
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Sinohope Technology Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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) MAJOR AND CONNECTED TRANSACTIONS:
PROPOSED DISPOSAL OF EQUITY INTERESTS
IN THE TARGET COMPANIES;
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 6 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 67 of this circular. A notice convening the EGM to be held at Unit 702-703, 7/F, 100 Queen's Road Central, Hong Kong on Thursday, 7 December 2023 at 10:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

17 November 2023

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement”	announcement of the Company dated 25 August 2023 in relation to, amongst other things, the proposed disposal of the Target Companies
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Business Days”	a day (other than any Saturday or Sunday) on which banks in Hong Kong are open to general public for business
“BVI”	British Virgin Islands
“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)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the HBTPower Sale Shares and Solutions Sale Shares by the Group to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement (HBTPower) and the Sale and Purchase Agreement (Solutions)
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal
“Funds”	collectively, the New Era Fund, New World Fund and Multi Strategy SP
“Group”	the Company and its subsidiaries
“HBTPower (BVI)”	HBTPower Limited, a company incorporated in the British Virgin Islands, an indirect non-wholly owned subsidiary of the Company

DEFINITIONS

“HBTPower (US)”	HBTPower Inc., a company incorporated in the United States, an indirect non-wholly owned subsidiary of the Company
“HBTPower Sale Debt”	the amount, whether principal or interest, owing by HBTPower (BVI) and HBTPower (US) to Vendor II immediately before completion of the Sale and Purchase Agreement (HBTPower). As at the date of the Sale and Purchase Agreement (HBTPower), the amount of HBTPower Sale Debt was USD5,224,740.00
“HBTPower Sale Shares”	80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US)
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Financial Advisor” or “Optima Capital”	Optima Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Shareholder(s)”	Shareholder(s) other than those who are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Latest Practicable Date”	13 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2023 or such other date as shall be agreed between the parties to the Sale and Purchase Agreements in writing
“Mr. Li”	Mr. Li Lin, the chairman of the Board, a non-executive Director and a substantial shareholder of the Company
“Multi Strategy SP”	Multi Strategy Crypto Fund SP, a segregated portfolio of a fund established under the laws of Cayman Islands
“New Era Fund”	New Era Pioneer Mining Fund 1 LPF, a Hong Kong limited partnership fund registered under the Limited Partnership Fund Ordinance (Cap. 637 of the laws of Hong Kong)
“New Huo Solutions”	New Huo Solutions Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company
“New World Fund”	New World Pioneer Mining Fund 1 LPF, a Hong Kong limited partnership fund registered under the Limited Partnership Fund Ordinance (Cap. 637 of the laws of Hong Kong)
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Avenir Cayman Holding Limited, a company incorporated in the Cayman Islands, the ultimate beneficial owner of which is Mr. Li
“Sale and Purchase Agreement (HBTPower)”	the agreement entered into on 25 August 2023 (after trading hours of the Stock Exchange) between Vendor II as the vendor and the Purchaser as the purchaser in relation to the sale and purchase of the HBT Power Sale Shares
“Sale and Purchase Agreement (Solutions)”	the agreement entered into on 25 August 2023 (after trading hours of the Stock Exchange) between Vendor I as the vendor and the Purchaser as the purchaser in relation to the sale and purchase of the Solutions Sale Shares

DEFINITIONS

“Sale and Purchase Agreements”	collectively, the Sale and Purchase Agreement (HBT Power) and Sale and Purchase Agreement (Solutions)
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of nominal value of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subscription”	the subscription of an aggregate of 157 million new Shares pursuant to the subscription agreements dated 26 April 2023. The Share Subscription was completed on 10 October 2023. Please refer to the announcement of the Company dated 26 April 2023 and 10 October 2023, and the circular of the Company dated 6 July 2023 for details
“Sinohope Asset Management”	Sinohope Asset Management (Hong Kong) Limited, formerly known as New Huo Asset Management (Hong Kong) Limited, a company incorporated in Hong Kong and a licensed corporation for carrying on businesses in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, an indirect wholly owned subsidiary of the Company
“Sinohope Digital Service”	Sinohope Digital Service Limited, formerly known as New Huo Digital Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company
“Solutions Sale Debt”	the amount, whether principal or interest, owing by New Huo Solutions to Vendor I immediately before completion of the Sale and Purchase Agreement (Solutions). As at the date of the Sale and Purchase Agreement (Solutions), the amount of the Solutions Sale Debt was HK\$205,706,354.00
“Solutions Sale Shares”	the entire issued share capital of New Huo Solutions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Collectively, New Huo Solutions, HBT Power (US) and HBT Power (BVI)

DEFINITIONS

“Valuation Report”	the valuation report prepared by the Valuer for appraisal of:- (1) the fair value of 100% equity interest and amount due to the related companies in New Huo Solutions; (2) the fair Value of 80% equity interest and amount due to the related companies in HBTPower (BVI); and (3) the fair Value of 80% equity interest in HBTPower (US)
“Valuer”	Valtech Valuation Advisory Limited, an independent third party valuer appointed by the Company for preparation of the Valuation Report
“Vendor I”	the Company
“Vendor II”	Sinohope Digital Service
“Vendors”	collectively, Vendor I and Vendor II
“%”	per cent.

For the purpose of this circular, the exchange rate of US\$1.00 = HK\$7.84967 have been used for currency conversion, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or USD has been, could have been or may be converted at such a rate.

LETTER FROM THE BOARD



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)

Non-executive Director:

Mr. Li Lin

Executive Directors:

Mr. Du Jun

Ms. Zhang Li

Independent non-executive Directors:

Mr. Yu Chun Kit

Mr. Yip Wai Ming

Dr. LAM, Lee G., *BBS, JP*

Head office and principal place of business

in Hong Kong:

Unit 702-3, 7/F

100 Queen's Road Central

Central, Hong Kong

Registered Office:

Vistra Corporate Services Centre

Wickhams Cay II Road Town, Tortola

BVI VG 1110

17 November 2023

To the Shareholders

Dear Sir/Madam,

**(1) MAJOR AND CONNECTED TRANSACTIONS:
PROPOSED DISPOSAL OF EQUITY INTERESTS
IN THE TARGET COMPANIES;
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, amongst other things, the Disposal and the entering into of the Sale and Purchase Agreements.

This circular sets out, among other things, (i) details of the Sale and Purchase Agreements; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the proposed Disposal; (iii) a letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders in respect of the proposed Disposal; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

The EGM will be held for the purpose of considering and, if thought fit, approving, amongst other things, the Disposal by way of a poll.

(1) THE DISPOSAL AND THE SALE AND PURCHASE AGREEMENTS

The Board announced that on 25 August 2023 (after trading hours of the Stock Exchange):

- (i) the Company as Vendor I and Avenir Cayman Holding Limited as the Purchaser entered into the Sale and Purchase Agreement (Solutions), pursuant to which (i) Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions, and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser, at the consideration of HK\$205,706,355.00; and
- (ii) Sinohope Digital Service, a direct wholly owned subsidiary of the Company, as Vendor II, entered into the Sale and Purchase Agreement (HBTPower), pursuant to which Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US), and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt to the Purchaser, at the consideration of USD6,624,740.00 (equivalent to approximately HK\$52,002,023.00).

Principal terms of the sale and purchase agreements

Sale and Purchase Agreement (Solutions)

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

Date	:	25 August 2023
Parties	:	(1) The Company as Vendor I; and (2) The Purchaser.
Subject matter	:	The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Solutions Sale Shares, representing 100% equity interest in New Huo Solutions. Further, the Company has conditionally agreed to assign and the Purchaser has conditionally agreed to acquire the Solutions Sale Debt.

LETTER FROM THE BOARD

- Consideration** : The consideration shall be HK\$205,706,355.00 (comprising the consideration for the Solutions Sale Shares of HK\$1.00 and that for the Solutions Sale Debt of HK\$205,706,354.00 as at the date of the Sale and Purchase Agreement (Solutions)), which was determined after arm's length negotiations between Vendor I and the Purchaser on normal commercial terms with reference to, among others:-
- (i) the appraised fair value of New Huo Solutions of approximately HK\$201,966,000.00 as at 31 March 2023, being the sum of the fair value of 100% equity interest and the amount due to related companies in New Huo Solutions, by adopting the cost approach, as appraised by the Valuer;
 - (ii) the financial position of New Huo Solutions;
 - (iii) the business prospects of New Huo Solutions; and
 - (iv) the factors as set out in the section headed **“REASONS FOR AND BENEFITS OF THE DISPOSAL”**.

The consideration will be payable by the Purchaser to the Company by set-off against the debts due and owing by the Company to the Purchaser upon completion of the Sale and Purchase Agreement (Solutions).

As New Huo Solutions has suspended major business operation as at the date of the Sale and Purchase Agreement (Solutions), and that there was no material changes in the business and the cryptocurrency market performance since 31 March 2023, the Board considers that the valuation results remain relevant in determining the consideration. Further, since the suspension of business operation in New Huo Solutions, the Group has ceased any further loans and borrowings to New Huo Solutions. It is expected that the amount of Solutions Sale Debt will remain unchanged and the consideration will not be adjusted for subsequent changes in the Solutions Sale Debt up to the completion date.

LETTER FROM THE BOARD

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

- Date** : 25 August 2023
- Parties** : (1) Sinohope Digital Service as Vendor II; and
(2) The Purchaser.
- Subject matter** : Vendor II has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire (i) 80% equity interest in HBTPower (BVI) and (ii) 80% equity interest in HBTPower (US). Further, Vendor II has conditionally agreed to assign and the Purchaser has conditionally agreed to acquire the HBTPower Sale Debt.
- Consideration** : The consideration for 80% equity interest in HBTPower (BVI) and HBTPower (US) shall be USD6,624,740.00 (equivalent to approximately HKD52,002,023.00) (comprising the consideration for the HBTPower Sale Shares of USD1,400,000.00 and that for the HBTPower Sale Debt of USD5,224,740.00 as at the date of the Sale and Purchase Agreement (HBTPower)), which was determined after arm's length negotiations between Vendor II and the Purchaser on normal commercial terms with reference to, among others:-
- (i) the appraised fair value of HBTPower (BVI) and HBTPower (US) in the aggregate value of HK\$42,840,000.00 as at 31 March 2023, being the sum of their fair value of 80% equity interest and the amount due to the related companies in HBTPower (BVI), and 80% equity interest in HBTPower (US), by adopting the cost approach, as appraised by the Valuer;
 - (ii) the financial positions of HBTPower (BVI) and HBTPower (US);
 - (iii) the business prospect of HBTPower (BVI) and HBTPower (US); and
 - (iv) the factors set out in the section headed "**REASONS FOR AND BENEFITS OF THE DISPOSAL**".

LETTER FROM THE BOARD

The consideration will be payable by the Purchaser to Vendor II by set-off against the debts due and owing by Vendor II to the Purchaser upon completion of the Sale and Purchase Agreement (HBTPower).

As HBTPower (BVI) and HBTPower (US) have suspended major business operation as at the date of the Sale and Purchase Agreement (HBTPower), and that there was no material changes in the business and the cryptocurrency market performance since 31 March 2023, the Board considers that the valuation results remain relevant in determining the consideration. Further, since the suspension of business operation in HBTPower (BVI) and HBTPower (US), the Group has ceased any further loans and borrowings to HBTPower (BVI) and HBTPower (US). It is expected that the amount of HBTPower Sale Debt will remain unchanged and the consideration will not be adjusted for subsequent changes in the HBTPower Sale Debt up to the completion date.

Conditions Precedent

Completion of each of the transactions under the Disposal is conditional upon:

- (a) the passing of the necessary resolutions by the board of the Vendors and the Purchaser approving the agreement and all other transactions contemplated thereunder;
- (b) the representation, warranties and/or undertakings given by the Vendors and Purchaser under the agreement shall remain true, accurate and not misleading in all material respects throughout the period from the date of the agreement to the Completion Date, and there having been no breach by any party of the agreement;
- (c) all requisite approvals, consents and waivers required to be obtained by each of the Vendors, the Purchaser and each of the Target Companies in respect of the entering into of the 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); and
- (d) the passing of the ordinary resolution(s) to approve the agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM to be convened and held in accordance with the Listing Rules and the applicable laws and regulations and such approval remaining valid and effective and not being subsequently revoked prior to completion.

Condition (b) may be waived by the Vendors and/or the Purchaser (as the case may be) at their absolute discretion in writing to the other party.

LETTER FROM THE BOARD

If any of the conditions precedent set out above is not fulfilled or otherwise waived (where applicable) on or before the Long Stop Date, the Sale and Purchase Agreement(s) shall automatically cease and terminate (other than in respect of surviving provisions as set out therein). As at the Latest Practicable Date, condition (a) of the above conditions precedent has been fulfilled.

Completion

Completion of the Sale and Purchase Agreements shall take place on a date falling on the 5th Business Day upon the fulfilment (or the waiver, as the case may be) of the conditions precedent referred to above and shall not be later than the Long Stop Date.

Upon Completion, the Group will cease to hold any interests in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company. Accordingly, the financial results of each of the Target Companies will no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE COMPANY AND THE VENDORS

The Company (Vendor I) is an investment holding company and 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.

Sinohope Digital Service (Vendor II) is a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company. It is primarily engaged in investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the Cayman Islands and is primarily engaged in investment holding. 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.

INFORMATION OF THE TARGET COMPANIES

New Huo Solutions

New Huo Solutions is a company incorporated in Hong Kong and is primarily engaged in investment holding. As at the Latest Practicable Date, New Huo Solutions holds 50% partnership interest in the New World Fund, 100% partnership interest in the New Era Fund and 96.61% partnership interest in Multi Strategy SP.

LETTER FROM THE BOARD

Set out below is the audited financial information of New Huo Solutions for the two financial years ended 30 September 2021 and 2022, and the unaudited financial information for the six months ended 31 March 2023:

	For the six months ended 31 March 2023	For the year ended 30 September	
	<i>HK\$'000</i>	2022	2021
	(unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Net assets/(liabilities)	4,293	(3,693)	(456)
Profit/(Loss before tax)	12,493	(27,628)	(447)
Profit/(Loss) after tax	12,493	(27,628)	(447)

The appraised net asset value of New Huo Solutions as at 31 March 2023 was approximately HK\$(3,448,000.00), which shows no economic value. According to the Valuation Report prepared by the Valuer, the sum of the fair value of 100% equity interest and the amount due to related companies in New Huo Solutions, by adopting the cost approach, was HK\$201,966,000.00.

The major assets of New Huo Solutions include 96.61% equity investment in Multi Strategy Fund, 100% equity investment in New Era Fund and 50% capital investment in New World Fund. New Huo Solutions recorded the net asset value of the said funds according to the net asset value report from the fund manager. Adjustment has been made by the Valuer in appraising the fair value of New Huo Solutions' investments in the funds, as certain investments in Filcoins were pledged for an agreed period of time to support continuous mining operation of the Company. Hence, the fair value adjustment of New Huo Solutions' investment in New Era Fund decreased by approximately HK\$2,054,000.00 and the fair value adjustment of its investment in New World Fund decreased by approximately HK\$3,967,000.00. Further, the fair value adjustment of the investments in Multi Strategy Fund decreased by approximately HK\$5,000 due to exchange rate differences. Therefore, New Huo Solutions had a net asset value of approximately HK\$4,293,000.00 but an appraised net asset value of approximately HK\$(3,448,000.00) as at 31 March 2023.

HBTPower (BVI)

HBTPower (BVI) is a company incorporated in the British Virgin Islands and is primarily engaged in cryptocurrency mining business in the United States.

LETTER FROM THE BOARD

Set out below is the unaudited financial information of HBTPower (BVI) for the period from 29 April 2022, the registration date, to 30 September 2022, and the unaudited financial information for the six months ended 31 March 2023:

	For the six months ended 31 March 2023	For the period from 29 April 2022 to 30 September 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net assets/(liabilities)	3,237	(5,803)
Loss before tax	(7,447)	(5,803)
Loss after tax	(7,447)	(5,803)

The net asset value of HBTPower (BVI) as at 31 March 2023 was approximately HK\$3,237,000.00. According to the Valuation Report prepared by the Valuer, the sum of the fair value of 80% equity interest and the amount due to the related companies in HBTPower (BVI), by adopting the cost approach, was HK\$42,840,000.00.

HBTPower (US)

HBTPower (US) is a company incorporated in the United States and is in the set-up stage without any operating business.

Set out below is the unaudited financial information of HBTPower (US) for the period from 27 May 2022, the registration date, 30 September 2022, and the unaudited financial information for the six months ended 31 March 2023:

	For the six months ended 31 March 2023	For the period from 27 May 2022 to 30 September 2022
	<i>USD</i>	<i>USD</i>
	(unaudited)	(unaudited)
Net liabilities	(1,250)	(1,250)
Loss before tax	–	(1,250)
Loss after tax	–	(1,250)

The net asset value of HBTPower (US) as at 31 March 2023 was approximately USD(1,250.00) (equivalent to approximately HK\$(9,812.00)). According to the Valuation Report prepared by the Valuer, the fair value of 80% equity interest in HBT Power (US) as at 31 March 2023 was approximately USD(1,000.00) (equivalent to approximately HK\$(7,850.00)), which shows no economic value.

LETTER FROM THE BOARD

VALUATION OF THE TARGET COMPANIES

The Valuation Report was prepared by the Valuer based on the information provided by the management of the Company to conduct appraisal of the fair value of the Target Companies based on the cost approach.

The assumptions used in the valuation includes:

- (1) The unaudited management accounts are accurate and no material different will be caused if audit is performed;
- (2) The investment period of New Huo Solutions investments are assumed to mature as agreed and that the general partners has no incentive to extend the investment periods;
- (3) New Era Fund and New World Pioneer Mining Fund will not engage in Filecoin speculative trading during the investment period;
- (4) The mining operation of New Era Fund and New World Pioneer Mining Fund will not be expanded during the investment period;
- (5) No deferred tax asset and liabilities arising from fair value change of the asset and liabilities considering the uncertainty on the future profit and loss of the Target Group and hence respective deferred tax asset/liabilities may not be benefit to/paid by the Target Group; and
- (6) Performance of the Target Group would not deviate from the performance of its industry peers.

Please refer to Appendix I of this circular for the full text of the Valuation Report.

FINANCIAL EFFECT OF THE DISPOSAL AND THE INTENDED USE OF PROCEEDS

Upon completion of the Disposal, (i) the Group is expected to recognize an unaudited gain of approximately HK\$4.51 million, representing the difference between the total consideration of approximately HK\$257.71 million, the net asset value of the Target Companies of approximately HK\$6.88 million, assignment of HBTPower Sale Debt and Solutions Sale Debt of approximately HK\$245.66 million as at 31 March 2023 after deducting all estimated costs and expenses relating to the Disposal in the amount of approximately HK\$650,000.00. The actual gain or loss in connection with the Disposal will be assessed after completion and is subject to the review and audit by the auditors of the Company; and (ii) the total assets of the Group will be reduced by approximately HK\$268.68 million, from HK\$770.46 million to HK\$501.78 million, taking into account the Share Subscription which was completed on 10 October 2023, and the total liabilities will be reduced by approximately HK\$272.54 million, from HK\$621.12 million to HK\$348.56 million.

LETTER FROM THE BOARD

Upon completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of each of the Target Companies will no longer be consolidated into the consolidated financial statements of the Company. Net proceeds from the Disposal, after deducting the administrative and external expenses, are estimated to be approximately HK\$257.06 million. The Company intends to use the net proceeds from the Disposal to settle liabilities of the Group. The consideration payable will be settled by set-off against the debts due and owing by the Vendors to the Purchaser, in relation to a facility letter signed on 26 September 2019 between the Company as the borrower and the Purchaser as the lender, with a maximum aggregate facility amount of HK\$471,000,000 and a maturity date of 25 April 2024. The facility was provided by the Purchaser to the Company as an unsecured revolving facility bearing nil interest for the purpose of general working capital and business development of the Group. As at 31 October 2023, the outstanding principal in respect of the said facility was approximately HK\$369.5 million in aggregate. On 3 November 2023, the Company settled approximately HK\$37.57 million of the outstanding principal by the net proceeds from the subscriptions of shares in the Company which was completed on 10 October 2023 (the “**Subscriptions**”). Further, after settlement by the net proceeds from the Disposal of approximately HK\$257.06 million, the remaining outstanding debts due to the Purchaser shall be HK\$74.87 million, which shall be further settled by the net proceeds from the Subscriptions upon the Purchaser’s request. For details of the Subscriptions, please refer to the announcements of the Company dated 26 April 2023, 30 June 2023, 28 July 2023, 10 October 2023 and the circular of the Company dated 6 July 2023. No cashflow shall be involved except for any estimated costs and expenses relating to the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

New Huo Solutions is principally engaged in the cryptocurrency funds and financial assets investments, and HBTPower (BVI) and HBTPower (US) are principally engaged in cryptocurrency mining business in the United States.

For the year ended 30 September 2022, the Target Companies recorded a net losses of approximately HK\$33.43 million. For the six months ended 31 March 2023, the Target Companies recorded a net profit of approximately HK\$5.05 million including the exchange gain of approximately HK\$3.59 million, and the Target Companies had no revenues for the respective periods. The aggregate net losses in the past years from the Target Companies are mainly attributable to (i) the net costs and expenses in the mining business in the United States of HBTPower (BVI), which is still in the set-up stage and has not started operation; and (ii) the global economy downturn and ongoing bear market in virtual assets, causing a negative return recorded by the crypto funds of New Huo Solutions.

The Group has an unhealthy increase in its gearing ratio. The gearing ratio as at 31 March 2023, 30 September 2022 and 30 September 2021 were approximately -660.1%, 317.5% and 105.7% respectively. The Group is undergoing a subscription of new shares under specific mandate where part of the funds raised of approximately HK\$235 million will be used to repay the outstanding loans of the Company. Further, due to the change in business focus and planning, the Group intends to focus its business on the Multi-Party Computation (the “**MPC**”) self-custody service platform in future. The Group intends to dispose of the cryptocurrency mining related business and Funds to Mr. Li and settle part of the outstanding loans due and owing to Mr. Li. It is expected that the outstanding loans of approximately HK\$257.06 million will be settled after the Disposal.

LETTER FROM THE BOARD

The Directors consider that the remaining business of the Group after the Disposal, including cryptocurrency trading, provision of technology solution services and provision of asset management services through the licensed corporation in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, has constituted the major source of revenue for the Group from 2022. The Group expected that the above restructuring can reduce the debt burden and allow the Group to focus its resources on other core business given the current financial position. The Group expected that the Disposal will not have a material effect on the Group's business operation.

The Group will continue the operation of and will focus its resources on the the remaining business of the Group after the Disposal, focusing on technology solution service and virtual assets management, trust and custodian, virtual asset lending and cryptocurrency trading business. Moreover, the Group is in the process of actively and prudently seeking opportunity in the market and is considering to expand its scope of business to virtual assets exchange platform after the Disposal. Further announcement will be made by the Group if any new development or investment opportunities materialize in accordance with the Listing Rules.

Having taken into account the above factors, the Directors (excluding Mr. Li Lin who has material interest in the transaction and does not express his opinion) are of the view that the Disposal is carried out on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Li is a Director, and is beneficially interested in approximately 26.83% of the issued shares of the Company and is therefore a substantial 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. As at the Latest Practicable Date, Sinohope Digital Service is a wholly-owned subsidiary of the Company. Hence, the transactions contemplated under the Sale and Purchase Agreement (HBTPower) and the Sale and Purchase Agreement (Solutions) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but are less than 75%, (i) the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules, and (ii) the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Li is considered to have a material interest in the Disposal, he had abstained from voting on the Board resolution(s) of the Company to approve the Disposal.

