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## **NEW HUO TECHNOLOGY HOLDINGS LIMITED**

### **新火科技控股有限公司**

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

**(Stock code: 1611)**

## **CONNECTED TRANSACTION DISPOSAL OF FINANCIAL ASSETS**

### **THE DISPOSAL AGREEMENT**

On 23 March 2023, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Investor Option and the 299,043 shares of Animoca Brands which is the entire shares held by the Company, at a consideration of US\$809,000 (equivalent to approximately HK\$6,310,000). The Investor Option and the shares of Animoca Brands are recognised as financial assets of the Company as at the date of this announcement.

Upon completion of the Disposal, the Company will cease to have any interest in the financial assets.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Li is beneficially interested in approximately 40.47% of the issued shares of the Company and is therefore a controlling shareholder of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As the Purchaser is ultimately controlled by Mr. Li, the Purchaser is an associate of Mr. Li and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Hence, the transaction contemplated under the Disposal Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the amount of the transaction contemplated under the Disposal Agreement exceeds 0.1% but is less than 5%, the said transaction is subject to the reporting and announcement requirements but is exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Among the existing Directors, the connected Director, Mr. Li, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Disposal Agreement and the transaction contemplated thereunder. Save for Mr. Li, none of the other Directors had a material interest in the transaction contemplated under the Disposal Agreement, and none of the Directors (save for Mr. Li) were required to abstain from voting on the relevant Board resolutions.

## **THE DISPOSAL AGREEMENT**

On 23 March 2023, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Investor Option and the 299,043 shares of Animoca Brands which is the entire shares held by the Company, at a consideration of US\$809,000 (equivalent to approximately HK\$6,310,000). The Investor Option and the shares of Animoca Brands are recognised as financial assets of the Company as at the date of this announcement.

The principal terms of the Disposal Agreement are set out below:

**Date** : 23 March 2023

**Parties** : (1) the Company; and  
(2) the Purchaser.

**Subject matter** : The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Investor Option and the 299,043 shares of Animoca Brands.

**Consideration** : The consideration of the Disposal shall be US\$809,000 (equivalent to approximately HK\$6,310,000), which was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to, among others, (i) the net asset value of Animoca Brands as of 31 December, 2022; (ii) valuation report performed by independent valuer as at 31 December 2022; (iii) the business prospect of Animoca Brands; and (iv) the factors set out in the section headed "Reasons for and benefits of the Disposal" in this announcement.

The consideration will be payable by the Purchaser to the Company in cash or other way as agreed by both parties upon completion of the Disposal.

**Conditions precedent** : Completion of the Disposal is conditional upon:

- (a) the passing of the necessary resolutions by the Purchaser approving the Disposal Agreement and all other transactions contemplated hereunder and the granting of such regulatory approvals as may be necessary, including without limitation in accordance with the Listing Rules and other applicable laws;
- (b) the representation, warranties and/or undertakings given by the Vendor and Purchaser under the Disposal Agreement remaining true, accurate and not misleading throughout the period from the date of the Disposal Agreement to the date of completion, and there having been no breach by any party to the Disposal Agreement; and

- (c) if applicable, all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated under the Disposal Agreement required to be obtained on the part of the Purchaser having been obtained.

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

**Completion**

- : The Company shall deliver executed transfers of the Investor Option and shares in favour of Purchaser and original certificates for the shares (or statutory declarations duly executed by Company declaring that such share certificates have never been issued or have been permanently lost or destroyed without replacement) to the Purchaser.

Animoca Brands shall register the transfer of the Investor Option and shares to Purchaser (subject to the payment of any applicable duty) with effect on and subject to completion occurring.

The Investor Option shall be transferred from Company to Purchaser effective immediately upon Completion, and Purchaser shall be entitled to exercise the Investor Option in respect of all or a portion of the shares.

The Purchaser shall pay the consideration within 3 Business Days following the completion to the Company.

**Termination**

: If a Party does not perform its obligations upon Completion (the “**Defaulting Party**”), other than as a result of default by another Party:

(a) Purchaser (if the Defaulting Party is Company); or

(b) Company (if the Defaulting Party is Purchaser),

may give the Defaulting Party notice requiring it to perform its obligations upon Completion within 10 Business Days of receipt of the notice.

If the Defaulting Party does not perform its obligations upon Completion within the period specified, Purchaser (if the Defaulting Party is Company) or Company (if the Defaulting Party is Purchaser) may seek specific performance or terminate the Disposal Agreement by giving notice to the Defaulting Party.

No Party may terminate or rescind the Disposal Agreement for any reason other than specified in the Disposal Agreement. If the Disposal Agreement is terminated, then the Disposal Agreement has no further effect and no Party has any liability to any other Party under the Disposal Agreement.

