchange rates of US\$1.00 = HK\$7.8 and JPY1.00 = US\$0.006681 have been used for currency conversion, where applicable. Such exchange rates are for illustrative purposes and do not constitute representations that any amount in HK\$, USD or JPY have been, could have been or may be converted at such rates.

By Order of the Board
SINOHOPE TECHNOLOGY HOLDINGS LIMITED
Du Jun
Executive Director

Hong Kong, 16 August 2024

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 Dr. LAM, Lee G., BBS, JP as independent non-executive Directors.

* *For identification purposes only*