LETTER FROM THE BOARD

In accordance with Rule 14A.36 of the Listing Rules, Mr. Li and his associates will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, other than Mr. Li, no other Shareholder has a material interest in the transactions contemplated under the Disposal and will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM.

EGM AND DESPATCH OF THE CIRCULAR

The Company will convene the EGM to be held at Unit 702-703, 7/F, 100 Queen's Road Central, Hong Kong on Thursday, 7 December 2023 at 10:30 a.m. for the purpose of considering, and if thought fit, the Sale and Purchase Agreement (HBTPower), the Sale and Purchase Agreement (Solutions) and the transactions contemplated thereunder.

The Independent Board Committee has been established to consider the terms of the Disposal and to advise and provide recommendation to the Independent Shareholders as to whether the same are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In accordance with the Listing Rules, any Shareholder (and his/her/its respective associate (s)) with a material interest in the Sale and Purchase Agreements must abstain from voting on the resolutions in respect of the said agreements and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, Mr. Li is a Director, and is beneficially interested in approximately 26.83% of the issued shares of the Company and is therefore a substantial 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. As Mr. Li is considered to have a material interest in the Disposal, he is abstained from voting on the Board resolution(s) to approve the Disposal.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed above, none of the other Shareholders has any material interests in the Sale and Purchase Agreements, and will be required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

A form of proxy for use by the Shareholders at the EGM is enclosed. Shareholders are advised to read the notice and to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

The Board (including the Independent Board Committee having taken into account the advice of Optima Capital considers that although the Sale and Purchase Agreements and the transactions contemplated thereunder are not in the ordinary usual course of business of the Group, the terms and conditions of the Disposal are on normal commercial terms, and the terms of the Sale and Purchase Agreements and the proposed annual caps for the term of duration thereunder are fair and reasonable and are no less favourable to the Group than those available to/from Independent Third Parties and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the Independent Board Committee having taken into account the advice of Optima Capital recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 4 December 2023 to Thursday, 7 December 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 December 2023.

GENERAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from Optima Capital to the Independent Board Committee and the Independent Shareholders, and additional information of the Group set out in the Appendix to this circular.

Yours faithfully
By order of the Board
SINOHOPE TECHNOLOGY HOLDINGS LIMITED
Du Jun
Executive Director



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)

Independent non-executive Directors

Mr. Yu Chun Kit

Mr. Yip Wai Ming

Dr. LAM, Lee G., BBS, JP

17 November 2023

To the Independent Shareholders

Dear Sirs/Madams,

**(1) MAJOR AND CONNECTED TRANSACTIONS:
PROPOSED DISPOSAL OF EQUITY INTERESTS
IN THE TARGET COMPANIES;
AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 17 November 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in this Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” to the Circular, of which this letter forms a part.

Having taken into account of the advice of Optima Capital to relation to the Sale and Purchase Agreements as set out on pages 21 to 67 of the Circular, we consider that although the transactions contemplated under the Sale and Purchase Agreements are not conducted in the ordinary and usual course of business of the Group the terms and conditions of the Disposal are on normal commercial terms, and the terms of the Sale and Purchase Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Yu Chun Kit
*Independent non-executive
Director*

Mr. Yip Wai Ming
*Independent non-executive
Director*

Dr. LAM, Lee G., BBS, JP
*Independent non-executive
Director*

LETTER FROM OPTIMA CAPITAL

The following is the text of the letter from Optima Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders, which is prepared for the purpose of incorporation in this circular.



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

17 November 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS: PROPOSED DISPOSAL OF EQUITY INTERESTS IN THE TARGET COMPANIES

I. INTRODUCTION

We, Optima Capital Limited (“**Optima Capital**”), have been appointed by Sinohope Technology Holdings Limited (formerly known as New Huo Technology Holdings Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) as the independent financial adviser in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 17 November 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 25 August 2023, the Company as Vendor I and Avenir Cayman Holding Limited as the Purchaser entered into the Sale and Purchase Agreement (Solutions), pursuant to which (i) Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions; and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser. On even date, Sinohope Digital Service, a direct wholly-owned subsidiary of the Company, as Vendor II, and the Purchaser entered into the Sale and Purchase Agreement (HBTPower), pursuant to which (i) Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US); and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt (together with the Solutions Sale Debt, the “**Sale Debts**”) to the Purchaser.

LETTER FROM OPTIMA CAPITAL

As at the date of the Sale and Purchase Agreements, Mr. Li was beneficially interested in approximately 40.5% of the issued shares of the Company and was therefore a controlling Shareholder of the Company at the material time. He is also a non-executive Director 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 transactions contemplated under the Sale and Purchase Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 25% but are less than 75%, (i) the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules, and (ii) the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

In accordance with Rule 14A.36 of the Listing Rules, Mr. Li and his associates will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, other than Mr. Li, no other Shareholder has a material interest in the transactions contemplated under the Disposal and will be required to abstain from voting on the resolution(s) to approve the Disposal and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Yip Wai Ming, Dr. Lam Lee G. and Mr. Yu Chun Kit, has been established to consider the terms of the Disposal and to advise and provide recommendation to the Independent Shareholders as to whether the same are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Optima Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not associated or connected with the Company or the Purchaser, their respective substantial shareholders or respective associates. During the two years immediately prior to the date of our appointment, we have not (i) acted in the capacity as a financial adviser or independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we will receive any fees or benefits from the Company or the Purchaser, their respective substantial shareholders or respective associates. We are therefore eligible to give independent advice in respect of the Disposal and the transactions contemplated thereunder.

LETTER FROM OPTIMA CAPITAL

II. BASIS OF OUR OPINION

In formulating our advice and recommendations, we have relied on the information and facts supplied and the opinions expressed by the directors and management of the Company (together, the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the date hereof and will continue to be so as at the date of the Circular. We have assumed that all the opinions or representations of the Management have been reasonably made after due and careful enquiry.

We have reviewed and considered, among other things, (i) the announcement of the Company dated 25 August 2023 in respect of the Disposal; (ii) the Circular; (iii) the annual and interim reports published by the Company; (iv) the Valuation Report prepared by the Valuer in respect of the fair values of the equity interests in the Target Companies and the Sale Debts as at 31 March 2023 (the “**Valuation Date**”), the text of which is contained in Appendix I to the Circular; (v) the information and representations provided by and our discussions with the Management; and (vi) other information obtained from the public domain.

We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs and taxation implications of the Disposal to the Group, nor have we carried out any independent verification of the information supplied.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Disposal, we have considered the following principal factors and reasons.

1. INFORMATION OF THE GROUP

1.1 Principal businesses

The Company is an investment holding company. During the year ended 30 September 2022 and six months ended 31 March 2023, the Group was principally engaged in (i) a variety of services in virtual asset ecosystem (the “**Virtual Asset Businesses**”), including asset management business, trust and custodian business, virtual asset lending and cryptocurrency trading business, and virtual asset mining-related business; (ii) the manufacturing of power-related & electrical/electronic products on a contracting basis (the “**Manufacturing Business**”); and (iii) the provision of technology solution services (the “**Technology Solutions Businesses**”), as more particularly discussed below.

LETTER FROM OPTIMA CAPITAL

1.1.1 Virtual Asset Businesses

Asset management business

The Group carries on asset management business through Sinohope Asset Management, an indirect wholly-owned subsidiary of the Group, which is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Sinohope Asset Management offers integrated investment solutions to professional investors with products that integrate traditional financial assets and virtual assets and cover the primary and secondary markets. As set out in the interim report of the Company for the six months ended 31 March 2023, as at 31 March 2023, Sinohope Asset Management was managing five funds containing virtual assets: a Bitcoin tracker fund; an Ethereum tracker fund; a multi-strategy virtual asset fund; and two private equity funds for blockchain mining related businesses. Revenue is generated from the provision of asset management services.

Trust and custodian business

The Group carries on trust and custodian business through New Huo Trust Company Limited, an indirect wholly-owned subsidiary of the Company, registered as a trust company under section 78(1) of the Trustee Ordinance (Cap. 29 of the laws of Hong Kong). The trust and custody services provided by the Group include the safekeeping, settlement and other customised services of its clients' assets.

Types of assets custodied by the Group include virtual asset, fiat currency, financial instrument or any type of other assets. Revenue is generated from the provision of custodial, compliance and consultancy services.

Virtual asset lending and cryptocurrency trading business

The Group provides (i) virtual asset lending services to clients for which the Group receives virtual assets collateral; (ii) over-the-counter virtual asset trading services (the “**OTC Trading Business**”) to trade virtual assets with corporate and individual customers through trading platforms of the Group; and (iii) trade virtual assets on cryptocurrency exchanges (together with the OTC Trading Business, the “**Cryptocurrency Trading Business**”).

The virtual asset lending business generates interest income. The Cryptocurrency Trading Business generated income through trading spreads from clients who buy and/or sell virtual assets through the Group's platform. Clients of these businesses include high-net-worth individuals and professional investors.

LETTER FROM OPTIMA CAPITAL

Virtual asset mining-related business

The Group has its own virtual asset mining-related businesses including but not limited to investing in virtual asset mining related funds, namely the New World Fund and the New Era Fund, the details of which are set out in the subsection headed “*Information of the Target Companies*” below in this letter.

1.1.2 Technology Solutions Businesses

During the year ended 30 September 2022 and the six months ended 31 March 2023, the Group carried on the Technology Solutions Businesses primarily through Sinohope APAC Limited and Win Techno Inc., which were direct and indirect wholly-owned subsidiaries of the Company, respectively. During such year and period, such businesses included (i) data centre and cloud-based services to global customers in blockchain, virtual assets, fintech, big data as well as other innovative technology sectors (the “**Data Centre Business**”) operated primarily through Win Techno Inc.; and (ii) software-as-a-service business where the Group provides clients access to and use of the virtual trading platform related technology software (the “**SaaS Business**”) operated primarily through Sinohope APAC Limited.

The Group completed the disposal of Win Techno Inc. on 1 November 2022, the details of which are set out in the announcement of the Company of even date. As at the Latest Practicable Date, Sinohope APAC Limited continues to operate the SaaS Business and provide technology solution services to the clients of the Group.

1.1.3 Manufacturing Business

The Manufacturing Business comprises the manufacturing of power-related and electrical/electronic products on a contracting basis. The Group completed the disposal of the Manufacturing Business on 19 June 2023, the details of which are set out in the circular of the Company dated 25 May 2023.

1.1.4 Outlook of the businesses of the Group

As set out in the interim report of the Company for the six months ended 31 March 2023, the COVID-19 epidemic, the continued conflict between Russia and Ukraine and a series of inflation control policies on a global scale, especially in major economies such as Europe and the United States, has caused the global economic growth to further slow down. Despite the downward pressure on the global economy, the economic outlook in Asia remains relatively positive. In the past three years of the epidemic, the technology industry has withstood the crisis, accelerated its development, and surpassed other industries. The virtual asset industry has shown its unique advantages, and cryptocurrencies became a tool for investors to avoid risks.

LETTER FROM OPTIMA CAPITAL

Following the issuance of the “*Policy Statement on Development of Virtual Assets in Hong Kong*” in October 2022, the Hong Kong government has been working on building a regulatory framework, guiding orderly development and creating a favourable environment for industry development in virtual assets. In March 2023, in order to strengthen the supervision of virtual asset trading platforms, the Securities and Futures Commission (the “SFC”) launched a consultation on the proposed regulations applicable to virtual asset trading platform operations and, on 1 June 2023, the revised “*Guidelines for Virtual Asset Trading Platform Operators*” became effective. Hong Kong will be welcoming applications from virtual asset platform operators globally, and more than 80 companies from mainland China and overseas have expressed interest in establishing Web3 businesses in Hong Kong. In contrast to the crackdown on cryptocurrencies by United States regulators, the Group considers that a series of clear measures issued by the Hong Kong government demonstrates its determination to promote the healthy development of virtual assets industry, which upholds an open, embracing and innovation-friendly attitude towards Web3 economy.

As mentioned in the interim report of the Company for the six months ended 31 March 2023, the Group continues to be optimistic about Hong Kong’s development prospects in the fields of virtual assets, financial technology and Web3.

1.2 Financial performance of the Group

Set out below is the summary of the audited consolidated financial performance of the Group for the years ended 30 September 2020 (“FY2020”), 2021 (“FY2021”) and 2022 (“FY2022”) and unaudited consolidated financial performance of the Group for the six months ended 31 March 2022 (“1H2022”) and 2023 (“1H2023”), which are extracted from the annual and interim reports of the Company for the respective years and periods.

	FY2020	FY2021	FY2022	1H2022	1H2023
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	276,555	610,713	9,452,864	351,801	2,505,881
Gross profit/(loss)	77,858	302,631	184,694	101,173	(4,831)
Profit/(loss) for the year/period attributable to owners of the Company	(32,582)	141,477	(199,670)	(48,787)	(241,506)

LETTER FROM OPTIMA CAPITAL

Set out below is the summary of the audited financial information by business segments of the Group for FY2020, FY2021, FY2022 and unaudited financial information by business segments of the Group for 1H2022 and 1H2023, which are extracted from the annual reports and interim reports of the Company for the respective years and periods.

	FY2020	FY2021	FY2022	1H2022	1H2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Segment revenue from external customers					
Manufacturing Business	242,338	376,328	396,138	210,447	108,786
Technology Solutions Businesses	34,217	221,753	80,561	44,544	7,050
Virtual Asset Businesses	–	12,632	8,976,165	96,810	2,390,045
	<u>276,555</u>	<u>610,713</u>	<u>9,452,864</u>	<u>351,801</u>	<u>2,505,881</u>
Segment results					
Manufacturing Business	17,937	66,139	(4,474)	16,810	(13,062)
Technology Solutions Businesses	7,580	204,976	63,929	33,655	1,055
Virtual Asset Businesses	–	(39,911)	(142,430)	(40,284)	(128,372)
	<u>25,517</u>	<u>231,204</u>	<u>(82,975)</u>	<u>10,181</u>	<u>(140,379)</u>

Note: Subject to rounding errors.

1.2.1 For FY2021

The Group recorded an increase in revenue of about 120.8% to approximately HK\$610.7 million and an increase in gross profit of about 288.7% to approximately HK\$302.6 million for FY2021 as compared to FY2020; and a turnaround to profit attributable to owners of the Company of approximately HK\$141.5 million for FY2021 from loss attributable to owners of the Company of approximately HK\$32.6 million for FY2020.

As set out in the annual report of the Company for FY2021, the increase in revenue was primarily driven by the increase in revenue generated from (i) the Manufacturing Business of about 55.3% due to the market recovery from the COVID-19 epidemic; and (ii) the Technology Solutions Businesses of about 548.1% due to the rise of virtual asset prices and the consequential growth of virtual asset transaction volumes.

LETTER FROM OPTIMA CAPITAL

The increase in gross profit was mainly due to the increase in gross profit margin to about 49.6% for FY2021 as compared to about 28.2% for FY2020, primarily a result of (i) the increase in proportion of the Group's total revenue contributed by the Technology Solutions Businesses, particularly the SaaS Business, which had a higher gross profit margin as compared to the other businesses of the Group; while (ii) the gross profit margin for the Manufacturing Business remained stable for FY2021 as compared to FY2020.

The turnaround from loss to profit attributable to owners of the Company was mainly due to the net effect of the increase in revenue, gross profit and gross profit margin as discussed above.

1.2.2 For FY2022

The Group recorded an increase in revenue of about 1,447.8% to approximately HK\$9,452.9 million and a decrease in gross profit of about 39.0% to approximately HK\$184.7 million for FY2022 as compared to FY2021; and a turnaround to loss attributable to owners of the Company of approximately HK\$199.7 million for FY2022 from profit attributable to owners of the Company in FY2021 as discussed above.

As set out in the annual report of the Company for FY2022, the increase in revenue was primarily driven by (i) the significant increase in the revenue generated from Virtual Asset Businesses, primarily due to the commencement of the Cryptocurrency Trading Business during the year; set off slightly by (ii) the decrease in revenue generated from the Technology Solutions Businesses, due to the global economy downturn and ongoing bear market in virtual assets which caused a decrease in virtual asset prices and the consequential drop of virtual asset transaction volumes.

The decrease in gross profit was mainly due to the significant decrease in gross profit margin to about 2.0% for FY2022 from about 49.6% for FY2021. Such decrease in gross profit margin was primarily a result of the significant increase in the proportion of the Group's total revenue contributed by the Cryptocurrency Trading Business, which recorded a gross loss of approximately HK\$1.8 million for FY2022 primarily due to the losses recorded by the Multi Strategy SP in its cryptocurrency trading activities for the year.

The turnaround from profit to loss attributable to owners of the Company was mainly due to (i) the decrease in gross profit as discussed above; and (ii) the increase in administrative expenses primarily as a result of the increase in staff costs of high calibre personnel, related professional service fees for the application for virtual asset and finance related licenses in major markets around the world and one-off provision for relocation and restructuring costs of a factory in relation to the Manufacturing Business.

1.2.3 For 1H2023

The Group recorded an increase in revenue of about 612.3% to approximately HK\$2,505.9 million for 1H2023 as compared to 1H2022; a turnaround to a gross loss of approximately HK\$4.8 million for 1H2023 from a gross profit of approximately HK\$101.2 million in 1H2022; and increase in loss attributable to owners of the Company of about 395.0% to approximately HK\$241.5 million for 1H2023 as compared to 1H2022.

LETTER FROM OPTIMA CAPITAL

As illustrated in the table above, the increase in revenue was primarily driven by (i) the increase in revenue generated by the Cryptocurrency Trading Business due, in part, to the OTC Trading Business having been in operation for the entire six months during 1H2023 as compared to approximately three months during 1H2022 as it was only commenced on 5 January 2022; set off slightly by (ii) the decrease in revenue generated by the Manufacturing Business; and (iii) the decrease in revenue generated by the Technology Solutions Businesses.

The turnaround from gross profit in 1H2022 to gross loss in 1H2023 was primarily due to (i) the gross loss recorded by the Cryptocurrency Trading Business of approximately HK\$14.8 million; and (ii) the decrease in gross profit recorded by the other businesses of the Group, mainly due to the decrease in their gross profit margin from 36.8% for 1H2022 to 8.2% for 1H2023.

The turnaround from profit attributable to owners of the Company in 1H2022 to loss attributable to owners of the Company in 1H2023 was mainly due to (i) the turnaround from gross profit to gross loss as discussed above; and (ii) the expected credit loss on restricted deposit and impairment loss on cryptocurrencies of approximately HK\$75.2 million and HK\$24.2 million respectively in respect of the fiat currencies and cryptocurrencies deposited by the Group with the cryptocurrency exchange FTX (“**FTX**”). As set out in the interim report of the Company for 1H2023, on 11 November 2022, FTX group entities, including FTX, filed for bankruptcy protection in the United States (the “**FTX Bankruptcy**”). As at 31 March 2023, the Group had fiat currencies, being the restricted deposit, and cryptocurrencies deposited in FTX amounting to approximately HK\$107.4 million and HK\$34.6 million respectively. As at the Latest Practicable Date, the Group is not able to withdraw the fiat currencies and cryptocurrencies from FTX.

On 1 November 2022, the Group entered into a sale and purchase agreement with an Independent Third Party for the disposal of Win Techno Inc., the then wholly-owned subsidiary of the Company operating the Technology Solutions Businesses. As set out in the section headed “*Reasons for and benefits of the disposal*” in the announcement of the Company dated 1 November 2022, as a result of the global economy downturns and ongoing bear market in cryptocurrencies, the Technology Solutions Businesses recorded a significant drop in revenue in the second half of the year due to the decrease of virtual asset prices and the consequential drop of virtual asset transaction volumes, and the Board was not optimistic about the future performance of the Technology Solutions Businesses. The disposal of Win Techno Inc. was completed in November 2022.

On 24 March 2023, the Company entered into a sale and purchase agreement with an Independent Third Party for the disposal of the Manufacturing Business. As set out in section headed “*Reasons for and benefits of the disposal*” in the circular of the Company dated 25 May 2023, the underperformance of the Manufacturing Business was attributable to the significant increase in competition within the electronic products industry and the uncertainty in global economies. The disposal of the Manufacturing Business was completed on 19 June 2023.

1.3 Financial position of the Group

Set out below is the summary of the audited consolidated financial position of the Group as at 30 September 2020, 2021 and 2022 and unaudited consolidated financial position of the Group as at 31 March 2023, which are extracted from the annual reports and interim report of the Company for the respective years and period.

LETTER FROM OPTIMA CAPITAL

	As at 30 September		As at
	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Unaudited)
Non-current assets			
Property, plant and equipment	39,501	47,989	25,921
Right-of-use assets	51,154	120,001	33,890
Goodwill	174	174	–
Other intangible asset	349	–	–
Investment in a joint venture (Note 1)	–	53,154	56,762
Cryptocurrencies (Note 2)	–	–	10,385
Other receivables	–	–	45,521
Restricted deposits (Note 2)	–	–	32,215
Financial assets at fair value through other comprehensive income (Note 3)	1,946	38,962	33,595
	<u>93,124</u>	<u>260,280</u>	<u>238,289</u>
Current assets			
Inventories	67,349	44,109	–
Cryptocurrencies	3,072	294,489	130,383
Trade and other receivables	149,734	135,467	18,280
Loan receivable	–	582	582
Amount due from a joint venture	–	54	–
Convertible loan receivable	4,645	–	–
Financial assets at fair value through profit and loss	245	1,328	21,904
Pledged bank deposit	7,785	7,850	–
Time deposits with original maturity of over three months	–	1,600	–
Cash, cash equivalents and bank balances	552,175	322,633	36,023
	<u>785,005</u>	<u>808,112</u>	<u>207,172</u>
Assets classified as held for sale	–	–	273,827
	<u>785,005</u>	<u>808,112</u>	<u>480,999</u>
Total assets	<u><u>878,129</u></u>	<u><u>1,068,392</u></u>	<u><u>719,288</u></u>

LETTER FROM OPTIMA CAPITAL

	As at 30 September		As at
	2021	2022	31 March
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Unaudited)
Current liabilities			
Trade and other payables	198,640	158,689	65,412
Collateral payables	–	124,758	23,589
Contract liabilities	3,347	–	–
Bank and other borrowings	13,987	678	12,751
Lease liabilities	19,402	90,491	6,985
Tax payable	40,903	40,947	8,455
	<u>276,279</u>	<u>415,563</u>	<u>117,192</u>
Liabilities associated with assets classified as held for sale	<u>–</u>	<u>–</u>	<u>172,272</u>
	276,279	415,563	289,464
Non-current liabilities			
Bank and other borrowings	280,366	466,442	476,409
Lease liabilities	35,718	32,588	25,933
Deferred tax liabilities	7,161	6,713	1,586
	<u>323,245</u>	<u>505,743</u>	<u>503,928</u>
Total liabilities	<u><u>599,524</u></u>	<u><u>921,306</u></u>	<u><u>793,392</u></u>
Net (liabilities)/assets	<u><u>278,605</u></u>	<u><u>147,086</u></u>	<u><u>(74,104)</u></u>
Share capital	308	309	309
Reserves	<u>278,297</u>	<u>134,620</u>	<u>(95,717)</u>
Total (deficit)/equity attributable to owners of the Company	278,605	134,929	(95,408)
Non-controlling interests	<u>–</u>	<u>12,157</u>	<u>21,304</u>
Total (deficit)/equity	<u><u>278,605</u></u>	<u><u>147,086</u></u>	<u><u>(74,104)</u></u>

LETTER FROM OPTIMA CAPITAL

Notes:

1. This represents the indirect investment of the Group in FIL Limited through its partnership interest in the New World Fund.
2. These represent the carrying value, net of provision for impairment losses, of cryptocurrencies and fiat currencies of the Group deposited in FTX which cannot be withdrawn due to the FTX Bankruptcy respectively. As at 31 March 2023, (i) cryptocurrencies deposited in FTX amounted to approximately HK\$34.6 million and the provision for impairment loss on such amount was approximately HK\$24.2 million; and (ii) fiat currencies of the Group deposited in FTX amounted to approximately HK\$107.4 million and the provision for impairment loss on such amount was approximately HK\$75.2 million.
3. This represents unlisted equity investments of the Group in one, five and five companies as at 30 September 2021 and 2022 and 31 March 2023 respectively. One of the unlisted equity investments of the Group as at 30 September 2022 and 31 March 2023 is the investment in 92,908 preferred B shares in SR Saphirstein AG.
4. Subject to rounding errors.