**Financial Information of Animoca Brands**

There has been no dividend income recognised in the consolidated statement of profit or loss of the Group. The investment in Animoca Brands had been accounted for as financial asset at fair value through other comprehensive income and the Investor Option had been accounted for as financial assets at fair value through profit and loss in the Group’s audited consolidated financial statements for the year ended 30 September 2022.

Details of the Animoca Brands from the audited consolidated financial information of the Group for the two financial years ended 30 September 2022 and 2021 is set out below:

	<b>For the year ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)	3,479	–
Change in fair value of financial assets at fair value through profit and loss (“FVTPL”)	1,083	–
Financial assets at FVTOCI	5,425	1,946
Financial assets at FVTPL	1,328	245

As at 31 December 2022, the unaudited fair value of the Company’s interest in Animoca Brands was approximately US\$807,536 (equivalent to approximately HK\$6,299,000).

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

Upon completion of the Disposal, the Company will cease to have any interest in Animoca Brands.

It is expected that upon completion of the Disposal, the Group will record a gain on the Disposal of approximately US\$1,464 (equivalent to approximately HK\$11,000). Such gain is estimated based on the transfer consideration in the amount of US\$809,000 (equivalent to approximately HK\$6,310,000) less the fair value of Animoca Brands and the Investor Option as of 31 December 2022 in the amount of US\$807,536 (equivalent to approximately HK\$6,299,000). Such gain from the Disposal expected by the Company are unaudited and subject to the final confirmation. It is expected that the net proceeds from the Disposal will be used for general working capital of the Group.

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

The Group has incurred a loss for the year of approximately HK\$206.5 million in the latest financial year ended 30 September 2022, the Board considers that the Disposal strengthens the cash flow of the Group allowing the Group to reallocate its resources to its core business. The Disposal also strengthens the cash flow of the Group allowing the Group to increase its liquidity to meet future operation expenses.

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

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is an investment holding company and the Group is principally engaged in the businesses of contract manufacturing, on electronic manufacturing services basis, of a wide range of power-related and electrical/electronic products, and the provision of technology solution services and other multifarious services in relation to the virtual asset ecosystem.

### **The Purchaser**

The Purchaser is a company incorporated in Hong Kong with limited liability. The ultimate beneficial owner is Mr. Li. The principal activity is investment holding.

### **Animoca Brands**

It is a company incorporated in Australia with limited liability. It principally engaged in developing and publish a broad portfolio of blockchain games, traditional games, and other products.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Li is beneficially interested in approximately 40.47% of the issued shares of the Company and is therefore a controlling shareholder of the Company. As such, Mr. Li is a connected person of the Company under Rule 14A.07 of the Listing Rules. As the Purchaser is ultimately controlled by Mr. Li, the Purchaser is an associate of Mr. Li and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Hence, the transaction contemplated under the Disposal Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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Among the existing Directors, the connected Director, Mr. Li, was required to abstain from voting in the Board meeting in respect of the resolutions to approve the Disposal Agreement and the transaction contemplated thereunder. Save for Mr. Li, none of the other Directors had a material interest in the transaction contemplated under the Disposal Agreement, and none of the Directors (save for Mr. Li) were required to abstain from voting on the relevant Board resolutions.

## DEFINITIONS

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

“Animoca Brands”	Animoca Brands Corporation Limited, a company incorporated in Australia with limited liability. It principally engaged in developing and publishing a broad portfolio of blockchain games, traditional games, and other products
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“AUD”	Australian dollar, the lawful currency of Australia
“Board”	the board of directors of the Company
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday in Melbourne Victoria
“Company”	New Huo Technology Holdings Limited (新火科技控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1611)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Company’s Investor Option and the 299,043 shares of Animoca Brands which is the entire shares held by the Company pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional Disposal agreement dated 23 March 2023 entered into between the Company and the Purchaser in relation to the Disposal



“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor Option”	the holder shall be provided the right, but not the obligation, to elect to subscribe for 1 ordinary share in the capital of the Animoca Brands for every 4 shares it subscribed, being up to a total of 74,761 shares, at a per share price of AUD1.10 subject to appropriate adjustment in the event of any subdivision or consolidation of shares, stock dividend, company recapitalization or similar event
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Li”	Mr. Li Lin, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company
“Party(ies)”	collectively the Company and Purchaser
“Purchaser”	Wechain Technology Limited, a company incorporated in Hong Kong with limited liability, whose ultimate beneficial owner is Mr. Li, and whose principal activity is investment holding
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America

“US\$” United States dollars, the lawful currency of the United States

“%” per cent

By order of the Board  
**New Huo Technology Holdings Limited**  
**Du Jun**  
*Executive Director*

Hong Kong, 23 March 2023

*As at the date of this announcement, the Board comprises (1) Mr. Li Lin as a non-executive Director; (2) Mr. Du Jun and Ms. Zhang Li as executive Directors; and (3) Mr. Yu Chun Kit, Mr. Yip Wai Ming and Mr. Ngai Matthew Cheuk Yin as independent non-executive Directors.*

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