1.3.1 As at 30 September 2022

As at 30 September 2022, the total assets of the Group increased by about 21.7% to approximately HK\$1,068.4 million, mainly driven by the increase in (i) right-of-use assets in respect of new leases entered into by the Group; (ii) investment in a joint venture, being the investment in FIL Limited (“**FIL**”) made through the Group’s investment in the New World Fund; and (iii) financial assets at fair value through other comprehensive income, as a result of new unlisted equity investments in four companies, including the conversion of the convertible loan (the “**SRS Convertible Loan**”) receivable from SR Saphirstein AG (“**SRS**”) into 92,908 preferred B shares of SRS (the “**SRS Preferred B Shares**”) (representing approximately 4.8% equity interest in SRS as at the Latest Practicable Date) during the year.

As at 30 September 2022, the total liabilities of the Group increased by about 53.7% to approximately HK\$921.3 million, primarily due to the increase in (i) bank and other borrowings, mainly because of the partial drawdown of the 2019 Shareholder’s Facility and 2022 Shareholder’s Facility (each as defined below); (ii) trade and other payables; (iii) collateral payables, being cryptocurrencies received from borrowers as collateral under lending arrangements that the Group provides lending management service, and such cryptocurrencies shall be returned to the counterparties upon settlement of the loans on their respective maturity dates; and (iv) lease liabilities, in respect of new leases entered into by the Group during the year as mentioned above.

As a result of the above, the Group recorded a decrease in total equity attributable to owners of the Company by about 51.6% to approximately HK\$134.9 million as at 30 September 2022 as compared to the previous year-end date.

1.3.2 As at 31 March 2023

As at 31 March 2023, the total assets of the Group decreased by about 32.7% to approximately HK\$719.3 million, mainly driven by the decrease in (i) cash and bank balances and cryptocurrencies, due in part to the provisions and expected credit losses made in light of the FTX Bankruptcy and fair value losses on cryptocurrencies; and (ii) trade and other receivables, during the period.

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As at 31 March 2023, the total liabilities of the Group decreased by about 13.9% to approximately HK\$793.4 million, primarily due to the decrease in (i) collateral payables, and (ii) trade and other payables, during the period.

As a result of the above, the Group recorded a total deficit attributable to owners of the Company in the amount of approximately HK\$95.4 million as at 31 March 2023 as compared to total equity attributable to owners of the Company as at 30 September 2022.

1.3.3 Liabilities owing to the Purchaser

As at the Latest Practicable Date, the Group has entered into a number of facility agreements with the Purchaser, a company ultimate controlled by Mr. Li. The Purchaser was incorporated in the Cayman Islands and principally engaged in investment holding. Details of those facilities with outstanding amounts as at 31 March 2023 are set out below.

2019 Shareholder's Facility

On 26 September 2019, the Company entered into a facility agreement with the Purchaser, pursuant to which the Purchaser agreed to make available to the Company an unsecured revolving facility up to the maximum aggregate amount of HK\$471.0 million, for two years from 26 September 2019 to 25 September 2021 (the “**2019 Shareholder's Facility**”). The facility does not bear any interest and would be utilised by the Company for the purpose of general working capital and business development. On 25 September 2020, the parties mutually agreed to extend the 2019 Shareholder's Facility until September 2023; and on 13 April 2023, the parties mutually agreed to extend the same until 25 April 2024.

As at 31 March 2023, the aggregate outstanding principal in respect of the 2019 Shareholder's Facility was approximately HK\$375.8 million.

2022 Shareholder's Facility

On 5 May 2022, the Company entered into a facility agreement with the Purchaser, pursuant to which the Purchaser agreed to make available to the Company an unsecured revolving facility up to the maximum aggregate amount of US\$40.0 million, for the three years from 5 May 2022 to 4 May 2025 (the “**2022 Shareholder's Facility**”). The facility does not bear any interest and would be utilised by the Company for the purpose of general working capital and business development.

As at 31 March 2023, the outstanding principal in respect of the 2022 Shareholder's Facility was equivalent to approximately HK\$31.4 million.

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2022 Shareholder's FTX facility

On 13 November 2022, the Company entered into a facility agreement with the Purchaser, pursuant to which the Purchaser agreed to make available to the Company an unsecured non-revolving facility up to the maximum aggregate amount of US\$14 million (the “**2022 Shareholder's FTX Facility**”) in the form of Tether (“**USDT**”), a stablecoin hosted on the Ethereum blockchain with tokens issued by Tether Limited with its value being pegged to US Dollars, for four months from 13 November 2022 to 12 March 2023. Subsequently, the Company and the Purchaser mutually agreed to extend the remaining loan to 14 November 2024. The 2022 Shareholder's FTX Facility does not bear any interest and would be utilised by the Company for the purpose of covering client asset liability arising from the failure to withdraw cryptocurrency assets from FTX in light of the FTX Bankruptcy.

As at 31 March 2023, the outstanding principal in respect of the 2022 Shareholder's FTX Facility was approximately HK\$80.1 million.

As at 31 March 2023, the Group was indebted to the Purchaser in the aggregate amount of approximately HK\$476.4 million.

2. PRINCIPAL TERMS OF THE DISPOSAL

The salient terms of the Sale and Purchase Agreements are set out below.

2.1 Sale and Purchase Agreement (Solutions)

Pursuant to the Sale and Purchase Agreement (Solutions), (i) Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions; and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser, at the total consideration of HK\$205,706,355 (the “**Solutions Consideration**”).

The Solutions Consideration was determined after arm's length negotiations between Vendor I and the Purchaser on normal commercial terms with reference to, among others, (i) the appraised fair value of New Huo Solutions of approximately HK\$201,966,000 as at 31 March 2023, being the sum of the fair value of 100% equity interest and the amount due to related companies, i.e. the Solutions Sale Debt, in New Huo Solutions, by adopting the cost approach, as appraised by the Valuer; (ii) the financial position of New Huo Solutions in the latest financial year ended 30 September 2022; (iii) the business prospects of New Huo Solutions; and (iv) the factors set out in the section headed “*Reasons for and benefits of the Disposal*” in the Circular.

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The Solutions Consideration will be payable by the Purchaser to Vendor I by set-off against the debts due and owing by Vendor I to the Purchaser upon completion of the Sale and Purchase Agreement (Solutions).

Since the suspension of the major business operations of New Huo Solutions as at the date of the Sale and Purchase Agreement (Solutions), the Group has ceased any further loans and borrowings to it. It is expected that the amount of the Solutions Sale Debt of HK\$205,706,354 as at the date of the Sale and Purchase Agreement (Solutions) will remain unchanged and the Solutions Consideration will not be adjusted.

2.2 Sale and Purchase Agreement (HBTPower)

Pursuant to the Sale and Purchase Agreement (HBTPower), (i) Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US); and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt to the Purchaser, at the total consideration of US\$6,624,740 (equivalent to approximately HK\$52,002,023) (the “**HBTPower Consideration**” and together with the Solutions Consideration, the “**Aggregate Consideration**”).

The HBTPower Consideration was determined after arm’s length negotiations between Vendor II and the Purchaser on normal commercial terms with reference to, among others, (i) the appraised fair value of HBTPower (BVI) and HBTPower (US) in the aggregate value of HK\$42,840,000 as at 31 March 2023, being the sum of the fair value of 80% equity interest and the amount due to the related companies, i.e. the HBTPower Sale Debt, in HBTPower (BVI) and 80% equity interest in HBTPower (US), by adopting the cost approach, as appraised by the Valuer; (ii) the financial position of HBTPower (BVI) and HBTPower (US) in the latest financial year ended 30 September 2022; (iii) the business prospect of HBTPower (BVI) and HBTPower (US); and (iv) the factors set out in the section headed “*Reasons for and benefits of the Disposal*” in the Circular.

The HBTPower Consideration will be payable by the Purchaser to Vendor II by set-off against the debts due and owing by Vendor II to the Purchaser upon completion of the Sale and Purchase Agreement (HBTPower).

Since the suspension of the major business operations of each of HBTPower (BVI) and HBTPower (US) as at the date of the Sale and Purchase Agreement (HBTPower), the Group has ceased any further loans and borrowings to them. It is expected that the amount of the HBTPower Sale Debt of USD5,224,740 (equivalent to approximately HK\$41,012,485) will remain unchanged and the HBTPower Consideration will not be adjusted.

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2.3 Conditions of the Disposal

Completion of each of the transactions under the Disposal is conditional upon:

- (a) the passing of the necessary resolutions by the board of the Vendors and the Purchaser approving the Sale and Purchase Agreement(s) and all transactions contemplated thereunder;
- (b) the representations, warranties and/or undertakings given by the Vendors and Purchaser under the Sale and Purchase Agreement(s) shall remain true, accurate and not misleading in all material respects throughout the period from the date of the Sale and Purchase Agreement(s) to the Completion Date, and there having been no breach by any party of the Sale and Purchase Agreement(s);
- (c) all requisite approvals, consents and waivers required to be obtained by each of the Vendors, the purchaser and each of the Target Companies in respect of the entering into of the Sale and Purchase Agreement(s) 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); and
- (d) the passing of the ordinary resolution(s) to approve the Sale and Purchase Agreement(s) and the transactions contemplated thereunder by the Independent Shareholders at the EGM to be convened and held in accordance with the Listing Rules and the applicable laws and regulations and such approval remaining valid and effective and not being subsequently revoked prior to completion.

Condition (b) may be waived by the Vendors and/or the Purchaser (as the case may be) at their absolute discretion in writing to the other party.

If any of the conditions precedent set out above is not fulfilled or otherwise waived on or before the Long Stop Date, the Sale and Purchase Agreement(s) shall automatically cease and terminate (other than in respect of surviving provisions as set out therein). As at the Latest Practicable Date, condition (a) of the above conditions has been fulfilled.

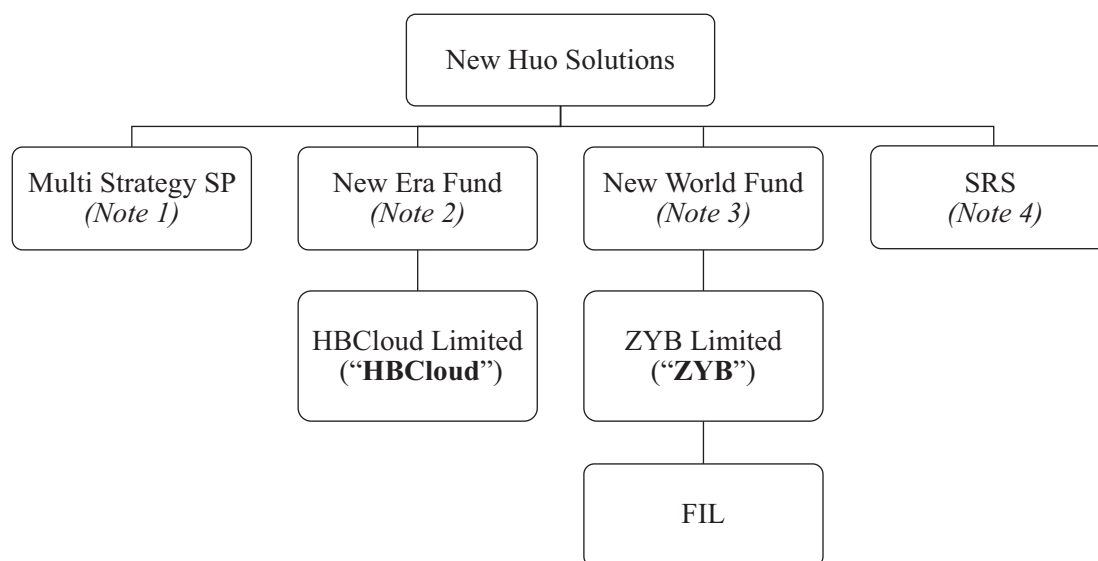
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3. INFORMATION OF THE TARGET COMPANIES

The Target Companies consists of (i) New Huo Solutions; (ii) HBTPower (BVI); and (iii) HBTPower (US).

3.1 New Huo Solutions

New Huo Solutions is a wholly-owned subsidiary of the Company incorporated in Hong Kong and principally engaged in investment holding. The chart below depicts the principal investments of New Huo Solutions as at the Latest Practicable Date.



Notes:

1. New Huo Solutions holds approximately 96.6% partnership interest in the Multi Strategy SP.
2. New Huo Solutions holds 100% partnership interest in the New Era Fund which, in turn, holds all the class B1 shares of HBCloud.
3. New Huo Solutions holds approximately 50% partnership interest in the New World Fund which, in turn, through its wholly owned subsidiary, ZYB, holds all the class B1 shares of FIL.
4. New Huo Solutions holds the SRS Preferred B Shares, representing about 4.8% equity interest in SRS.

Set out below is certain information of the financial results of New Huo Solutions for FY2021, FY2022 and 1H2023.

	FY2021	FY2022	1H2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)
Revenue	–	–	–
Profit/(loss) before tax	(447)	(27,628)	12,493
Profit/(loss) after tax	(447)	(27,628)	12,493

LETTER FROM OPTIMA CAPITAL

The loss recorded by New Huo Solutions for FY2021 was mainly due to its administrative expenses. The loss for FY2022 was primarily due to the fair value loss on its investments in the Multi Strategy SP, the New Era Fund and the New World Fund (i.e. the Funds) of approximately HK\$53.9 million, which was partially set off by the write-back on the fair value loss on the SRS Convertible Loan receivable recognised in prior years of approximately HK\$27.9 million due to its conversion into the SRS Preferred B Shares during the year. The profit recorded for 1H2023 was primarily due to fair value gains on the Funds and exchange gains of approximately HK\$9.5 million and HK\$3.6 million respectively.

Set out below is certain unaudited information of the financial position of New Huo Solutions as at 31 March 2023.

	As at 31 March 2023 <i>HK\$'000</i> (Unaudited)
Current assets	
Cryptocurrencies	337
	337
Non-current assets	
Financial assets at fair value through profit or loss (<i>Note 1</i>)	213,127
Financial assets at fair value through other comprehensive income (<i>Note 2</i>)	8,900
	222,027
Total assets	222,364
Current liabilities	
Amount due to the Group, net (<i>Note 3</i>)	(205,413)
Amount due to other related party	(12,568)
Accruals	(90)
	(218,072)
Total liabilities	(218,072)
Net assets	4,293

Notes:

1. This represents the investments in the Multi Strategy SP, the New Era Fund and the New World Fund.
2. This represents the investment in the SRS Preferred B Shares.
3. This represents the carrying amount of the Solutions Sale Debt as at 31 March 2023.
4. Subject to rounding errors.

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Details of the Multi Strategy SP, the New Era Fund (including HBCloud), the New World Fund (including ZYB and FIL) and SRS are set out below.

3.1.1 The Multi Strategy SP

Sinohope Investment SPC is a segregated portfolio company incorporated in the Cayman Islands (the “**Fund Company**”) and the Multi Strategy SP is a segregated portfolio of the Fund Company. As at the Latest Practicable Date, the Group held approximately 96.6% equity interest in the Fund Company and an Independent Third Party held the remaining equity interest of about 3.4%.

The Multi Strategy SP principally invests in the Top 200 Coins (by market capitalisation) and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins (by market capitalisation).

3.1.2 The New Era Fund and HBCloud

The New Era Fund was established for the purpose of investing in the cryptocurrency mining ecosystem. HB Venture Management Limited (“**HB Venture**”) is the general partner of the New Era Fund and a wholly-owned subsidiary of the Group. As at the Latest Practicable Date, New Huo Solutions held 100% partnership interest in the New Era Fund, which in turn held all the class B1 shares of HBCloud. HBCloud is principally engaged in Filecoin mining activities (the “**HBCloud Mining Business**”).

Pursuant to the shareholders’ agreement dated 20 April 2022 governing the rights and obligations of the shareholders of HBCloud, (i) the New Era Fund shall contribute Filecoin for the operation of the HBCloud Mining Business; and (ii) Cloud Fortune Limited (“**Cloud Fortune**”), an Independent Third Party, shall provide, among others, mining machines and mining workers for the operation of the HBCloud Mining Business and the care and maintenance thereof (the “**HBCloud Shareholders’ Agreement**”).

As at the Latest Practicable Date, (i) HB Venture holds 51% of the voting, non-participating class A shares; (ii) the New Era Fund holds all the non-voting, participating class B1 shares; and (iii) Cloud Fortune holds 49% of the voting, non-participating class A shares and all the non-voting, participating class B2 shares of HBCloud. Holders of class B1 shares and class B2 shares are entitled to receive distributions of Filecoins from HBCloud which are not subject to lockup and are available for distribution, while the distribution proportion between the two classes of shares would depend on the then market price of Filecoin. The class B1 shares of HBCloud shall be compulsorily redeemed on the date on which the term of the New Era Fund ends, i.e. on 6 May 2026, and the proceeds will comprise all distributable proceeds of HBCloud (other than the subscription nodes subscribed for by Cloud Fortune and the assets therein) and any other assets that the board of HBCloud deems appropriate.

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3.1.3 The New World Fund, ZYB and FIL

The New World Fund was established for the purpose of investing in the cryptocurrency mining ecosystem. HB Venture is the general partner of the New World Fund. As at the Latest Practicable Date, each of New Huo Solutions and Chainup Technic Limited (“**Chainup Technic**”) holds approximately 50% partnership interest in the New World Fund respectively. Chainup Technic is beneficially owned by the spouse of Mr. Zhong Gengfa, who is the ultimate beneficial owner of ON CHAIN Technology LIMITED, a substantial Shareholder of the Company. The New World Fund, through its wholly-owned subsidiary, ZYB, held all the class B1 shares of FIL. FIL is principally engaged in Filecoin mining activities (the “**FIL Mining Business**”).

Pursuant to the shareholders’ agreement dated 7 March 2022 governing the rights and obligations of the shareholders of FIL, (i) ZYB shall contribute cash for, among other things, purchase of cryptocurrencies mining equipment; and (ii) Chainup Technic shall contribute Filecoin for the operation of the FIL Mining Business (the “**FIL Shareholders’ Agreement**”).

As at the Latest Practicable Date, (i) HB Venture holds 50% of the voting, non-participating class A shares; (ii) ZYB holds all the non-voting, participating class B1 shares; and (iii) Chainup Technic holds 50% of the voting, non-participating class A shares and all the non-voting, participating class B2 shares of FIL. The holder of the class B1 shares is entitled to receive distributions of Filecoins from FIL which are not subject to lockup and are available for distribution, less allowances for anticipated costs and expenses of FIL. The class B1 shares of FIL shall be compulsorily redeemed on the date on which the term of the New World Fund ends, i.e. on 30 April 2024, and the proceeds will comprise all distributable proceeds of FIL (other than the subscription nodes subscribed for by Chainup Technic and the assets therein) and any other assets the board of FIL deems appropriate.

3.1.4 SRS

SRS is a financial institution incorporated in Switzerland with a FinTech license focused on Swiss banking in Web3 and authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). It is principally engaged in offering cryptocurrency wallet services with instant payments, currency exchange, cryptocurrency top-ups and multi-currency accounts, and operates its business under the trademark of “Fiat24”.

On 31 July 2021, New Huo Solutions entered into a convertible loan agreement with SRS, pursuant to which New Huo Solutions would make available the SRS Convertible Loan in the aggregate amount of approximately CHF1.16 million (equivalent to approximately HK\$9.9 million). The SRS Convertible Loan, upon fulfilment of the relevant conditions in the convertible loan agreement, was convertible into preferred B shares of SRS. On 13 April 2022, the SRS Convertible Loan receivable was converted into the SRS Preferred B Shares.

Pursuant to the shareholders’ agreement dated 13 April 2022 governing the rights and obligations of the shareholders of SRS, holders of preferred B shares of SRS (including New Huo Solutions) are entitled to dividend and proceeds from liquidity events prior to the holders of preferred A shares and common shares up to a certain preference amount. In case of an initial public listing of the shares of SRS on an internationally recognised securities exchange, all preferred shares (including preferred B shares) shall be converted into common shares prior to the offering.

LETTER FROM OPTIMA CAPITAL

3.2 HBTPower (BVI) and HBTPower (US)

HBTPower (BVI) was incorporated in the British Virgin Islands and, as at the Latest Practicable Date, it is owned as to 80% by the Company and 20% by MCore Limited (“MCL”), an Independent Third Party. It is principally engaged in the business of cryptocurrency mining in the United States (the “HBTPower Mining Business”), which is still in the set-up stage and has not yet commenced business.

HBTPower (US) was incorporated in the state of Kentucky in the United States and, as at the Latest Practicable Date, is owned as to 80% by the Company and 20% by MCL. It was incorporated for the purpose of the HBTPower Mining Business and is still in the set-up stage without any operating business.

3.2.1 HBTPower (BVI)

Set out below is certain information of the financial results of HBTPower (BVI) for the period from 29 April 2022, being the date of incorporation of HBTPower (BVI), to 30 September 2022 and 1H2023.

	For the period from 29 April to 30 September 2022	1H2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Unaudited)
Revenue	–	–
Loss before tax	(5,803)	(7,447)
Loss after tax	(5,803)	(7,447)

The losses before and after tax recorded for the period from 29 April to 30 September 2022 and 1H2023 were primarily due to operating expenses of HBTPower (BVI) including, among others, service fee, rent and rates and salaries.

LETTER FROM OPTIMA CAPITAL

Set out below is certain information of the financial position of HBTPower (BVI) as at 31 March 2023.

	As at 31 March 2023 <i>HK\$'000</i> (Unaudited)
Current assets	
Deposits (<i>Note 1</i>)	46,313
	<u>46,313</u>
Total assets	<u><u>46,313</u></u>
Current liabilities	
Amount due to the Group, net (<i>Note 2</i>)	(1,002)
Amount due to MCL	(2,119)
Accruals	(706)
	<u>(3,828)</u>
Non-current liabilities	
Loan from the Group (<i>Note 2</i>)	(39,248)
	<u>(39,248)</u>
Total liabilities	<u><u>(43,076)</u></u>
Net assets	<u><u>3,237</u></u>

Notes:

1. This represents deposits paid for establishing the HBTPower Mining Business (including purchasing certain equipment).
2. These together represent the carrying amount of the HBTPower Sale Debt as at 31 March 2023.
3. Subject to rounding errors.

The net assets of HBTPower (BVI) as at 31 March 2023 was approximately HK\$3.2 million, mainly comprised of deposits of approximately HK\$46.3 million for purchasing cryptocurrencies mining equipment and amount due to/loan from the Group of approximately HK\$40.2 million.

LETTER FROM OPTIMA CAPITAL

3.2.2 HBTPower (US)

Set out below is certain information of the financial results of HBTPower (US) for the period from 27 May 2022, being the registration date of HBTPower (US), to 30 September 2022 and 1H2023.

	For the period from 27 May to 30 September 2022	1H2023
	<i>US\$</i>	<i>US\$</i>
	(Audited)	(Unaudited)
Revenue	–	–
Loss before tax	(1,250)	–
Loss after tax	(1,250)	–

The loss before and after tax recorded for the period from 27 May to 30 September 2022 was due to professional fees incurred during the period.

Set out below is certain information of the financial position of HBTPower (US) as at 31 March 2023.

	As at 31 March 2023
	<i>US\$</i>
	(Unaudited)
Total assets	<u>–</u>
Current liabilities	
Current accounts with shareholders	<u>(1,250)</u>
	<u>(1,250)</u>
Total liabilities	<u><u>(1,250)</u></u>
Net liabilities	<u><u>(1,250)</u></u>

Note: Subject to rounding errors.

The net liabilities of HBTPower (US) as at 31 March 2023 was approximately US\$1,250 (equivalent to approximately HK\$9,800), comprised of current accounts due to its shareholders.

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4. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company's reasons for and benefits of the Disposal as set out in the Letter from the Board are summarised below.

For FY2022, the Target Companies recorded an aggregate net loss of approximately HK\$33.4 million. For 1H2023, the Target Companies recorded an aggregate net profit of approximately HK\$5.1 million including the exchange gain of approximately HK\$3.6 million. The Target Companies had no revenues for the respective periods. The aggregate net losses in the past years from the Target Companies were mainly attributable to (i) the net costs and expenses of the HBTPower Mining Business of HBTPower (BVI), which is still in the set-up stage and has not started operation; and (ii) the global economy downturn and ongoing bear market in virtual assets, causing a negative return recorded by the cryptocurrency funds of New Huo Solutions.

The Group has an unhealthy increase in its gearing ratio. The gearing ratio as at 30 September 2021 and 2022, and 31 March 2023 were approximately 105.7%, 317.5%, and negative 660.1% respectively. On 10 October 2023, the Group completed the Share Subscription of new Shares under specific mandate, raising aggregate estimated net proceeds of approximately HK\$324.6 million after the deduction of all professional fees and related expenses, of which approximately HK\$235.0 million are intended to be used to repay the outstanding loans of the Company. On 3 November 2023, approximately HK\$37.6 million of the net proceeds from the Share Subscription was applied towards partial repayment of the 2019 Shareholder's Facility. As at the Latest Practicable Date, the aggregate outstanding amount in respect of the 2019 Shareholder's Facility is approximately HK\$331.9 million. Further, due to the change in business focus and planning, the Group intends to focus its business on the Multi-Party Computation self-custody service platform (the "MPC Business") in future. The Group intends to dispose of the cryptocurrency mining related business and the Funds to Mr. Li through the Disposal and settle part of the outstanding loans due and owing to Mr. Li. It is expected that the outstanding loans of approximately HK\$257.1 million in respect of the 2019 Shareholder's Facility will be settled after the Disposal.

The Directors consider that the remaining business of the Group after the Disposal has constituted the major source of revenue for the Group from 2022. The Group expected that the above restructuring can reduce the debt burden and allow the Group to focus its resources on other core business given the current financial position. The Group expected that the Disposal will not have a material effect on the Group's business operation.

The Group will continue the operation of and will focus its resources on the remaining business of the Group after the Disposal, focusing on the Technology Solutions Business and Virtual Asset Business. Moreover, the Group is in the process of actively and prudently seeking opportunity in the market and is considering expanding its scope of business to virtual assets exchange platform after the Disposal.

Having taken into account the above factors, the Directors (excluding Mr. Li who has material interest in the transaction and does not express his opinion) are of the view that the Disposal is carried out on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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We are of the view that the Disposal is in line with the Company's strategy to change its business focus on the MPC Business. Furthermore, it is expected that upon the completion of the Disposal and the Share Subscription most, if not all, of the outstanding loans and borrowings of the Group will be settled, thus reducing its debt burden and allowing the Group to focus its resources on its core businesses. Given the aforesaid, we concur with the Directors (excluding Mr. Li) that the Disposal is in the interest of the Company and the Shareholders as a whole.

5. ANALYSIS OF THE CONSIDERATION

Our analysis of the consideration in respect of the Disposal is set out below.

5.1 Valuation of the Target Companies and the Sale Debts

The Valuer has prepared the Valuation Report in respect of the fair value of (i) 100% equity interest in New Huo Solutions and the Solutions Sale Debt (the "**Solutions Valuation**"); (ii) 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt; and (iii) 80% equity interest in HBTPower (US) as at the Valuation Date (collectively, the "**Valuations**"). Please refer to the Valuation Report for full details of the Valuations.

5.2 Valuer

We have reviewed the terms of engagement of the Valuer and consider that its scope of work is appropriate for assessing the Valuations and we are not aware of any limitation on the scope of work which might adversely affect the degree of assurance given by the Valuation Report.

We have enquired into the qualification, experience and independence of the Valuer in relation to the preparation of the Valuation Report and noted that the Valuer is a professional appraisal firm with experience providing valuation advice to over 250 listed companies in Hong Kong, China, Singapore, Taiwan, Australia, the United Kingdom, the United States and Germany and has experience appraising various kinds of businesses and assets, including cryptocurrency-related businesses/assets. Its valuation team is led by Mr. Marvin Wong ("**Mr. Wong**") and Mr. Max Tsang ("**Mr. Tsang**"). Mr. Wong has, among other things, over ten years of experience in the professional service industry, with a focus on business valuation services, and is experienced in business valuations for state-owned enterprises, private and public companies across various industries. Mr. Tsang has, among other things, been working in the professional valuation field since 2011 and is experienced in business valuation and intangible asset valuation for private and listed companies in Hong Kong and around the world across a wide range of industries. The Valuer has also confirmed that it is independent from the Group, the Purchaser and their respective connected persons. Based on the above, we are satisfied with the expertise and independence of the Valuer.

5.3 Valuation bases and assumptions

We have reviewed the Valuation Report and understand that each of the Valuations was prepared in accordance with the International Valuation Standards (the "**IVS**") published by the International Valuation Standards Council. The valuation methodologies adopted by the Valuer in each of the Valuations are more particularly discussed below in this section.

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The general assumptions and major assumptions adopted by the Valuer are set out in the sections headed “*General assumptions*” and “*Major assumptions*” respectively in the Valuation Report. We understand from the Valuer that the general assumptions made by it in the Valuation Report are typical assumptions used in valuation exercises. The major assumptions are established by the Valuer to support its application of the valuation methodology and include, among others:

- unaudited management accounts are accurate and there will be no material difference if an audit is performed;
- the investment period of the Multi Strategy SP, the New Era Fund and the New World Fund are assumed to mature as agreed and that the general partner has no incentive to extend the investment periods;
- the New Era Fund and the New World Fund will not engage in Filecoin speculative trading during the investment period;
- the mining operation of the New Era Fund and the New World Fund will not be expanded during the investment period;
- no deferred tax asset and liabilities arising from fair value change of the assets and liabilities considering the uncertainty on the future profit and loss of the Target Companies and hence respective deferred tax assets/liabilities may not be of benefit to/paid by the Target Companies; and
- performance of the Target Companies would not deviate from the performance of its industry peers.

We consider that the principal bases and assumptions adopted by the Valuer in arriving at the Valuations are customary to similar valuations, which we consider to be fair and reasonable and, during the course of our discussion with the Valuer, we did not note any major issues which would cast doubt on their fairness and reasonableness.

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5.4 Valuation subjects

As set out in the Valuation Report, the Valuer has estimated the fair values of each of the following valuation subjects (the “**Valuation Subjects**”) in order to arrive at the fair value of the Target Companies and the Sale Debts:

- (i) 100% equity interest in New Huo Solutions and the Solutions Sale Debt, including its principal assets, being:
 - (a) approximately 96.6% equity interest in the Multi Strategy SP;
 - (b) 100% partnership interest in the New Era Fund, which holds all the class B1 shares of HBCloud;
 - (c) approximately 50% partnership interest in the New World Fund, which holds 100% equity interest in ZYB, which in turn holds all the class B1 shares of FIL;
 - (d) the SRS Preferred B Shares;
- (ii) 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt; and
- (iii) 80% equity interest in HBTPower (US).

5.5 Valuation methodologies

We have discussed with the Valuer and noted that they had considered three generally accepted valuation approaches, namely the market approach, the income approach and the cost approach, in each of the Valuations, as set out below.

5.5.1 The market approach

The market approach provides an indication of value by comparing a business, business ownership interest, security or intangible asset with identical or comparable subjects for which price information is available.

Due to the lack of comparable transactions with similar circumstances as the Valuation Subjects, the market approach was rejected by the Valuer in each case, save for the SRS Preferred B Shares. Furthermore, in the case of HBCloud and FIL, the subjects are unique in that there are specific terms of the New Era Fund and the New World Fund, such as the investment period and distribution arrangement, for which adjustments are difficult to be made when comparing the subjects with comparable companies. However, since there were available listed companies engaged in cryptocurrencies mining, the Valuer applied the market approach for cross-checking purpose for the valuation of the interests in HBCloud and FIL, as discussed in the subsections headed “*Cross-checking the HBCloud Valuation*” and “*Cross-checking the FIL Valuation*” below in this section, respectively. The market approach was adopted by the Valuer to estimate the equity value of SRS, which was a key input for the option pricing model adopted by the Valuer to value the SRS Preferred B Shares, which is more particularly discussed in the subsection headed “*The SRS Valuation*” below in this section.

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5.5.2 The income approach

The income approach is a general way of determining the economic value of the business, business ownership interest, security or intangible assets by using one or more methods that convert anticipated benefits into a present value amount. In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the most likely future benefit stream of the asset. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate.

As reasonable projections of the amount and timing of future income were not available for any of the Valuation Subjects, the income approach was rejected by the Valuer in each case, save for the SRS Preferred B Shares. In valuing the SRS Preferred B Shares, the Valuer adopted an option pricing model under the income approach, which is more particularly discussed in the subsection headed “*The SRS Valuation*” below in this section.

5.5.3 The cost approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security or intangible asset of equal utility, where by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

According to IVS, the cost approach is applied in the valuation of a business when the business is (i) an investment or holding business, such as New Huo Solutions, the Funds, ZYB, HBCloud and FIL; and/or (ii) an early stage or start-up business where profits and/or cash flow cannot be reliably determined and comparisons with other businesses under the market approach is impractical or unreliable, such as HBTPower (BVI) and HBTPower (US) (the “**IVS Cost Approach Requirement**”).

The summation method under the cost approach, which involves the addition of the fair values of the component assets that are part of the subject asset to arrive at its fair value, was adopted by the Valuer for the valuation of each of the Valuation Subjects, save for the SRS Preferred B Shares, as further discussed below in this section.

We have considered the specific circumstances of each Valuation Subject and concur with the Valuer’s approaches in each case as set out above.

5.6 The Solutions Valuation

We have discussed with the Management about the business of New Huo Solutions, reviewed its financial information and noted that it is an investment company for which its value is mainly derived from the value of its investments, specifically the Multi Strategy SP, the New Era Fund, the New World Fund and the SRS Preferred B Shares. On this basis, the Valuer considers that New Huo Solutions meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the Solutions Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the Solutions Valuation.

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The Solutions Valuation is determined by the Valuer based on the fair values of (i) individual assets of New Huo Solutions, particularly (a) the 96.6% equity interest in the Multi Strategy SP (the “**MS Valuation**”); (b) the 100% partnership interest in the New Era Fund (the “**New Era Valuation**”), including its interest in the class B1 shares of HBCloud (the “**HBCloud Valuation**”); (c) the approximately 50% partnership interest in the New World Fund (the “**New World Valuation**”), including its 100% equity interest in ZYB (the “**ZYB Valuation**”) and the class B1 shares of FIL (the “**FIL Valuation**”); and (d) the SRS Preferred B Shares (the “**SRS Valuation**”) as estimated by the Valuer as at the Valuation Date according to the approaches and methods set out below, and (ii) the Solutions Sale Debt. Save as mentioned above, no adjustment was made to the other assets and liabilities of New Huo Solutions.

The table below sets out (i) the unaudited assets and liabilities of New Huo Solutions; (ii) their fair values as estimated by the Valuer; and (iii) the adjustments made by the Valuer in arriving at such fair values, as at the Valuation Date.

	Carrying amount as at the Valuation Date HK\$'000	Adjustment HK\$'000	Fair value as at the Valuation Date HK\$'000
Assets			
Cryptocurrencies	337	–	337
Investment in the Multi Strategy SP	119,179	(5)	119,174
Investment in the New Era Fund	26,630	(2,054)	24,577
Investment in the New World Fund	67,318	(3,967)	63,351
Investment in the SRS Preferred B Shares	8,900	(1,714)	7,186
	<u>222,364</u>	<u>(7,740)</u>	<u>214,624</u>
Liabilities			
Amount due to the Group (<i>Note 1</i>)	(205,413)	–	(205,413)
Amount due to other related party	(12,568)	–	(12,568)
Accruals	(90)	–	(90)
	<u>(218,072)</u>	<u>–</u>	<u>(218,072)</u>
Net liabilities			<u>(3,448)</u>
 <i>Conclusion of fair value by the Valuer</i>			
Fair value of 100% equity interest in New Huo Solutions			No economic value
Fair value of the Solutions Sale Debt (<i>Note 2</i>)			<u>201,966</u>
Fair value of 100% equity interest in New Huo Solutions and the Solutions Sale Debt			<u>201,966</u>

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Notes:

1. This represents the carrying amount of the Solutions Sale Debt as at the Valuation Date before adjustments to account for its recoverability.
2. New Huo Solutions had net liabilities as appraised by the Valuer as at the Valuation Date, meaning New Huo Solutions had insufficient assets to cover its liabilities, including the Solutions Sale Debt. In light of this, the Valuer applied a downward adjustment to the Solutions Sale Debt, in the equivalent amount of the appraised net liabilities of New Huo Solutions as at the Valuation Date, to account for its recoverability.
3. Subject to rounding errors.

5.6.1 The MS Valuation

We have reviewed the fund documents of the Multi Strategy SP and noted that it is a fund which invests in cryptocurrencies and virtual assets futures for which its value is mainly derived from the value of its investments. We have also reviewed the fund statements and note that, as at the Valuation Date, its principal assets are cryptocurrencies and government bonds which represented about 81.7% and 17.5% of the total assets of the Multi Strategy SP of approximately US\$15,918,000 respectively, the details of which are set out in the table below.

	Carrying amount as at the Valuation Date <i>US\$'000</i>
<i>Cryptocurrencies</i>	
Bitcoin	5,721
Ethereum	3,628
Polygon	1,065
Other cryptocurrencies (<i>Note 1</i>)	2,597
	<hr/>
	13,011
Government bonds	2,790
	<hr/>
	15,801
	<hr/> <hr/>

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Notes:

1. This represents ten other cryptocurrencies held by the Multi Strategy SP.
2. Subject to rounding errors.

On the above basis, the Valuer considered that the investment in Multi Strategy SP meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the MS Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the MS Valuation.

The Valuer has revalued the cryptocurrencies and government bonds held by the Multi Strategy SP based on publicly quoted prices on Yahoo! Finance (finance.yahoo.com) and Cointelegraph (cointelegraph.com) as at the Valuation Date. No adjustment was made to the other assets and liabilities of Multi Strategy SP. We have independently reviewed the publicly quoted prices of the cryptocurrencies and government bonds held by the Multi Strategy SP as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance (binance.com) and Investing.com.

Based on the Valuation Report, the MS Valuation is approximately HK\$119.2 million as at the Valuation Date.

5.6.2 The New Era Valuation

We have reviewed the fund documents of the New Era Fund and noted that it is a fund established to invest in the cryptocurrency mining ecosystem for which its value is mainly derived from the value of its investments. We have also reviewed its financial information and noted that, as at the Valuation Date, its principal asset was the class B1 shares of HBCloud. It also held a small amount of cryptocurrencies. On this basis, the Valuer considered that the investment in the New Era Fund meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the New Era Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the New Era Valuation.

The Valuer has revalued the cryptocurrencies held by the New Era Fund based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by the New Era Fund as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com. Details of the HBCloud Valuation is further discussed below. No adjustment was made to the liabilities of the New Era Fund.

Based on the Valuation Report, the New Era Valuation is approximately HK\$24.6 million as at the Valuation Date.

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5.6.3 The HBCloud Valuation

We have reviewed the HBCloud Shareholders' Agreement and noted that HBCloud is principally engaged in the HBCloud Mining Business. We have also reviewed its financial information and noted that, as at the Valuation Date, its principal assets were cryptocurrencies and property, plant and equipment for cryptocurrency mining. The cryptocurrencies, being Filecoins, held by HBCloud represent about 70.3% of its total assets of approximately US\$3,069,000. Details of the Filecoins (including unrestricted Filecoin, pledged Filecoin and locked Filecoin rewards, which are further discussed in the subsection headed "*Valuation of the cryptocurrency assets of HBCloud*" below in this section) are set out in the table below.

	Carrying amount as at the Valuation Date <i>US\$'000</i>
<i>Cryptocurrencies attributable to holders of class B1 and B2 shares</i>	
Unrestricted Filecoin deposits	220
Unrestricted Filecoin in mining nodes	99
Pledged Filecoin in mining nodes	1,354
Locked Filecoin rewards in mining nodes	<u>215</u>
	1,887
<i>Cryptocurrencies attributable to the holder of class B2 shares only</i>	
Unrestricted Filecoin in mining nodes	<u>269</u>
	<u><u>2,156</u></u>

Note: Subject to rounding errors.

The income and market approaches were rejected for the HBCloud Valuation because reasonable projections of its future income and comparable transactions with similar circumstances to the case, respectively, were not available. As the market price of Filecoin, being the core asset of HBCloud, was available, the Valuer adopted the summation method under the cost approach for the HBCloud Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the HBCloud Valuation.

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Valuation of the cryptocurrency assets of HBCloud

The Valuer has revalued the cryptocurrency assets held by HBCloud, being Filecoin, based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by HBCloud as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com.

According to the Filecoin whitepaper dated 19 July 2017 published by Protocol Labs, the creator of Filecoin, and the supporting documentation set out in its website, Filecoin.io, the Filecoin network is a decentralised storage network which incentivises participants to provide storage to the Filecoin network in exchange for earning or “mining” Filecoin tokens. In its current design, the Filecoin network requires that (i) network participants pledge collateral, in the form of existing Filecoin, proportional to the storage provided, as “proof-of-storage”; and (ii) only 25% of the Filecoin mining rewards granted by the network shall be immediately available to the participant and the remaining 75% shall be vested linearly over a period of 180 days. Therefore, as at the Valuation Date, some of the Filecoin held by HBCloud were subject to the aforesaid trading restrictions (the “**HB Restricted Filecoin**”), including (i) the Filecoin that were pledged to support four mining nodes of the HBCloud Mining Business for different periods of time, ranging from eight to ten months (the “**HB Pledged Filecoin**”); and (ii) three quarters of the Filecoin mining rewards from the mining nodes that are locked up and released on a straight-line basis over 180 days (the “**HB Locked Filecoin**”). As mentioned in a report by Ernst & Young entitled “*The valuation of crypto-assets*” and dated 7 March 2019, the quantum of the lack of marketability discount in respect of crypto-assets which cannot readily be exchanged directly for fiat currency could be determined similarly to when considering the liquidity discounts for traditional financial instruments. We are given to understand that the appropriate restriction/lack of marketability discount to be applied to the HB Restricted Filecoin is typically quantified using (i) option pricing models; (ii) studies that compare the value of publicly-traded shares and restricted shares in the same company (“**restricted stock studies**”); or (iii) studies that compare the value of shares in a company before and after an initial public offering (“**IPO studies**”). The Valuer rejected using restricted stock studies as restricted stock studies rely on the private placement or transaction of stock in publicly traded companies and selecting a discount through restricted stock studies requires qualitative consideration. The Valuer also rejected using IPO studies, as the approach tends to compare the private holdings of the same company more directly with its publicly issues shares.

The Valuer has adopted the Finnerty model (the “**Finnerty Model**”) to assess the appropriate marketability discount to be applied to the HB Restricted Filecoin. Based on our desktop research, we understand that the Finnerty Model is commonly adopted to estimate marketability discount. We have discussed with the Valuer and understood that the Finnerty Model is an option pricing model which measures the marketability discount reflecting the holding period restriction. We concur with the Valuer that the adoption of the Finnerty Model is appropriate since it exactly measures the marketability discount for which the approximated period of each group of the restricted Filecoin is restricted with different terms, and the discount so derived for each group of HB Restricted Filecoin would be appropriate for the valuation of the HB Restricted Filecoin.

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The major valuation parameters in respect of (i) the Finnerty Model for the HB Pledged Filecoin; and (ii) the Finnerty Model for the HB Locked Filecoin are set out in the subsection headed “*Valuation of Class B1 Shares in HBCloud – Valuation of Crypto-Storage Miner*” in the Valuation Report. We have discussed with the Valuer the major valuation parameters applied for the Finnerty Model in respect of the assessment of the FIL Pledged Filecoin and the FIL Locked Filecoin. As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the HB Pledged Filecoin are:

- (i) time to expiration ranging from eight to ten months, being the time to maturity of the restriction over the HB Pledged Filecoin in the relevant mining node;
- (ii) volatility ranging from 111% to 115%, as estimated by the Valuer based on historical weekly Filecoin return as quoted on a public source, namely Yahoo! Finance;
- (iii) risk-free rate of 1.27%, as estimated by the Valuer based on the average of the reward rates of three Filecoin staking platforms, namely Binance, Kucoin and OKX; and
- (iv) dividend yield, which is assumed by the Valuer at 0% as there is no dividend payout for cryptocurrency.

As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the HB Locked Filecoin are:

- (i) time to expiration of 90 days, being the time to maturity of the restriction over the HB Locked Filecoin. As mentioned above, the HB Locked Filecoin are released on a straight-line basis over 180 days, which is equivalent to an average of 90 days to release the restriction over all of the HB Locked Filecoin; and
- (ii) volatility of 126%, risk-free rate of 1.27% and dividend yield of 0%, each as estimated by the Valuer on the same basis as for the HB Pledged Filecoin as discussed above.

We have discussed the above parameters with the Valuer given (i) the time to expiration of the pledged Filecoin is based on the actual lock-up period for each Filecoin node and the locked Filecoin is based on the 180-day vesting period required pursuant to the current design of the Filecoin network as already discussed above; (ii) the volatility is based on historical return, which is a commonly adopted method; (iii) the risk-free rate is based on the reward rates of well-known Filecoin staking platforms, which rewards clients who deposit or “stake” Filecoin on such platforms at a certain rate based on the size and period of such stake; and (iv) there will be no dividend payout for Filecoin as it is a cryptocurrency and not a security token representing economic interests in an issuing business, we consider the parameters selected are fair and reasonable.

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Valuation of the property, plant and equipment of HBCloud

We have reviewed the financial information of HBCloud and noted that the property, plant and equipment of HBCloud comprise cryptocurrency mining machines, which were booked at cost. The Valuer rejected the market approach as the parts of the cryptocurrency mining machines are tailor-made and, due to the cost of setting up a mining operation including the cost of the property, plant and equipment, there is no active market for the tailor-made cryptocurrency mining machines used by HBCloud. The Valuer also rejected the income approach, as the price of the Filecoin mined by the cryptocurrency mining machines are subject to high volatility and, as such, it is difficult to form a reasonable financial projection. The Valuer adopted the cost approach to determine the fair value of the cryptocurrency mining machines. In light of the above and our discussion with the Valuer thereon, we concur with the Valuer that the abovementioned method is appropriate for the valuation of the cryptocurrency mining machines of HBCloud.

We have discussed the inputs and calculations of the Valuer in valuing the cryptocurrency mining machines. The Valuer considered the cost of the machines paid by HBCloud and assumed depreciation of such value on a straight-line basis over a period of 49 months up to and including 6 May 2026, being the last day of the investment period of the New Era Fund. The Valuer arrived at the fair value of the machines as at the Valuation Date by adjusting the carrying value of the machines by the relevant amount of depreciation. We consider the inputs and calculations of the Valuer in assessing the value of the cryptocurrency mining machines are fair and reasonable. We consider that there are no other appropriate methodologies for the cross-checking of the Valuer's assessment of the value of the cryptocurrency mining machines given that (i) the income approach is not appropriate as reasonable projections of the future income generated by the cryptocurrency mining machines are not available, in part because the market value of the Filecoin mined by the machines is volatile and cannot be reliably projected; and (ii) the market approach is not appropriate as the cryptocurrency mining machines are made to particular specifications for the mining business thereby making it difficult to find market comparables.

No adjustment was made to the liabilities of HBCloud. We are given to understand that after fair value adjustments were made, the fair value adjusted net assets were allocated to the class B1 and B2 shares in accordance with their respective asset and distribution entitlements pursuant to the HBCloud Shareholders' Agreement.

Fair value of the class B1 shares in HBCloud

As a result of the above, the HBCloud Valuation was approximately US\$3.2 million (equivalent to approximately HK\$25.0 million) as at the Valuation Date.

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Cross-checking the HBCloud Valuation

As the operations of HBCloud are capital intensive, the Valuer has also cross-checked the valuation result with the price-to-book (“**P/B**”) multiples of comparable companies which are listed companies around the world and principally engaged in cryptocurrencies mining. Based on the above scope, the Valuer identified 16 companies which are listed in the United States and Canada (the “**Cryptocurrencies Mining Comparables**”). We have discussed with the Valuer the selection criteria of the Cryptocurrencies Mining Comparables and understand that that they were selected based on companies (i) whose shares are listed on a stock exchange; (ii) which are principally engaged in cryptocurrency mining with the majority of their revenue generated from the cryptocurrency mining business segment; and (iii) which have positive net asset values. Given (i) the subject company is principally engaged in cryptocurrency mining with the majority of its revenue generated from such activity; and (ii) in order to perform the P/B multiple analysis, the comparable companies should have (a) publicly available share price and balance sheet information; and (b) positive net assets value, we consider the selection criteria adopted by the Valuer to be fair and reasonable. We have performed our own search based on such selection criteria and identified the same companies as the Cryptocurrencies Mining Comparables. We have also obtained confirmation from the Valuer that, based on the above selection criteria, the Cryptocurrencies Mining Comparables are sufficient for them to form a fair and reasonable valuation opinion. During the course of our work, we did not note any major issues which would cast doubt on the fairness and reasonableness of the Cryptocurrencies Mining Comparables.

The lower and upper quartiles of the Cryptocurrencies Mining Comparables was 0.68 times and 1.58 times respectively. The implied P/B multiple of HBCloud of about 0.83 times (based on the implied fair value of approximately US\$2.5 million of 100% equity interest in HBCloud and its book value of approximately US\$3.1 million) is within range of the lower and upper quartiles of the Cryptocurrencies Mining Comparables. The Valuer considers that the cross-check result suggests the valuation result derived from the cost approach is fair and falls within a reasonable range.

5.6.4 The New World Valuation

We have reviewed the fund documents of the New World Fund and noted that it is a fund established to invest in the cryptocurrency mining ecosystem for which its value is mainly derived from the value of its investments. We have also reviewed its financial information and noted that, as at the Valuation Date, its principal assets were its 100% equity interest in ZYB. On this basis, the Valuer considered that the investment in the New World Fund meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the New World Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the New World Valuation.

Details of the ZYB Valuation is further discussed below. No adjustment was applied to the cash or liabilities of the New World Fund. No adjustment was made to the other assets and liabilities of the New World Fund.

The New World Valuation is approximately HK\$63.4 million as at the Valuation Date.

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5.6.5 The ZYB Valuation

ZYB is principally engaged in investment holding. We have reviewed its financial information and noted that, as at the Valuation Date, its principal asset was its interest in the class B1 shares in FIL. It also held a small amount of cryptocurrencies. On this basis, the Valuer considered that ZYB meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the ZYB Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the ZYB Valuation.

The Valuer has revalued the cryptocurrencies held by ZYB based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by ZYB as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com. The FIL Valuation is further discussed below. No adjustment was made to the other assets and liabilities of ZYB.

The ZYB Valuation is approximately US\$15.7 million (equivalent to approximately HK\$122 million) as at the Valuation Date.

5.6.6 The FIL Valuation

We have reviewed the FIL Shareholders' Agreement and noted that FIL is principally engaged in the FIL Mining Business. We have also reviewed its financial information and noted that as at the Valuation Date, its principal assets were (i) cryptocurrencies; (ii) cash; and (iii) property, plant and equipment for cryptocurrency mining. The cryptocurrencies, being Filecoins and USDT, held by FIL represent about 46.0% of its total assets of approximately US\$20,807,000. Details of the cryptocurrencies (including USDT, unrestricted Filecoin, pledged Filecoin and locked Filecoin rewards, which are further discussed in the subsection headed "*Valuation of the cryptocurrency assets of FIL*" below in this section) are set out in the table below.

	Carrying amount as at the Valuation Date <i>US\$'000</i>
<i>Cryptocurrencies attributable to the holder of class B1 shares only</i>	
Unrestricted USDT deposits	4,544
Unrestricted Filecoin deposits	68
Unrestricted Filecoin in mining nodes	209
Pledged Filecoin in mining nodes	3,665
Locked Filecoin rewards in mining nodes	520
	<hr/> 9,006
<i>Cryptocurrencies attributable to the holder of class B2 shares only</i>	
Unrestricted Filecoin in mining nodes	569
	<hr/> 9,575

Note: Subject to rounding errors.

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The income and market approaches were rejected for the FIL Valuation because reasonable projections of its future income and comparable transactions with similar circumstances to the case, respectively, were not available. As the market price of Filecoin, being the core asset of FIL, was available, the Valuer adopted the summation method under the cost approach for the FIL Valuation. We concur with the Valuer that the abovementioned approach and method is appropriate for the FIL Valuation.

Valuation of the cryptocurrency assets of FIL

The Valuer has revalued the cryptocurrency assets held by FIL, being Filecoin and USDT, based on publicly quoted prices on Yahoo! Finance and Cointelegraph as at the Valuation Date. We have independently reviewed the publicly quoted prices of the cryptocurrencies held by FIL as at the Valuation Date and noted no material differences between the publicly quoted prices obtained by the Valuer and those reviewed by us on other public sources, namely Binance and Investing.com, where available.

As mentioned in the subsection headed “*Valuation of the cryptocurrency assets of HBCloud*” above in this letter, the Filecoin network, in its current design, requires that (i) network participants pledge existing Filecoin in order to mine new Filecoin; and (ii) 75% of Filecoin mining rewards are vested linearly over a period of 180 days. As such, as at the Valuation Date, some of the Filecoin held by FIL were subject to the aforesaid trading restrictions (the “**FIL Restricted Filecoin**”), including (i) the Filecoin that were pledged to support seven mining nodes of the Filecoin mining operation for different periods of time, ranging from ten months to eighteen months (the “**FIL Pledged Filecoin**”); and (ii) three quarters of the Filecoin mining rewards from the mining nodes that are locked up and released on a straight-line basis over 180 days (the “**FIL Locked Filecoin**”). We are given to understand that the appropriate restriction/lack of marketability discount to be applied to the FIL Restricted Filecoin is typically quantified using (i) option pricing models; (ii) restricted stock studies; or (iii) IPO studies. The Valuer rejected using restricted stock studies as restricted stock studies rely on the private placement or transaction of stock in publicly traded companies and selecting a discount through restricted stock studies requires qualitative consideration. The Valuer also rejected using IPO studies, as the approach tends to compare the private holdings of the same company more directly with its publicly issues shares.

The Valuer adopted the Finnerty Model to assess the appropriate marketability discount to be applied to the FIL Restricted Filecoin. For the same reasons set out in the subsection headed “*Valuation of the cryptocurrency assets of HBCloud*” above in this letter, we concur with the Valuer that the adoption of the Finnerty Model is appropriate and the discount so derived for each group of FIL Restricted Filecoin would be appropriate for the valuation of the FIL Restricted Filecoin.

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The major valuation parameters in respect of (i) the Finnerty Model for the FIL Pledged Filecoin; and (ii) the Finnerty Model for the FIL Locked Filecoin are set out in the subsection headed “*Valuation of Class B1 Shares in FIL Limited – Valuation of Crypto*” in the Valuation Report. We have discussed with the Valuer, the major valuation parameters applied for the Finnerty Model in respect of the assessment of the FIL Pledged Filecoin and the FIL Locked Filecoin. As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the FIL Pledged Filecoin are:

- (i) time to expiration ranging from ten months to eighteen months, being the time to maturity of the restriction over the FIL Pledged Filecoin in the relevant mining node;
- (ii) volatility ranging from 113% to 119%, as estimated by the Valuer based on historical weekly Filecoin return as quoted on a public source, namely Yahoo! Finance;
- (iii) risk-free rate of 1.27%, as estimated by the Valuer based on the average of the reward rates of three Filecoin staking platforms, namely Bitcoin, Kucoin and OKX; and
- (iv) dividend yield, which is assumed by the Valuer at 0% as there is no dividend payout for cryptocurrency.

As understood from the Valuer, the major valuation parameters for the Finnerty Model in respect of the FIL Locked Filecoin are:

- (i) time to expiration of 90 days, being the time to maturity of the restriction over the FIL Locked Filecoin. As mentioned above, the FIL Locked Filecoin are released on a straight-line basis over 180 days, which is equivalent to an average of 90 days to release the restriction over all of the FIL Locked Filecoin; and
- (ii) volatility of 126%, risk-free rate of 1.27% and dividend yield of 0%, each as estimated by the Valuer on the same basis as the FIL Pledged Filecoin as discussed above.

We have discussed the above with the Valuer and for the same reasons set out in the subsection headed “*Valuation of the cryptocurrency assets of HBCloud*” above, we consider the parameters selected are fair and reasonable.

Valuation of the property, plant and equipment of FIL

We have reviewed the financial information of FIL and noted that the property, plant and equipment of FIL comprise cryptocurrency mining machines, which were booked at cost, less depreciation. The Valuer rejected the market approach as the parts of the cryptocurrency mining machines are tailor-made and, due to the cost of setting up a mining operation including the cost of the property, plant and equipment, there is no active market for the tailor-made cryptocurrency mining machines used by FIL. The Valuer also rejected the income approach, as the price of the Filecoin mined by the cryptocurrency mining machines are subject to high volatility and, as such, it is difficult to form a reasonable financial projection. The Valuer adopted the cost approach to determine the fair value of the cryptocurrency mining machines. In light of the above and our discussion with the Valuer thereon, we concur with the Valuer that the abovementioned method is appropriate for the assessment of the cryptocurrency mining machines of FIL.

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We have discussed the inputs and calculations of the Valuer in valuing the cryptocurrency mining machines. The Valuer considered the cost of the machines paid by FIL and assumed depreciation of such value on a straight-line basis over a period of 25 months, based on the last day of the investment period of the New World Fund being 30 April 2024. The Valuer arrived at the fair value of the machines as at the Valuation Date by adjusting the carrying value of the machines by the relevant amount of depreciation. As the period of 25 months was shorter than the expected useful life of the machines, being at least 36 months, the Valuer also cross-checked the fair value of the machines based on assumed depreciation of the cost on a straight-line basis over a period of 36 months. The result of the cross-check was in line with the fair value of the machines arrived at by the Valuer. We consider the inputs and calculations of the Valuer in assessing the value of the cryptocurrency mining machines are fair and reasonable. For the same reasons set out in the subsection headed “*Valuation of the property, plant and equipment of HBCloud*” above in this letter, we consider that there are no other appropriate methodologies for the cross-checking of the Valuer’s assessment of the value of the cryptocurrency mining machines.

No adjustment was applied to the other assets and liabilities of FIL. We are given to understand that after fair value adjustments were made, the fair value adjusted net assets were allocated to class B1 and B2 shares by the Valuer in accordance with their respective asset and distribution entitlements pursuant to the FIL Shareholders’ Agreement.

Fair value of the class B1 shares in FIL

As a result of the above, the FIL Valuation is approximately US\$15.7 million (equivalent to approximately HK\$122.5 million) as at the Valuation Date.

Cross-checking the FIL Valuation

As the operations of FIL are capital intensive, the Valuer has also cross-checked the valuation result with the P/B multiples of the Cryptocurrencies Mining Comparables. As discussed in the subsection headed “*Cross-checking the HBCloud Valuation*” above in this letter, we (i) discussed with the Valuer the selection criteria of the Cryptocurrencies Mining Comparables; (ii) consider, for the same reasons set out in the aforesaid subsection, the selection criteria to be fair and reasonable; (iii) performed our own search based on such selection criteria and identified the same companies as the Cryptocurrencies Mining Comparables; (iv) obtained confirmation from the Valuer that the Cryptocurrencies Mining Comparables are sufficient for them to form a fair and reasonable valuation opinion; and (v) did not note any major issues which would cast doubt on the fairness and reasonableness of the Cryptocurrencies Mining Comparables.

The implied P/B multiple of FIL of about 0.94 times (based on the implied fair value of approximately US\$16.2 million of 100% equity interest in FIL and its book value of approximately US\$17.2 million) is within range of the lower and upper quartiles of the Cryptocurrencies Mining Comparables. The Valuer considers that the cross-check result suggests the valuation result derived from the cost approach is fair and falls within a reasonable range.

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5.6.7 The SRS Valuation

We have reviewed the shareholders' agreement of SRS and noted it is principally engaged in the provision of multi-currency digital wallet, cryptocurrency and fiat currency money transfer, cryptocurrency top-up and account services, through implementation of blockchain technology, under the trademark of "Fiat24". We have also discussed with the Management and noted it is still in the start-up stage, only having just launched its business in May 2023, and has not yet recorded any significant financial performance, whether revenue, earnings or profit. The capital structure of SRS comprises common shares, preferred A shares and preferred B shares that carry different rights and level of seniority. The SRS Preferred B Shares represents 92,908 preferred B shares in SRS.

The Valuer has adopted the Black-Scholes model (the "**Black-Scholes Model**") under the income approach to estimate the fair value of the SRS Preferred B Shares as at the Valuation Date. We have discussed with the Valuer and understood that the Black-Scholes Model is an option pricing model which considers the various terms of the stockholder agreements that would affect the distributions to each class of equity upon a liquidity event, including the level of seniority among the securities, dividend policy, conversion ratios and cash allocations. We concur with the Valuer that it the most appropriate method for the SRS Valuation, as it is the only method which accounts for the characteristics of each class of equity of SRS.

We have discussed with the Valuer, the application of the Black-Scholes Model in respect of the valuation of the SRS Preferred B Shares and the assumptions and bases adopted by the Valuer in respect of the major valuation parameters. The major valuation parameters for the Black-Scholes Model in respect of the SRS Valuation are set out in the subsection headed "*Valuation of Target Investment 4*" in the Valuation Report, which includes:

- (i) equity value of SRS of approximately CHF6.7 million, as estimated by the Valuer using the guideline transaction method under the market approach, as more particularly discussed in the subsection headed "*The equity value of SRS*" below in this section;
- (ii) exercise prices/breakpoints of about CHF5.6 million; CHF14.3 million and CHF27.8 million, being the point at which the preferred B shares, preferred A shares and ordinary shares reaches in-the-money status, respectively, and each breakpoint represents each preference or catch-up amount of the preferred B shares, preferred A shares and ordinary shares according to their respective terms, as estimated by the Valuer;
- (iii) volatility of about 57.11%, as estimated by the Valuer based on the median of the volatilities of comparable companies, being the seven SRS Comparable Companies (as defined below), as at the Valuation Date as quoted from Bloomberg;
- (iv) risk-free-rate of 1.18%, as estimated by the Valuer based on the Swiss risk-free rate as at the Valuation Date as quoted from Bloomberg;
- (v) dividend yield, which is assumed by the Valuer at 0% as there is no dividend payout for the SRS Preferred B Shares; and

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- (vi) time to liquidity of about 4.03 years, being five years from the conversion of the SRS Convertible Loan receivable into the SRS Preferred B Shares, estimated by the Valuer based on representations by the Management which is also consistent, in the experience of the Valuer, with typical valuations of preferred shares.

We have discussed the above parameters with the Valuer and given (i) the equity value of SRS as estimated by the Valuer is fair and reasonable, as more particularly discussed in the subsection headed “*The equity value of SRS*” below in this section; (ii) the exercise price/breakpoint adopted by the Valuer is based on the terms of the shareholders’ agreement of SRS; (iii) the volatility is based on the share price volatilities of the SRS Comparable Companies (as defined below), the selection of which are fair and reasonable, as more particularly discussed in the subsection headed “*The equity value of SRS*” below in this section; (iv) SRS is a Swiss financial institution with a FinTech license focused on Swiss banking, the risk-free-rate is based on the Switzerland government bonds yield curve; (v) SRS has not declared and/or paid any dividends on or before the Valuation Date; and (vi) there is no fixed investment term set out in the shareholders’ agreement of SRS and the aforementioned five-year term commencing from the date of conversion of the SRS Preferred B Shares is adopted consistently by the Management, including in its fair value measurement of SRS adopted for disclosure in its annual report for FY2022, we consider the parameters selected are fair and reasonable.

The equity value of SRS

As mentioned above, the equity value of SRS is one of the key inputs for the Black-Scholes Model in respect of the SRS Valuation.

As there are available comparable companies and comparable transactions can be identified, the market approach was therefore adopted by the Valuer. In light of the above including, among others, our discussion with the Valuer as set out in the subsection headed “*Valuation methodologies*” above in this letter, we concur with the Valuer that the abovementioned approach and method is appropriate for the assessment of the equity value of SRS.

The Valuer has identified 16 comparable subjects around the world (the “**SRS Comparable Subjects**”) comprising seven comparable companies whose shares are listed on stock exchange(s) around the world (the “**SRS Comparable Companies**”) and nine comparable transactions (the “**SRS Comparable Transactions**”). We have discussed with the Valuer the selection criteria of the SRS Comparable Subjects and understand that they were selected based on companies (i) whose shares listed on a stock exchange (in the case of the SRS Comparable Companies) or which have publicly available financing round information (in the case of the SRS Comparable Transactions); (ii) with publicly available user information; and (iii) which are involved in multi-currency wallet, fiat currency and cryptocurrency money transfer and cryptocurrency account services. Given (i) the subject company is principally engaged in multi-currency wallet, fiat currency and cryptocurrency money transfer and cryptocurrency account services as discussed above; and (ii) the P/U multiple analysis necessitates having comparable companies with publicly available valuation and user information, we consider the selection criteria adopted by the Valuer to be fair and reasonable. We have performed our own searches based on the selection criteria set out above and identified the same subjects as the SRS Comparable Subjects. Additionally, we have obtained confirmation from the Valuer that, based on said selection criteria, the SRS Comparable Subjects are sufficient for them to form a fair and reasonable valuation opinion. We have also compared the inputs, being (i) the market capitalisation and the user numbers of the SRS Comparable

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Companies; and (ii) the pre-money valuations and the user numbers of the SRS Comparable Transactions, applied by the Valuer for the calculation of the price-to-users (“P/U”) multiples, with publicly available information and did not note any material differences. During the course of our work, we did not note any major issues which would cast doubt on the fairness and reasonableness of the SRS Comparable Subjects.

As the business of SRS is niche and draws numerous users from the market, the Valuer considers the number of users is the most reliable metric of a newly developed business as it indicates the future potential of market size and profitability, and therefore selected the P/U multiple as a valuation multiple to evaluate the equity value of SRS. We have discussed with the Valuer and understand that (i) since SRS had not yet commenced revenue generating business as at the Valuation Date, the Valuer did not consider the price-to-earnings and price-to-sales multiples to be appropriate; and (ii) as the primary assets of SRS were liquid assets and its business is not capital intensive, the Valuer did not consider the value of SRS to be directly related to its assets and therefore did not consider the P/B ratio to be appropriate. In light of the above, we concur with the Valuer that the P/U multiple is the most appropriate for the evaluation of the equity value of SRS.

Based on (i) the median P/U multiple in CHF of the SRS Comparable Subjects of about 501.5 times; and (ii) the best available estimate of 13,437 users of Fiat24 on 2 May 2023, being the date nearest to the Valuation Date for which user data was available, the 100% equity value of SRS was estimated by the Valuer to be approximately CHF6.7 million (equivalent to approximately HK\$57.8 million).

Fair value of the SRS Preferred B Shares

Based on the Black-Scholes Model and the inputs (including the equity value of SRS) as discussed above, the SRS Valuation is approximately US\$0.9 million (equivalent to approximately HK\$7.2 million) as at the Valuation Date.

5.6.8 The Solutions Sale Debt

New Huo Solutions had net liabilities as appraised by the Valuer as at the Valuation Date, meaning New Huo Solutions had insufficient assets to cover its liabilities, including the Solutions Sale Debt. In light of this, the Valuer applied a downward adjustment to the Solutions Sale Debt, in the equivalent amount of the appraised net liabilities of New Huo Solutions as at the Valuation Date, to account for its recoverability. Given the above, we concur with the Valuer that the downward adjustment of the Solutions Sale Debt by an amount equivalent to the appraised net liabilities of New Huo Solutions as at the Valuation Date is fair and reasonable.

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5.6.9 Conclusion of value of the Solutions Valuation

The Solutions Valuation (comprising the fair value of 100% equity interest in New Huo Solutions and the Solutions Sale Debt) is approximately HK\$202.0 million as at the Valuation Date.

5.7 The HBTPower Valuations

In respect of the valuations of each of (i) 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt; and (ii) 80% equity interest in HBTPower (US) (collectively, the “**HBTPower Valuations**”), we have discussed with the Management and noted that neither HBTPower (BVI) and HBTPower (US) had commenced business as at the Valuation Date, therefore their values are primarily derived from the value of their component assets. We have reviewed each of their financial information and noted that, as at the Valuation Date, the principal assets of HBTPower (BVI) were deposits paid for establishing the HBTPower Mining Business (including purchasing cryptocurrency mining equipment) while HBTPower (US) did not have material assets. On this basis, the Valuer considered that HBTPower (BVI) and HBTPower (US) each meets the IVS Cost Approach Requirement and therefore adopted the summation method under the cost approach for the HBTPower Valuations. We concur with the Valuer that the abovementioned approach and method is appropriate for the HBTPower Valuations.

The carrying amount of the deposits paid for establishing the HBTPower Mining Business was assumed by the Valuer to reflect its fair value. No adjustment was applied to the other assets and liabilities of HBTPower (BVI) and HBTPower (US).

HBTPower (BVI) had net assets as appraised by the Valuer as at the Valuation Date, meaning HBTPower (BVI) had sufficient assets to cover its liabilities, including the HBTPower Sale Debt. As such, no adjustment for recoverability was applied by the Valuer to the HBTPower Sale Debt.

5.7.1 Conclusion of value of the HBTPower Valuations

The fair value of 80% equity interest in HBTPower (BVI) and the HBTPower Sale Debt as estimated by the Valuer is approximately HK\$42.8 million as at the Valuation Date.

As HBTPower (US) recorded net liabilities, the Valuer estimated no economic value for the fair value of 80% equity interest in HBTPower (US) as at the Valuation Date.

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5.8 Conclusion of value of the Target Companies and the Sale Debts

The fair values of the Target Companies and Sale Debts as estimated by the Valuer as at the Valuation Date and set out in the Valuation Report are summarised below.

	As at the Valuation Date <i>HK\$'000</i>
<i>The Target Companies</i>	
Fair value of 100% equity interest in New Huo Solutions	No economic value
Fair value of 80% equity interest in HBTPower (BVI)	2,590
Fair value of 80% equity interest in HBTPower (US)	No economic value
<i>The Sale Debts</i>	
Fair value of the Solutions Sale Debt	201,966
Fair value of the HBTPower Sale Debt	40,250
	<hr/>
Aggregate fair value of the Target Companies and the Sale Debts (the “ Aggregate Valuation ”)	<hr/> 244,806 <hr/>

The Aggregate Consideration of approximately HK\$257.7 million represents a premium of about 5.3% over the Aggregate Valuation.

As mentioned in the Letter from the Board, there has been no material change in the business of the Target Companies since the Valuation Date. Furthermore, as discussed above in this section, the value of New Huo Solutions and the Funds are primarily driven by the value of their assets, which mainly comprise cryptocurrencies. We note that the value of the Multi Strategy SP has decreased by approximately 10.2% as at 2 October 2023 as compared to the Valuation Date, mainly due to the decrease in the market value of its cryptocurrency investments. The major cryptocurrencies held by (i) the Multi Strategy SP, being Bitcoin and Ethereum; and (ii) the New Era Fund and the New World Fund, being Filecoin, represent approximately 19.5%, 12.4% and 25.5% of the total consolidated assets of New Huo Solutions as at 31 March 2023, respectively. We note that the market value of Filecoin, Bitcoin and Ethereum have decreased by about 5.3% and increased by about 29.3% and 12.0%, respectively, as at the Latest Practicable Date as compared to the Valuation Date. In light of the above, we consider that the Solutions Consideration being determined, in part, with reference to the respective Valuations remains fair and reasonable as far as the Company and its Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

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6. FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As set out in the section headed “*Financial effect of the Disposal and the intended use of proceeds*” in the Circular, upon completion of the Disposal, (i) the Group is expected to recognise an unaudited gain of approximately HK\$4.5 million, representing the difference between the Aggregate Consideration of approximately HK\$257.7 million and the net asset value of the Target Companies attributable to the Group of approximately HK\$6.9 million and assignment of the Sale Debts in the aggregate amount of approximately HK\$245.7 million as at 31 March 2023 after deducting all estimated costs and expenses relating to the Disposal in the amount of approximately HK\$650,000. The actual gain or loss in connection with the Disposal will be assessed after completion and is subject to the review and audit by the auditors of the Company; and (ii) the total assets of the Group will be reduced by approximately HK\$268.7 million, from HK\$770.5 million to HK\$501.8 million, taking into account the Share Subscription which was completed on 10 October 2023, and the total liabilities will be reduced by approximately HK\$272.5 million, from HK\$621.1 million to HK\$348.6 million.

Upon completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of each of the Target Companies will no longer be consolidated into the consolidated financial statements of the Company. Net proceeds from the Disposal, after deducting the administrative and external expenses, are estimated to be approximately HK\$257.1 million. The Company intends to use the net proceeds from the Disposal to settle liabilities of the Group due and owing to the Purchaser. Further details thereof are set out in the section headed “*Reasons for and benefits of the Disposal*” in the Circular.

IV. OUR VIEW

Having considered the principal factors and reasons referred to above including, among others,

- as discussed in the subsection headed “*Analysis of the consideration*” above in this letter, the Aggregate Consideration represents a premium of approximately 5.3% over the Aggregate Valuation;
- as set out in (i) the subsection headed “*Financial position of the Group*” above in this letter, as at 31 March 2023, the Group recorded net liabilities, including liabilities owing to the Purchaser of approximately HK\$476.4 million; and (ii) the subsection headed “*Reasons for and benefits of the Disposal*” above in this letter, the Group entered into the Disposal for reasons including, among others, that the Group has had an unhealthy increase in its gearing ratio; and intends to apply the net proceeds from the Disposal of approximately HK\$257.1 million towards settling, in part, the debts due and owing by the Vendors to the Purchaser in respect of the 2019 Shareholder’s Facility, thereby reducing the debt burden of the Group; and
- as set out in the subsection headed “*Information of the Target Companies*” above in this letter, as at the Latest Practicable Date, the HBTPower Mining Business is still in the set-up stage; and (ii) the subsection headed “*Reasons for and benefits of the Disposal*” above in this letter, the Company considers that the Disposal will not have a material effect on the Group’s business operation and it intends to focus on developing the MPC Business in future, which is apart from the businesses of the Target Companies,

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we consider that, although the Disposal is not in the ordinary and usual course of business of the Group, on balance, the terms of the Sale and Purchase Agreements are fair and reasonable, and that the Disposal is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolutions in respect of the Sale and Purchase Agreements and the respective transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED

Calvin Cheng
Director, Corporate Finance

Mr. Calvin Cheng is a responsible officer of Optima Capital and a licensed person registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Cheng has over 10 years of experience in corporate finance.

The following is the text of a letter prepared for the purpose of incorporation in this circular received from Valtech Valuation Advisory Limited, an independent valuer, in connection with its valuation as of 31 March 2023 of the equity interests of the Target Companies.



17 November 2023

Sinohope Technology Holdings Ltd
Unit 702-3, 7/F,
100 Queen's Road, Central,

Central, Hong Kong

Dear Sir/Madam,

Valuation of Fair Value of 100% Equity Interest and Amount Due to the Related Companies in New Huo Solutions Limited, 80% Equity Interest and Amount Due to the Related Companies in HBTPower Limited and 80% Equity Interest HBTPower Inc

In accordance with the instructions from Sinohope Technology Holdings Ltd (the "**Company**"), we have been engaged by the Company to assist to determine the fair value ("**Fair Value**") of following subject of valuation (the "**Subject of Valuation**") as at 31 March 2023 (the "**Valuation Date**") for transaction reference purpose.

- 100% Equity Interest and Amount Due to the Related Companies in New Huo Solutions Limited (the "**Target Company 1**") which comprises of 4 target investments (the "**Target Investments**"):
 - 1) 96.61% equity interest in Sinohope Investment SPC-Multi-Strategy Fund ("**Target Investment 1**")
 - 2) 100% equity interest in New Era Pioneer Mining Fund 1 LPF ("**Target Investment 2**")
 - 3) Capital investment in New World Pioneer Mining Fund 1 LPF ("**Target Investment 3**")
 - 4) 92,908 Preferred Share in SR Saphirstein AG ("**Target Investment 4**")
- 80% Equity Interest and Amount Due to the Related Companies in HBTPower Limited (the "**Target Company 2**"); and
- 80% Equity Interest in HBTPower Inc (the "**Target Company 3**").

In the following valuation, The Target Company 1, Target Company 2 and Target Company 3 are collectively referred to as target group (the "**Target Group**").

Our analyses are substantially based on the information provided to us by the existing management of the Company (the “**Management**”). It is our understanding that our analyses, and the subsequent appraised estimation of Fair Value (as defined in the section Standard and Basis of Value), will be used by the Management solely for their purpose of transaction reference. Our analyses were conducted for the above stated purpose. As such, this report should not be used by the Company for any other purpose other than those that are expressly stated herein without our expressed prior written consent.

The approaches and methodologies used in our work did not comprise an examination to ascertain whether the Company or the Target Group’s presented financial information were constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is of course to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of the Target Group’s financial position. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of the Target Group, and of the marketing materials or other data provided to us by the Management.

Our conclusion on Fair Value do not constitute nor shall they be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

Valtech Valuation Advisory Limited, and each of its staff involved in this valuation report, is independent of the Group, the Purchaser and its connected persons.

SCOPE AND PURPOSE OF ENGAGEMENT

We were engaged by the Management to assist to determine the Fair Value of the equity interests in the Target Group as at the Valuation Date. It is our understanding that our analysis will be used by the Management solely for their transaction reference purpose.

STANDARD AND BASIS OF VALUE

This valuation was prepared on the basis of Fair Value. In accordance with HKFRS 13/IFRS 13 – Fair Value Measurement, Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When appropriate, we might also make cross reference to the International Valuation Standards (“**IVS**”) published by the International Valuation Standards Council. The IVS details the general guideline on the basis and valuation approaches used in valuation.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

Highest and Best Use:	is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;
Current Use/Existing Use:	is the current way an asset, liability, or group of assets and/or liabilities is used, maybe yet not necessarily the highest and best use;
Orderly Liquidation:	describes the value of a group of assets that could be realized in a liquidation sale, given a reasonable period of time to find a purchaser/(s), with the seller being compelled to sell on an as-is, where-is basis; and
Forced Sale:	is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of the Subject of Valuation should be prepared on a “Highest and Best Use” basis.

LEVEL OF VALUE

Current valuation theories suggest that there are at least four basic “levels” of value applicable to a business or business interest. The four most common levels of value are as follows:

Controlling Interest:	Value of the controlling interest, always evaluate an enterprise as a whole;
Non-controlling Interest:	Value of the non-controlling interest of a business;
As if Freely Tradable Interest:	Value of a business that or business interest enjoys the benefit of market liquidity; and
Non-marketable Interest:	Value of a business that or business interest lacking market liquidity.

After having reviewed all background and financial information and take into consideration all relevant and objective facts, we reasonably believe Subject of Valuation should be valued and reported in this valuation as a Controlling Interest and Non-marketable Interest.

ECONOMIC OVERVIEW

To substantiate the economic background of the country where the Target Group with principal place of business is located, we have reviewed the economic condition of Hong Kong where the Target Group will derive its future income from.

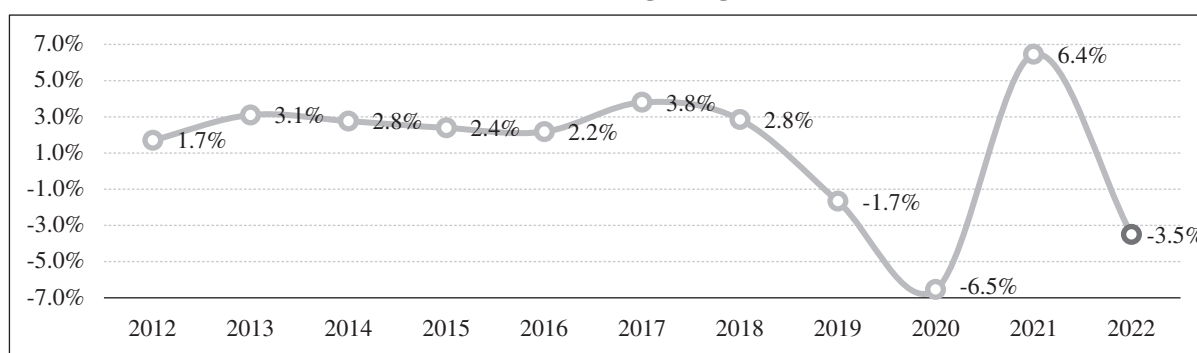
Economic Overview of Hong Kong

Hong Kong is widely recognized as the world’s freest economy and most services-oriented economy, with services sectors accounting for more than 90% of Gross Domestic Product (“GDP”). Hong Kong is an important financial center in the Asia Pacific and the 6th leading global financial center, according to the Global Financial Centre Index. Hong Kong is also a global offshore RMB business hub and largest offshore RMB clearing center sharing about 74% of the world’s RMB payments.

GDP Growth in Hong Kong

Hong Kong's economy contracted visibly by over 4% year on year in the second half of 2022. The economic contraction mainly reflected sizeable declines in merchandise exports and aggregate investment along with a weaker global economy and tightened financial conditions. Private consumption was supportive to growth, and exports of services improved slightly following the relaxation of the compulsory quarantine requirements for overseas visitors since late September 2022. For 2022 as a whole, real GDP fell by 3.5%, contrasting with the 6.4% growth in 2021, according to World Economic Outlook Database published by International Monetary Fund ("IMF"). Riding on the reopening of Mainland China and Hong Kong, economic growth for 2023 is expected to recover from a low base. IMF forecasts the economy would grow by 3.5% and 3.1% in 2023 and 2024 respectively.

Real GDP Growth in Hong Kong, 2012 – 2022



Source: World Economic Outlook Database (April 2023), International Monetary Fund

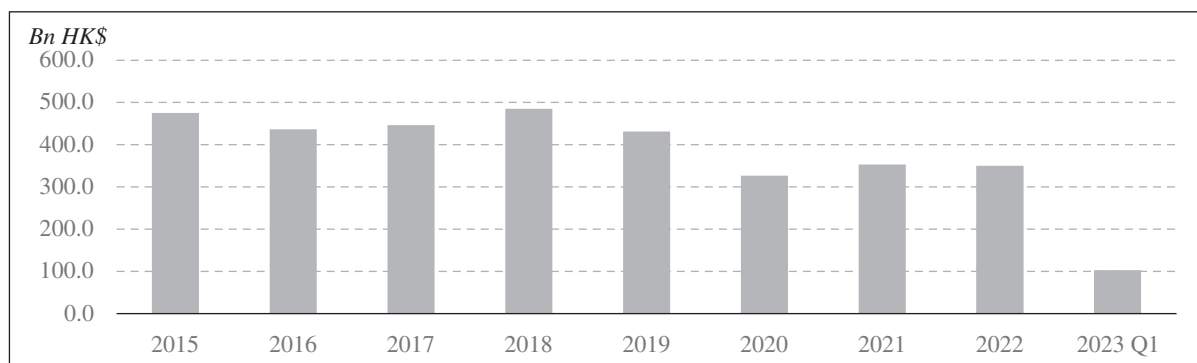
Real GDP Annual Growth Rate and Inflation Forecasts of Hong Kong

	2023F	2024F	2025F	2026F	2027F
Real GDP Annual					
Growth Rate (%)	3.5	3.1	2.9	2.8	2.7
Inflation (%)	2.3	2.4	2.4	2.5	2.5

Source: World Economic Outlook Database (April 2023), International Monetary Fund

Visitor arrivals have picked up especially after Mainland China's reopening since January 2023, and inbound tourism is still likely to take time to recover. The value of retail sales, in nominal terms, contracted by 0.9% year-on-year in 2022 over a year earlier.

Retail Sales in Hong Kong, 2015 – 2023 Q1

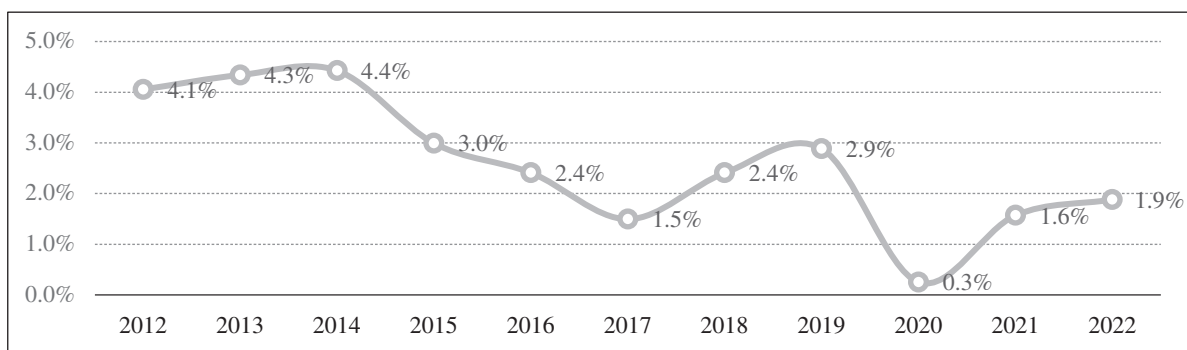


Source: Census and Statistics Department of Hong Kong

Inflation

Local inflationary pressures remained moderate in 2022. The year-on-year underlying composite consumer price index (“CCPI”) increased by 1.8% in both the third and fourth quarters of 2022, mainly driven by prices of energy-related items, food, clothing, and footwear. Inflation momentum, as measured by the annualized three-month-on-three-month underlying inflation rate, also stayed mild recently. In conjunction with the soft housing market, the housing rental component of the CCPI has exerted downward pressure on overall inflation. In the near term, local inflation is expected to edge up, but should stay mild, reflecting offsetting forces. For 2023, the Government projects the underlying inflation rate to be 2.0% and the estimates by IMF analysts was around 2.3%.

Year-over-Year CPI Inflation in Hong Kong, 2012 – 2022

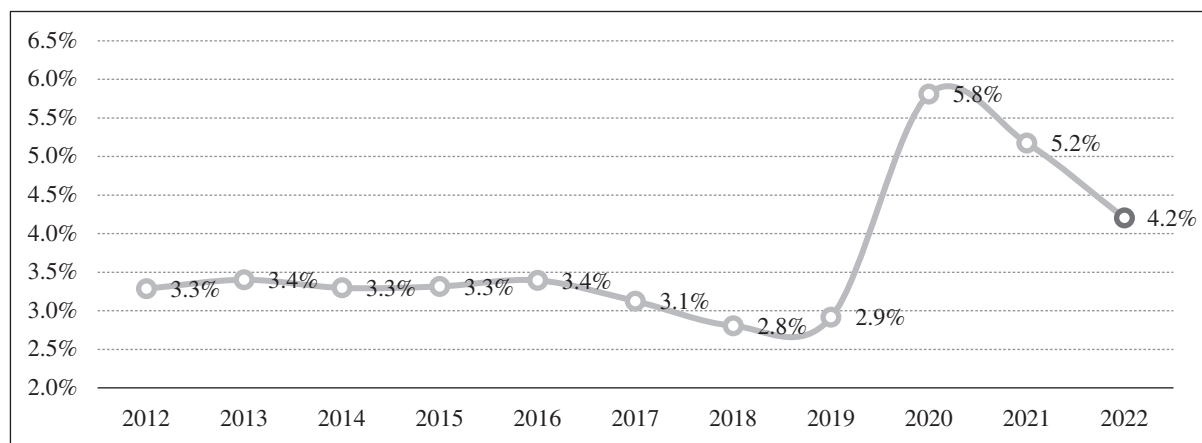


Source: World Economic Outlook Database (April 2023), International Monetary Fund

Labour Market Conditions

Alongside the further relaxation of social distancing measures, local labour market conditions continued to improve in the second half of 2022 and early 2023. The seasonally adjusted unemployment rate declined further to 3.3% in February 2023. Total employment also rebounded from a recent low in May 2022, albeit still below its pre-pandemic level. Looking ahead, the labour market is likely to improve further as local economic activities return to normal.

Unemployment Rate (Seasonally Adjusted) in Hong Kong, 2012 – 2022



Source: World Economic Outlook Database (April 2023), International Monetary Fund

Monetary Policy

The Hong Kong dollar softened during the review period amid risk-off sentiment in the local equity market and concerns over US monetary policy normalisation. With abundant Hong Kong dollar liquidity, the HIBORs continued to stay at low levels. Overall, the Hong Kong dollar exchange and money markets continued to trade in a smooth and orderly manner. In the near term, while the expectation of a stronger US dollar along with the Fed’s hawkish shift in its monetary policy outlook, the pandemic and the rising geopolitical tensions may heighten the volatility in fund flows, Hong Kong is well-positioned to withstand the volatility given its ample foreign reserves and robust banking system.

Government Initiatives

The Financial Secretary, Mr. Paul Chan, unveiled his 2023-24 Budget on 22 February 2023. Below are some highlights:

- Issue electronic consumption vouchers with a total value of HK\$5,000 by instalment to each eligible Hong Kong residents.
- Provide additional funding of HK\$550 million in total to the HKTDC in the five financial years starting from 2023-24 to facilitate Hong Kong entrepreneurs in seizing opportunities arising from the B&R Initiative and the GBA development and tapping into emerging markets.
- Further inject HK\$500 million into the Branding, Upgrading and Domestic Sales (BUD Fund) and launch “BUD Easy” to expedite the processing of applications.
- \$6 billion for universities and research institutes to set up thematic research centres related to life and health technology.
- Establish a Microelectronics Research and Development Institute to enhance collaboration among universities, R&D centres, and the industry, expediting “1 to N” transformation.

- Step up investment in technology start-ups, the HKSTPC will inject HK\$400 million into its Corporate Venture Fund.
- Earmark HK\$265 million for Cyberport to launch a dedicated incubation programme for smart living startups, under which a maximum grant of HK\$500,000.
- Provide \$100 million to InvestHK to attract more family offices to Hong Kong.
- Plan to issue no less than HK\$50 billion of Silver Bond and HK\$15 billion of retail green bonds in the next financial year.
- Introduce a listing regime for advanced technology companies in the first quarter of 2023.
- Set up a Green Technology and Finance Development Committee to formulate an action agenda covering green technology, green finance, green standard certification, etc.
- Allocate more than \$150 million to support Hong Kong artists in taking part in performances and productions in the GBA, and to organise the GBA Culture and Arts Festival in 2024.
- Inject an additional HK\$500 million into the CreateSmart Initiative (“CSI”) to support the development of creative industries.

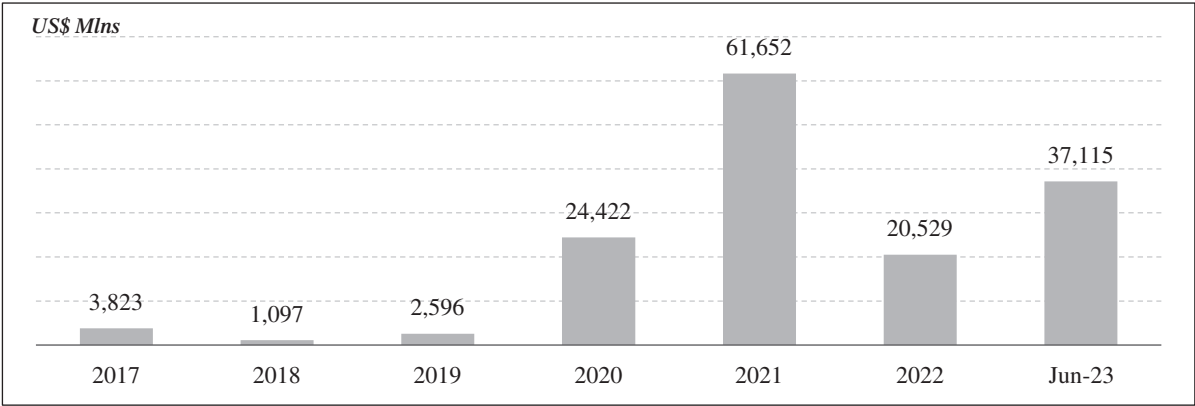
INDUSTRY OVERVIEW

Virtual Asset Mining-related Business

Crypto Funds are investment vehicles that specialize in allocating capital to digital assets, including cryptocurrencies like Bitcoin, Ethereum, and other blockchain-based tokens. These funds provide individuals, institutional investors, and even traditional asset managers with an avenue to gain exposure to the crypto market while delegating the complexities of managing digital assets to experienced professionals.

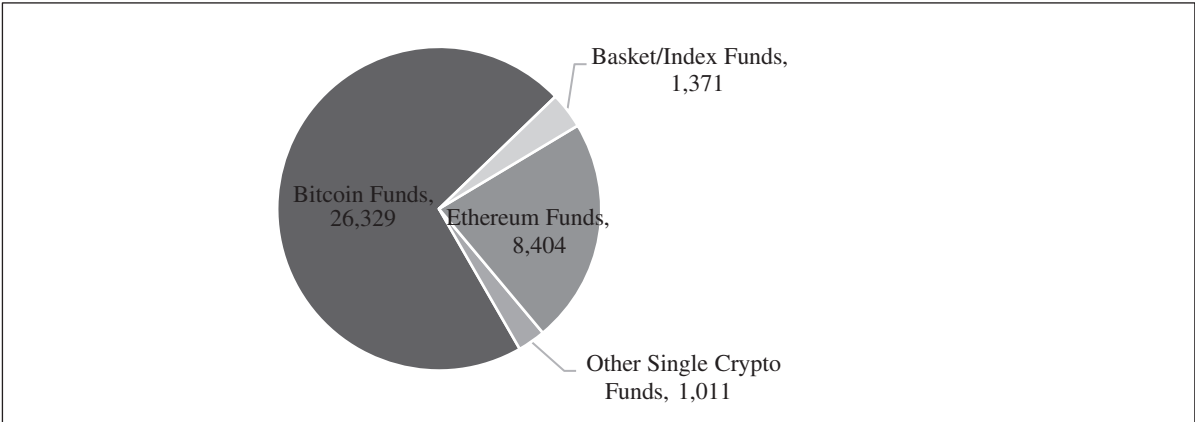
In recent years, Crypto Funds have emerged as a significant player in the global financial landscape, offering investors exposure to the rapidly growing world of cryptocurrencies. Propelled by increasing investor demand, rising institutional participation, and the maturation of cryptocurrency markets, the Crypto Fund industry has witnessed substantial growth. With reference to the data from Bloomberg, the total assets under management (“AUM”) of global Crypto Fund have surged significantly and have reached 37.1 billion USD by June 2023.

AUM of Global Crypto Fund, 2017-June 2023



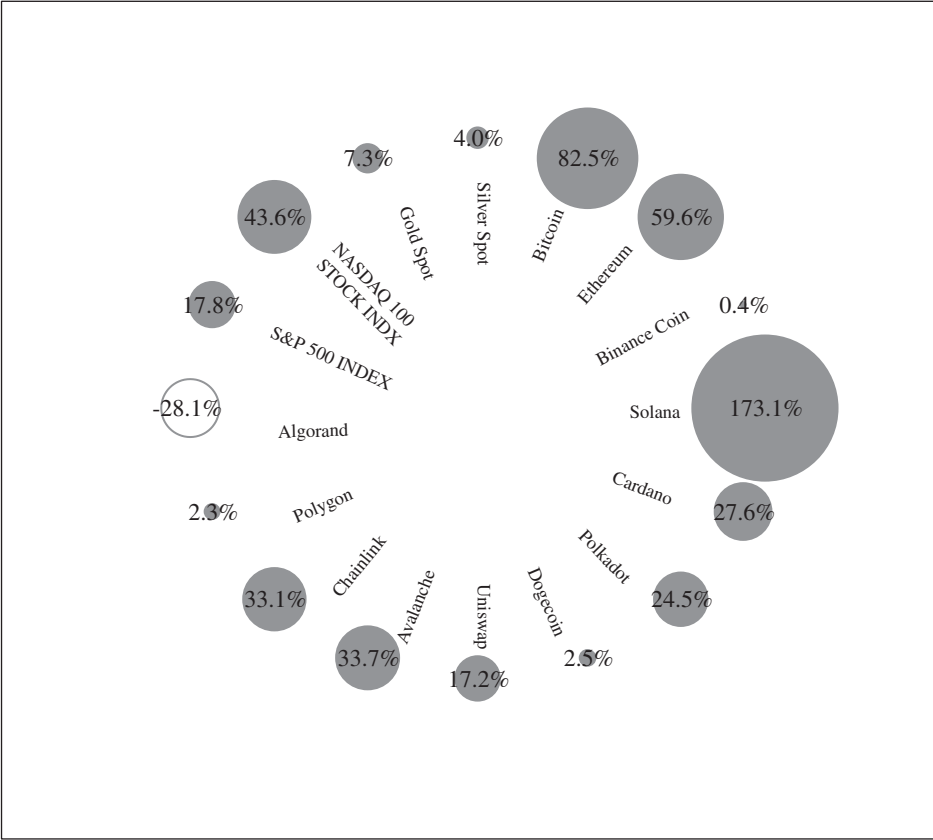
Source: Valtech Analysis, with reference to data from Bloomberg

AUM of Global Crypto Fund (Million USD) by Underlying Assets as at June 2023



Source: Valtech Analysis, with reference to data from Bloomberg

Year-to-Date Return of Different Asset Classes¹



Source: Valtech Analysis, with reference to data from Bloomberg

Types of Crypto Funds

The Crypto Fund industry encompasses a diverse range of funds, catering to different investor profiles and strategies. Some common types of Crypto Funds include:

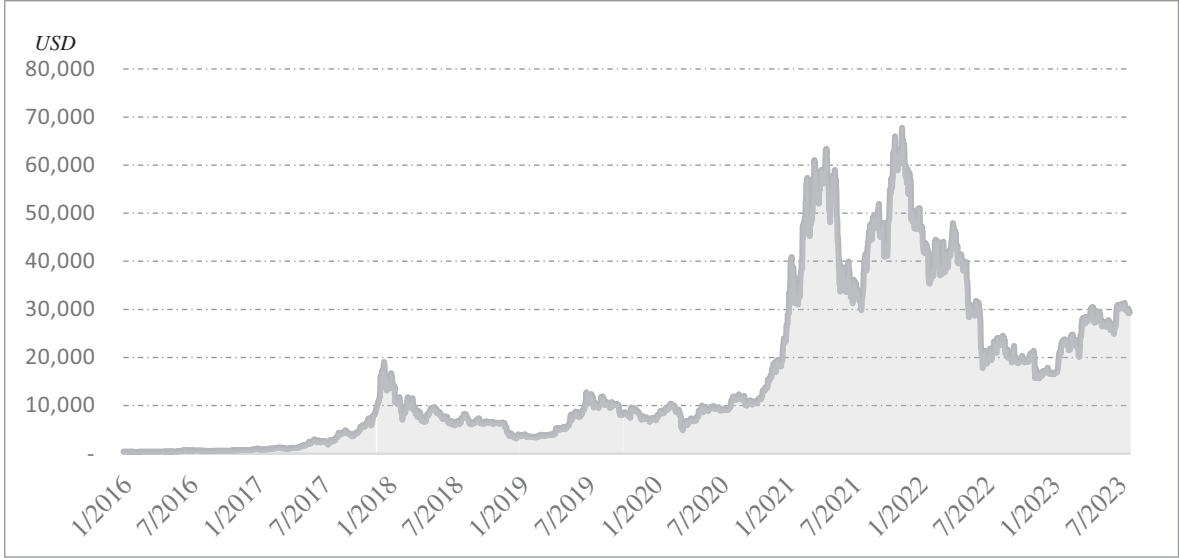
- Cryptocurrency Hedge Funds: These funds actively manage portfolios of digital assets, aiming to generate superior returns by leveraging various investment strategies such as long-term holdings, active trading, arbitrage, and algorithmic trading.
- Venture Capital Funds: These funds invest in early-stage blockchain and cryptocurrency-related startups, providing capital and expertise to fuel their growth. They seek to capitalize on the potential of emerging technologies and disruptive business models.
- Index Funds: Similar to traditional index funds, these Crypto Funds aim to replicate the performance of a specific cryptocurrency index or a diversified basket of digital assets. They provide investors with exposure to the overall market without active management.
- Tokenized Funds: These funds issue their own tradable tokens on blockchain platforms, representing ownership or shares in the fund. Tokenized funds enable fractional ownership, liquidity, and programmable features, offering increased accessibility to investors.

¹ As at 18 July 2023

Cryptocurrency Industry

As the underlying asset class for Crypto Funds, cryptocurrency offers unique opportunities and risks. It continues to innovate and evolve, driven by technological advancements, regulatory developments, and market demand. Cryptocurrencies, such as Bitcoin, Ethereum, and Litecoin, are decentralized digital currencies that utilize cryptographic techniques to secure transactions and control the creation of new units. Cryptocurrencies enable fast and borderless transactions. With internet access, individuals can participate in the cryptocurrency ecosystem from anywhere in the world, fostering financial inclusion and empowering unbanked populations.

Price Evolutions of Bitcoin Spot, Jan 2016 – July 2023



Source: Valtech Analysis, with reference to data from Bloomberg

The cryptocurrency market has experienced significant growth since the introduction of Bitcoin in 2009. Market capitalization, which represents the total value of all cryptocurrencies combined, has witnessed substantial expansion. While subject to fluctuations, the total market capitalization reached hundreds of billions of dollars, and at times, even trillions of dollars. The growth of the cryptocurrency market can be attributed to several factors, including increased public awareness, institutional adoption, regulatory developments, and technological advancements. The entry of institutional investors, such as hedge funds, asset managers, and major financial institutions, has brought additional liquidity and credibility to the market.

Regulatory Environment

The Crypto Fund industry operates in a complex and evolving regulatory environment. Authorities worldwide have been grappling with how to regulate cryptocurrencies and related investment vehicles. Regulations vary significantly across jurisdictions, ranging from outright bans to comprehensive frameworks governing the operation of Crypto Funds. In some countries, regulatory bodies have started to provide clarity and guidelines for Crypto Funds, which has helped foster investor confidence and attract institutional participation. However, regulatory uncertainties, compliance challenges, and the risk of regulatory changes remain significant considerations for both fund managers and investors.

Challenges and Risks

The Crypto Fund industry faces several challenges and risks that should be taken into account:

- **Volatility:** Cryptocurrency markets are known for their high volatility, which can lead to significant fluctuations in fund performance. This volatility poses risks but also provides opportunities for skilled fund managers to generate alpha.
- **Security:** The security of digital assets is paramount in the Crypto Fund industry. The risk of cyberattacks, hacking incidents, and fraudulent activities requires robust security measures, including secure custody solutions and best practices for safeguarding private keys.
- **Regulatory Uncertainty:** As mentioned earlier, the evolving regulatory landscape poses challenges for Crypto Funds. Changes in regulations or inconsistent global standards can impact fund operations and investor confidence.
- **Market Liquidity:** While cryptocurrency markets have improved in terms of liquidity, certain digital assets can still suffer from limited liquidity, especially during periods of market stress. This can affect the ability of funds to enter or exit positions at desired prices.

Outlook

The Crypto Fund industry is expected to continue evolving and expanding as cryptocurrencies become more mainstream and institutional investors seek exposure to digital assets. Increased regulatory clarity, the development of reliable infrastructure, and the introduction of innovative investment products are likely to attract a broader range of investors.

As the industry matures, we can expect to see greater institutional participation, improved risk management practices, and increased product diversification. Moreover, the integration of blockchain technology within traditional financial systems and the potential for decentralized finance (“DeFi”) could further shape the future of Crypto Funds and their role in the global financial landscape.

COMPANY OVERVIEW

SINOHOPE TECHNOLOGY HOLDINGS LTD

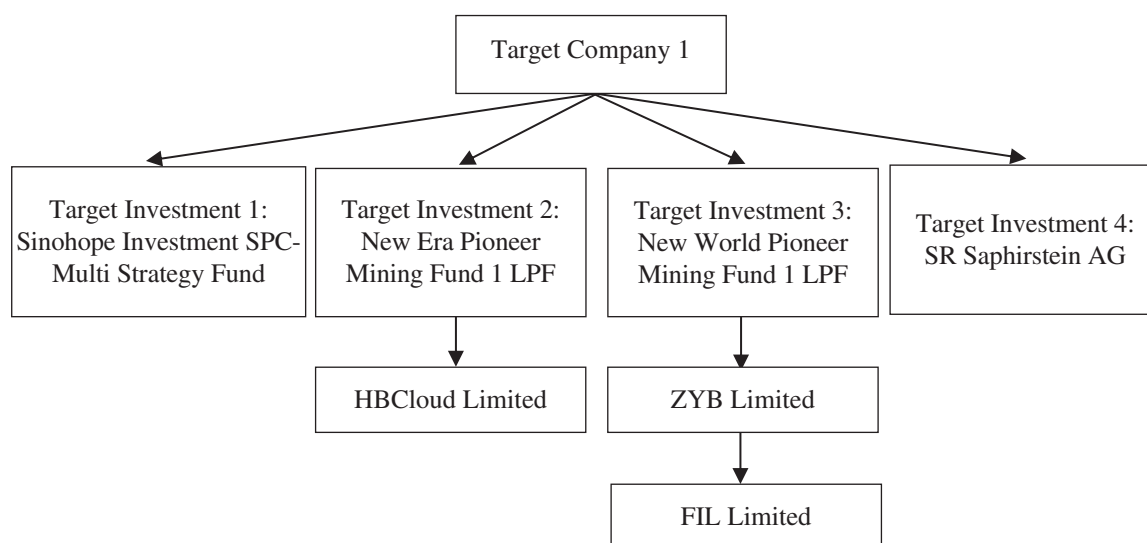
Sinohope Technology Holdings Ltd (Vendor I), formerly New Huo Technology Holdings Ltd is an investment holding company incorporated in the British Virgin Islands (“BVI”), whose shares are listed on the main board of the Stock Exchange. Sinohope Technology Holdings Ltd is principally engaged in the provision of technology solution services, a variety of services in virtual asset ecosystem, such as asset management, trust and custodian businesses and cryptocurrency trading and the contract manufacturing, on electronic manufacturing services basis, of a wide range of power-related electrical and electronic products.

SINOHOPE DIGITAL SERVICE LIMITED

Sinohope Digital Service Limited (Vendor II) is a company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company. It is primarily engaged in investing holding.

TARGET COMPANY 1: NEW HUO SOLUTIONS LIMITED

New Huo Solutions Limited is a direct wholly-owned subsidiary of the Company. It is an investment holding company and it comprises 4 Target Investments detailed as follows:

Holding Structure of Target Company 1**Sinohope Investment SPC-Multi-Strategy Crypto Fund SP (“Multi Strategy Fund”)**

On 21 February 2022, New Huo Solutions Limited entered into a subscription agreement with Sinohope Investment SPC, pursuant to which New Huo Solutions Limited subscribed for the shares attributable to NH Multi Strategy Crypto Fund SP, a segregated portfolio of Sinohope Investment SPC, at a consideration of US\$15 million (equivalent to approximately HK\$117 million).

Sinohope Investment SPC is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability on 4 September 2020. The segregated portfolio consisted of cash and cryptocurrency assets acquired on the secondary market and principally invests in the Top 200 Coins and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins. As at the Valuation Date, the Target Company 1 held 96.61% equity interests in the Multi Strategy Fund.

New Era Pioneer Mining Fund 1 LPF (“New Era Fund”)

New Huo Solutions invested in New Era Pioneer Mining Fund 1 LPF which is established for the purpose of making investment in the cryptocurrency mining ecosystem. The total subscription amount made by New Huo Solutions was 249,992 Filecoin, which approximately USD4.8 million (equivalent to approximately HK\$37.5 million). As at the Valuation Date, the core investment of Target Investment 2 is the equity interest in HBCloud Limited.

HBCloud Limited (“HBCloud”)

HBCloud, a private company incorporated with limited liability in the British Virgin Islands and having its registered office at CCS Trustees Limited, Mandar House, 3rd Floor, Johnson’s Ghut, Tortola, British Virgin Islands. As at the Valuation Date, New Era Pioneer Mining Fund 1 LPF held Class B1 shares in the capital of HBCloud, while Cloud Fortune Limited held Class B2 shares in the capital of HBCloud. HBCloud is principally engaged in Filecoin mining. As at the Valuation Date, the core asset of HBCloud is the cryptocurrency, which is Filecoin.

New World Pioneer Mining Fund 1 LPF (“New World Fund”)

On 7 February 2022, New Huo Solutions entered into a subscription agreement with HB Venture Management Limited, invested in 100% equity interest in New World Pioneer Mining Fund 1 LPF. The Fund is established for the purpose of making investments in the industry of the cryptocurrency mining ecosystem. The total subscription amount made by New Huo Solutions was USD10 million (equivalent to approximately HK\$78 million). As at the Valuation Date, the core investment of the Target Investment 3 is the equity interest in ZYB Limited.

On 4 March 2022, Chainup Technic Limited (“**Chainup Technic**”), an independent third party to the Company pursuant to which Chainup Technic also subscribed for partnership interest in the New World Fund at a consideration of USDT 10 million (equivalent to approximately HK\$78 million). Upon completion thereof, the partnership interest in the New World Fund held by New Huo Solutions Limited was diluted from 100% to 50%. As at 31 March 2023, the Target Company 1 held 50% equity interests in the New World Fund.

ZYB Limited

As at the Valuation Date, the Target Investment 3 held 100% equity interest in ZYB Limited, and the core investment of ZYB Limited is the equity interest in FIL Limited.

FIL Limited

FIL Limited is a company incorporated in Hong Kong with limited liability, which principally engages in the businesses that generate income streams from performing cryptocurrency mining activities. As at the Valuation Date, ZYB Limited held Class B1 shares in the capital of FIL Limited, while Chainup Technic held Class B2 shares in the capital of FIL Limited.

SR Saphirstein AG

On 13 July 2021, New Huo Solutions entered into a convertible loan agreement with SR Saphirstein AG (“**SR**”) and invested total loan amount of CHF 1,162,279.08 in two tranches. Upon being granted fintech license by FINMA, the loan investment was converted into equity class of 92,908 preferred B shares of SR according to the terms and conditions prescribed.

SR Saphirstein AG is a financial institution with a FinTech license focused on Swiss banking in Web3. It is incorporated in Switzerland and authorized and regulated by the Swiss Financial Market Supervisory Authority (FINMA). It is principally engaged in offering instant payments, currency exchange, crypto top-ups, and multi-currency accounts. It operates its business using the trademark “Fiat 24”, which enables clients to both manage their fiat and crypto assets in one dashboard, as well as to make transactions using both assets.

TARGET COMPANY 2: HBTPower LIMITED

HBTPower Limited, an indirect non-wholly owned subsidiary of the Company, is incorporated in the British Virgin Islands with limited liability. The Target Company 2 is principally engaged in the business of Cryptocurrency Mining. As at the Valuation Date, the business has not yet commenced.

TARGET COMPANY 3: HBTPower INC

HBTPower Inc is a holding company incorporated in the State of Kentucky as of 27 May 2022. As at the Valuation Date, the business has not yet commenced.

TRANSACTION OVERVIEW

The Company (the “**Vendor I**”), and Avenir Cayman Holding Limited (the “**Purchaser**”) entered into the Sale and Purchase Agreement (Solutions) dated on 25 August 2023, pursuant to which (i) the Vendor I has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Solutions Sale Shares, representing the entire issued share capital of New Huo Solutions, and (ii) Vendor I has conditionally agreed to assign the Solutions Sale Debt to the Purchaser, at the consideration of HK\$205,706,355.00; and

Sinohope Digital Service, a direct wholly owned subsidiary of the Company, (the “**Vendor II**”) and the Purchaser entered into the Sale and Purchase Agreement (HBTPower) dated on 25 August 2023, pursuant to which (i) Vendor II has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the HBTPower Sale Shares, representing 80% of the entire issued share capital of HBTPower (BVI) and 80% of the entire issued share capital of HBTPower (US), and (ii) Vendor II has conditionally agreed to assign the HBTPower Sale Debt to the Purchaser, at the consideration of USD6,624,740.00 (equivalent to approximately HK\$52,002,023.00).

SOURCE OF INFORMATION

Our analysis and conclusion of opinion on value were based on continued discussions with, and having obtained pertinent key documents and records provided by the Management, and conducted certain procedures including but not limited to:

Information of Target Company 1

- The shareholding chart of the Target Company 1;
- The trial balance of the Target Company 1 as at the Valuation Date; and
- The PowerPoint presentation with Fund Products Introduction.

Information of Multi Strategy Fund

- The trial balance of Multi Strategy Fund as at the Valuation Date;
- The statement of net assets of Multi Strategy Fund as at the Valuation Date; and
- The signed subscription agreement of Multi Strategy Fund dated 11 February 2022.

Information of New Era Fund

- The statement of net assets of New Era Fund as at the Valuation Date;
- The signed subscription agreement of New Era Fund dated 4 May 2022;
- The letter agreement of New Era Fund dated 23 May 2022; and
- The loan agreement between the Target Company 1 and Avenir Cayman Holding Limited dated 3 March 2022.

Information of HBCloud

- The statement of net assets of HBCloud as at the Valuation Date;
- The PPE breakdown of HBCloud as at the Valuation Date;
- The signed shareholders agreement in relation to HBCloud dated 20 April 2022;
- The deed of guarantee dated 20 April 2022; and
- The supplement agreement in relation to the signed Shareholders Agreement and the Deed of Guarantee.

Information of New World Fund

- The statement of net assets of New World Fund as at the Valuation Date;
- The financial statement of New World Fund for the period ended 31 December 2022; and
- The signed subscription agreement of New World Fund dated 7 February 2022.

Information of ZYB Limited

- The statement of net assets of ZYB Limited as at the Valuation Date.

Information of FIL Limited

- The statement of net assets of FIL Limited as at the Valuation Date;
- The Filecoin storage service and equipment procurement contracts between FIL Limited and Origin Storage Pte. Ltd dated 7 March 2022, 25 March 2022 and 20 May 2022; and
- The loan term sheet between FIL Limited and Top Value Limited.

Information of SR Saphirstein AG

- Latest capitalization table of Target Investment 4;
- Financial Statements of the Target Investment 4 for the year ended 31 December 2021 and 31 December 2022 and for the period ended 31 March 2023;
- The convertible loan agreement between the Target Company 1 and the Target Investment 4; and
- The shareholder agreement of the Target Investment 4.

Information of Target Company 2

- The balance sheet of the Target Company 2 as at the Valuation Date;
- The income statement of the Target Company 2 for the period from 1 October 2022 to 31 March 2023; and
- The detailed breakdown of retention account.

Information of Target Company 3

- The balance sheet of the Target Company 3 as at the Valuation Date; and
- The income statement of the Target Company 3 for the period from registration date to 31 March 2023.

We have also relied upon publicly available information from sources in capital markets, including industry reports, news and various databases of publicly traded companies.

VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security, or intangible asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Summation method is one of the methods under the cost approach. The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the value of their holdings. The key steps in the summation method are:

- (a) value each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods, and
- (b) add the value of the component assets together to reach the value of the subject asset.

Market Approach

The market approach provides an indication of value by comparing a business, business ownership interest, security, or intangible asset with identical or comparable (that is similar) subjects for which price information is available.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be similar. Furthermore, the price of two alike and similar items should be approximate to one another.

Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset’s most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate.

Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the Target Group operates, and other risks specific to the asset being valued.

Selected Valuation Method – Target Company 1

Valuation Subject	Methodology	Reason
Valuation of 100% Equity Interest in Target Company 1	Cost Approach – Summation Method	<p>The market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case.</p> <p>The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for Target Company 1.</p> <p>Target Company 1 is an investment company for which its value is mainly derived from the value of its investments, specifically the value of Target Investment 1, Target Investment 2, Target Investment 3 and Target Investment 4. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities adjusted for the lack of marketability was a fair representative presentation of the fair value of Target Company 1.</p> <p>In accordance with the IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, in which case the summation method is a method that calculate the value of an asset by the addition of the separate values of its component parts.</p> <p>Based on the above reason, the summation method under the cost approach meets the requirement of the IVS and is applicable to valuation.</p>

Selected Valuation Method – Target Company 2

Valuation Subject	Methodology	Reason
Valuation of 80% Equity Interest in Target Company 2	Cost Approach – Summation Method	<p data-bbox="758 327 1407 476">The market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case.</p> <p data-bbox="758 519 1407 625">The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for Target Company 2.</p> <p data-bbox="758 668 1407 817">The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the value of their holdings.</p> <p data-bbox="758 859 1407 1029">In accordance with the IVS, the cost approach is applied in the valuation of business when the business is an early stage or start-up business where profits and/or cash flow cannot be reliably determined and comparisons with other businesses under the market approach is impractical or unreliable.</p> <p data-bbox="758 1072 1407 1221">Target Company 2 was set up primarily to engage in the business of cryptocurrency mining. However, it has not yet commenced the business as at the Valuation Date. Therefore, its value is primarily derived from the value of its component assets.</p> <p data-bbox="758 1264 1407 1370">Based on the above reason, the summation method under the cost approach meets the requirement of the IVS and is applicable to valuation.</p>

Selected Valuation Method – Target Company 3

Valuation Subject	Methodology	Reason
Valuation of 80% Equity Interest in Target Company 3	Cost Approach – Summation Method	<p data-bbox="762 331 1407 476">The market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case.</p> <p data-bbox="762 519 1407 625">The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for Target Company 3.</p> <p data-bbox="762 668 1407 812">The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the value of their holdings.</p> <p data-bbox="762 855 1407 1046">In accordance with the IVS, the cost approach is applied in the valuation of business when the business is an early stage or start-up business where profits and/or cash flow cannot be reliably determined and comparisons with other businesses under the market approach is impractical or unreliable.</p> <p data-bbox="762 1089 1407 1229">Target Company 3 was set up primarily as a holding company with no commencement of business as at the Valuation Date. Therefore, its value is primarily derived from the value of its component assets.</p> <p data-bbox="762 1272 1407 1370">Based on the above reason, the summation method under the cost approach meets the requirement of the IVS and is applicable to valuation.</p>

GENERAL ASSUMPTIONS

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Target Group currently operates in and in new markets that the Target Group may potentially expand into as proposed by the Management;
- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Target Group;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Target Group operates in or the Target Group may potentially operate in;
- All relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Target Group under the normal course of business;
- The Target Group will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations; and
- Trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where the Target Group is or will be carrying on business.

MAJOR ASSUMPTIONS

A number of major assumptions were established to sufficiently support our application of the Summation Method. The major assumptions adopted are:

- Unaudited management accounts are accurate and no material different will be cause if audit is performed;
- The investment period of Target Investment 1, Target Investment 2 and Target Investment 3 are assumed to mature as agreed and that the general partner has no incentive to extend the investment periods;
- The Target Investment 2 and Target Investment 3 will not engage in Filecoin speculative trading during the investment period;
- The mining operation of Target Investment 2 and Target Investment 3 will not be expanded during the investment period;
- No deferred tax asset and liabilities arising from fair value change of the asset and liabilities considering the uncertainty on the future profit and loss of the Target Group and hence respective deferred tax asset/liabilities may not be benefit to/paid by the Target Group;
- Performance of the Target Group would not deviate from the performance of its industry peers.

VALUATION OF 100% EQUITY INTEREST IN TARGET COMPANY 1

Summation method under the cost approach is adopted in the valuation of Target Company 1. Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in Target Company 1. As of the Valuation Date, the core assets were the 4 Investments:

- 1) Target Investment 1 – 96.61% equity interest in Multi-Strategy Fund
- 2) Target Investment 2 – 100% equity interest in New Era Fund
- 3) Target Investment 3 – Capital investment in New World Fund
- 4) Target Investment 4 – 92,908 Preferred Share in SR Saphirstein AG

Details of the financial position of the Target Company 1 as at the Valuation Date were as follows:

Valuation Summary for the Target Company 1

	Carrying Amount HKD	Adjustment HKD	Fair Value HKD
CURRENT ASSETS			
Cryptocurrencies – platform account	337,102	–	337,102
Investment in Target investments 1 (<i>Note 1</i>)	119,179,261	(5,185)	119,174,075
Investment in Target investments 2 (<i>Note 1</i>)	26,630,406	(2,053,843)	24,576,563
Investment in Target investments 3 (<i>Note 1</i>)	67,317,602	(3,967,015)	63,350,587
	213,464,370	(6,026,043)	207,438,327
NON-CURRENT ASSETS			
Investment in Target investments 4 (<i>Note 1</i>)	8,899,944	(1,714,143)	7,185,801
TOTAL ASSETS	222,364,314	(7,740,186)	214,624,128
CURRENT LIABILITIES			
Amount due to related companies (<i>Note 2</i>)	(205,413,496)	–	(205,413,496)
Amount due to Schub Technology Limited	(12,568,308)	–	(12,568,308)
Accruals	(90,000)	–	(90,000)
TOTAL LIABILITIES	(218,071,803)	–	(218,071,803)
Net Asset Value of the Target Company 1			(3,447,675)
Fair Value of 100% Equity Interest in the Target Company 1 (rounded)			No Economic Value
Add: Fair value of Amount due to the Related Companies (<i>Note 3</i>)			201,965,820
Fair Value of 100% Equity Interest and Amount due to the Related Companies in the Target Company 1 (rounded)			201,966,000

* Sum may not equal to total due to rounding.

Note 1 Valuation on the Fair Value of the 4 target investments under the current and non-current assets are individually performed. For details, please refer to the sections below.

Note 2 Amount due to the related companies included current accounts of Sinohope Technology Holdings Limited, Sinohope Hong Kong Limited, Sinohope Digital Service Limited and New Huo Trust Company Limited. These current accounts will be assigned to the purchaser in this transaction. From Target Company 1's perspective, the actual liabilities in relations to the amount due to the related companies is the same as it's carrying amount and not fair value adjustment is necessary to make.

Note 3 A fair value downward adjustment is made. After assignment of the amount due to the related companies, the purchaser held the receivables form Target Company 1. From the purchaser's perspective, such receivables cannot be fully recovered as Target Company 1 recorded net liabilities of HK\$3,447,675, after fair value adjustment. Excluding the amount due to related companies of HK\$205,413,496, the fair value adjusted net asset value is only HK\$201,965,820.

1. VALUATION OF TARGET INVESTMENT 1

Target Investment 1 represents the investment of 96.61% Equity Interest in Multi-Strategy Fund, which is a fund that principally engaged in investment holdings. As at the Valuation Date, the core investments are the Top 200 Coins and virtual assets futures, including cryptocurrencies or derivatives that are linked to the Top 50 Coins.

For the valuation of Target Investment 1, the market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case. The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for Target Investment 1.

Summation method under the cost approach is considered and adopted. The core assets of Target Investment 1 are the cryptocurrencies, which market price is publicly available. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities was a fair representative presentation of the fair value of Target Investment 1. Besides, in accordance with IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, Target Investment 1 as an investment holding company fulfils the requirement of the IVS and applied for this valuation.

We noticed that the investment in cryptocurrencies represents the principal assets of the Target Investment 1. Given that (i) the investment in cryptocurrencies are the core assets which accounted for the majority of Target Investment 1's total assets as of the Valuation Date; and (ii) the book value of each of the assets and liabilities of the Target Investment 1 could be analyzed, adjusted, and appraised individually.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in Target Investment 1. Details of the financial position of the Target Investment 1 as at the Valuation Date were as follows:

Valuation Result – Target Investment 1 (96.61% Equity Interest in Multi-Strategy Fund)

	Carrying Amount <i>USD</i>	Adjustment <i>USD</i>	Fair Value <i>USD</i>
CURRENT ASSETS			
Investments			
Coinbase Prime (<i>Note 1</i>)	13,043,452	(1,423)	13,042,029
Coinbase – Operating Account (<i>Note 1</i>)	96	(1)	95
HEX Trust – Operating Account (<i>Note 1</i>)	10,861	7	10,868
Government Bonds (<i>Note 2</i>)	2,790,479	773	2,791,252
	<u>15,844,887</u>	<u>(644)</u>	<u>15,844,243</u>
Cash			
Signature Bank – Operating Account	4,350	–	4,350
Interactive Brokers – Operating Account	16,132	–	16,132
	<u>20,482</u>	<u>–</u>	<u>20,482</u>
Fund Receivables			
Prepaid Expenses	52,446	–	52,446
	<u>52,446</u>	<u>–</u>	<u>52,446</u>
TOTAL ASSETS	15,917,815	(644)	15,917,171
LIABILITIES			
Fund Payables			
Accrued Expenses	(61,627)	–	(61,627)
Due To Manager	(762)	–	(762)
Management Fees Payable	(43,888)	–	(43,888)
Capital Payable to Huobi Innovation Lab	(90,646)	–	(90,646)
Capital Payable to 2021 Investors	(5,427)	–	(5,427)
	<u>(202,350)</u>	<u>–</u>	<u>(202,350)</u>
TOTAL LIABILITIES	(202,350)	–	(202,350)
Net Asset Value of Multi-Strategy Fund, after fair value adjustment			15,714,820
Fair Value of Target Investment 1 (<i>in USD</i>)		96.61%	<u>15,182,049</u>
Fair Value of Target Investment 1 (<i>in HKD</i>)			<u><u>119,174,075</u></u>

* Sum may not equal to total due to rounding.

Note 1 The fair value of cryptocurrencies is calculated by taking the average of the market prices of Yahoo Finance and Cointelegraph as of the Valuation Date.

Note 2 The fair value of government bonds is calculated by taking the average of the Government Index Price from Bloomberg and the End of Day Price from Treasury Direct.gov as of the Valuation Date.

2. VALUATION OF TARGET INVESTMENT 2

Target Investment 2 represents the investment of 100% Equity Interest in New Era Fund, which is a fund that principally engaged in investment holdings. Target Investment 2 was established for the purpose of making investment in the cryptocurrency mining ecosystem. As at the Valuation Date, the core investment of Target Investment 2 is the Class B1 shares in HBCloud, which is principally engaged in Filecoin mining.

For the valuation of Target Investment 2, the market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case. The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for Target Investment 2. Summation method under the cost approach is considered and adopted. The core asset of Target Investment 2 is the Class B1 shares in HBCloud. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities was a fair representative presentation of the fair value of Target Investment 2. Besides, in accordance with IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, Target Investment 2 as an investment holding company fulfils the requirement of the IVS and applied for this valuation.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in Target Investment 2. Details of the financial position of the Target Investment 2 as at the Valuation Date were as follows:

Valuation Result – Target Investment 2 (100% Equity Interest in New Era Fund)

	Carrying Amount <i>USD</i>	Adjustment <i>USD</i>	Fair Value <i>USD</i>
ASSETS			
Bank Accounts (<i>Note 1</i>)	45,443	4	45,448
Investment in HBCloud (<i>Note 2</i>)	3,454,917	(261,651)	3,193,266
TOTAL ASSETS	3,500,361	(261,647)	3,238,714
LIABILITIES			
Accruals and Other Payable	(105,692)	–	(105,692)
Due To IM	(2,118)	–	(2,118)
TOTAL LIABILITIES	(107,810)	–	(107,810)
Net Asset Value of New Era Fund, after fair value adjustment			3,130,904
Fair Value of Target Investment 2 (<i>in USD</i>)			3,130,904
Fair Value of Target Investment 2 (<i>in HKD</i>)			24,576,563

* Sum may not equal to total due to rounding.

Note 1 Per the Management's classification, bank accounts consist of several types of cryptocurrencies. The fair value of cryptocurrencies is calculated by taking the average of the market prices of Yahoo Finance and Cointelegraph as of the Valuation Date.

Note 2 This represents the investment of Class B1 shares in HBCloud. Valuation on the Fair Value of the investment is individually performed. For details, please refer to the sections below.

Valuation of Class B1 Shares in HBCloud

HBCloud is principally engaged in Filecoin mining. As at the Valuation Date, the core asset of HBCloud is the cryptocurrency, which is Filecoin. Per the Management, no Filecoin speculative trading will be expected during the investment period of New Era Fund. The fund commenced on 6 May 2022 and will end on the fourth anniversary of the commencement date (i.e., 6 May 2026). It is expected the operation of HBCloud will also end on 6 May 2026.

For the valuation of Class B1 Shares in HBCloud, the income approach is considered and rejected. Considering the high volatility in the market price of Filecoin, reasonable projections of the amount and timing of future income are not available for HBCloud. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case. Furthermore, there are specific terms in the fund, e.g., the investment period and the distribution arrangement. It is difficult to make adjustments to the special circumstances of HBCloud when comparing with comparable companies. As such, the market approach is considered and rejected. However, there were available listed companies which engaged in cryptocurrencies mining. The market approach is applied to form a reasonable valuation analysis for cross-checking purpose.

Summation method under the cost approach is considered and adopted. The core assets of HBCloud are the Filecoin, which market price is available. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities was a fair representative presentation of the fair value of HBCloud. Besides, in accordance with IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, HBCloud as an investment holding company fulfils the requirement of the IVS and applied for this valuation.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual assets in HBCloud. After fair value adjustments are made, the fair value adjusted net assets are allocated to Class B1 and Class B2 shares. Details of the financial position of HBCloud as at the Valuation Date were as follows:

Financial Position of HBCloud as at the Valuation Date

	Carrying Amount <i>USD</i>	Adjustment <i>USD</i>	Fair Value <i>USD</i>
ASSETS			
Bank Accounts (<i>Note 1</i>)	220,414	35	220,448
Crypto-Storage Miner (<i>Note 2</i>)	1,667,360	(306,954)	1,360,406
Crypto-Subscription Node f01399133 (<i>Note 3</i>)	269,066	43	269,109
Property, plant and equipment (<i>Note 4</i>)	912,534	(216,384)	696,150
TOTAL ASSETS	3,069,374	(523,260)	2,546,113
LIABILITIES			
Accruals and Payable	(7,806)	–	(7,806)
TOTAL LIABILITIES	(7,806)	–	(7,806)
Net Asset Value of HBCloud, after fair value adjustment			2,538,308

Valuation Result – Class B1 Shares in HBCloud

	Net Asset Value <i>USD</i>	Adjustment <i>USD</i>	Fair Value <i>USD</i>
Class B1 Shares	3,454,917	(261,651)	3,193,266
Class B2 Shares	(393,349)	(261,609)	(654,958)
Total	3,061,568	(523,260)	2,538,308

* Sum may not equal to total due to rounding.

Note 1 Per the Management's classification, bank accounts consist of several types of cryptocurrencies. The fair value of cryptocurrencies is calculated by taking the average of the market prices of Yahoo Finance and Cointelegraph as of the Valuation Date.

Note 2 For the valuation of Crypto-Storage Miner, please refer to the below section.

Note 3 This crypto subscription node is subscribed by the shareholder of Class B2. Hence, the respective movement is not allocated to shareholders of Class B1, i.e., New Era Pioneer Mining Fund 1 LPF. Other than this, all the movement on assets and liabilities are shared between Class B1 and Class B2 shares.

Note 4 This represents cryptocurrencies mining machines. The cost approach is adopted for the determination of fair value. Under the cost approach, we estimate the costs that would be incurred to create an exact replica of the property, plant and equipment. Depreciation is calculated to reflect functional and external obsolescence. For the calculation of depreciation, the useful life is assumed to be the same as the fund operating period, i.e. ended on 6 May 2026.

Valuation of Crypto-Storage Miner

Crypto-Storage Miner represents Filecoin on hand. Per the Management, part of Filecoin had trading restriction. Some of the Filecoin were pledged for an agreed period of time to support continuous mining operation. As at the Valuation Date, there were 4 mining nodes with different maturity date. The restriction duration ranged from 8 months to 10 months. Besides, some of the mining rewards are locked. In the mining operation, 75% of the mining rewards were locked and released on straight-line basis for 180 days. If the mining operation ceased before the pledged/locked maturity date, all of the pledged/locked Filecoin will be confiscated. For the consideration of the restriction discount, it may be quantified using any reasonable method, but are typically calculated using option pricing models, studies that compare the value of publicly-traded shares and restricted shares in the same company, or studies that compare the value of shares in a company before and after an initial public offering (IPO).

The studies that compare the value of publicly-traded shares and restricted shares in the same company is considered and rejected. Restricted stock studies rely on the private placement or transaction of stock in publicly traded companies. Selecting a discount through restricted stock studies requires qualitative consideration. The studies compare the value of shares in a company before and after an IPO is considered and rejected, this approach tends to compare the private holdings of the same company more directly with its publicly issued shares. Finnerty model is adopted since it exactly measures the marketability discount for which the approximated period of each group of the Filecoin is restricted with different terms. As such, we consider that the discount derived would be a reasonable one.

The Finnerty model is a method to estimate the discount for lack of marketability (“**DLOM**”) of an asset that is not easily traded or sold. It is based on the idea that the holder of the asset has the option to sell it at any time during a certain period, and the optimal time to sell is when the asset price is highest. The model uses an average strike put option to calculate the DLOM, where the strike price is the average value of the asset over the period. The strike price is based on the predetermined period average value of the underlying asset. The model has been revised several times, with the latest version being the 2012 model. The Finnerty model can be applied to various types of securities, such as preferred stock, common units, and options on common stock.

The following is the formula for calculating DLOM using the Finnerty model:

$$DLOM = Ve^{-qT} \left[N\left(\frac{v\sqrt{T}}{2}\right) - N\left(-\frac{v\sqrt{T}}{2}\right) \right]$$

Where,

$$v\sqrt{T} = \sqrt{\sigma^2 T + \ln[2(e^{T\sigma^2} - \sigma^2 T - 1)] - 2\ln(e^{T\sigma^2} - 1)}$$

And the key assumptions used in the Finnerty model:

T = Holding period

r = risk free rate

q = Annualized dividend yield

σ = Annualized volatility of the underlying

V = Value of an unrestricted interest

The option pricing model is considered as the appropriate method in quantifying DLOMs in this case since it exactly measures the marketability discount for which the approximated period of each group of the Filecoin is restricted with different terms. Volatility is determined by referenced to Yahoo Finance's historical weekly Filecoin return. For the determination of risk-free rate, it is made reference to 3 different Filecoin staking platforms' reward rates taking average of Binance, Kucoin and OKX platforms' annual percentage rate. It is assumed the dividend yield is 0% as there is no dividend payout for cryptocurrency.

The following tables show the details of parameters adopted for each mining node:

Major Valuation Parameters – Pledged Mining Node of HBCloud

	Mining Node	Time to expiration (year)	Volatility	Risk-free Rate	Dividend Yield	DLOM
1	f01768970	0.65	111.00%	1.27%	0.00%	19%
2	f01885260	0.82	114.00%	1.27%	0.00%	21%
3	f01885280	0.81	115.00%	1.27%	0.00%	21%
4	f01845679	0.83	114.00%	1.27%	0.00%	21%

Major Valuation Parameters – Locked Reward of HBCloud

Mining Node	Time to expiration (year)	Volatility	Risk-free Rate	Dividend Yield	DLOM
Node 1- Node 4	0.25	126.00%	1.27%	0.00%	14%

Cross-checking – Valuation of HBCloud

As previously mentioned, we considered summation method as the most appropriate valuation method and applied in the valuation of HBCloud. As HBCloud is capital intensive, price to book multiple is also a relevant multiple of valuation. To access the reasonableness of the valuation result, we also performed the market approach to cross-check our result by price to book multiples of the comparable companies.

We have calculated the implied Price to Book (“P/B”) multiple of HBCloud based on the valuation result (i.e., Implied fair value of the 100% equity interest in HBCloud). Then, we obtained the P/B multiple of the Guideline Public Companies and compared with that of HBCloud.

We have exercise due care on searching the Guideline Public Companies of which the companies (1) listed on a stock exchange; (2) be principally engaged in cryptocurrency mining with majority of their revenue generated from cryptocurrency mining business segment; and (3) net asset value is positive. 16 Guideline Public Companies were identified. Among these 16 Guideline Public Companies, majority of them listed in United States or Canada. The implied P/B multiple of HBCloud was 0.83x which is within the range of the lower quartile (i.e., 0.68x) and upper quartile (i.e., 1.58x). Such cross-check result suggests that the valuation result derived from the cost approach is fair and fall within a reasonable range.

3. VALUATION OF TARGET INVESTMENT 3

Target Investment 3 represents the capital investment in New World Pioneer Mining Fund 1 LPF, which is a fund that principally engaged in investment holdings. Target Investment 3 was established for the purpose of making investment in the cryptocurrency mining ecosystem. As at the Valuation Date, the core investment of Target Investment 3 is the equity interest in FIL Limited, which is principally engaged in Filecoin mining. Target Investments 3 indirectly invested in FIL Limited through ZYB Limited, which is an investment holding company.

For the valuation of Target Investment 3, the market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case. The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for Target Investment 3.

Summation method under the cost approach is considered and adopted. The core asset of Target Investment 3 is the equity interests in ZYB Limited. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities was a fair representative presentation of the fair value of Target

Investment 3. Besides, in accordance with IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, Target Investment 3 as an investment holding company fulfils the requirement of the IVS and applied for this valuation.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in Target Investment 3. After fair value adjustments are made, the fair value adjusted net assets are allocated to the capital investment of Target Company 1. Details of the financial position of the Target Investment 3 as at the Valuation Date were as follows:

Financial Position of New World Pioneer Mining Fund 1 LPF as at the Valuation Date

	Carrying Amount USD	Adjustment USD	Fair Value USD
ASSETS			
Bank Accounts	779,824	–	779,824
Investment in ZYB Limited (Note 1)	16,696,176	(1,010,747)	15,685,429
Due from	18,267		18,267
	<u>17,494,266</u>	<u>(1,010,747)</u>	<u>16,483,519</u>
TOTAL ASSETS			
LIABILITIES			
Accruals and Payables	(223,277)	–	(223,277)
Due To FIL Limited and ZYB Limited	(112,019)	–	(112,019)
	<u>(335,296)</u>	<u>–</u>	<u>(335,296)</u>
TOTAL LIABILITIES			
Net Asset Value of Target Investment 3, after fair value adjustment			<u>16,148,223</u>

Valuation Result – Target Investment 3 (Capital Investment in New World Pioneer Mining Fund 1 LPF)

	Net Asset Value USD	Adjustment USD	Fair Value USD	Fair Value HKD
Target Company 1 – New Huo Solutions Limited				
	8,575,851	(505,373)	8,070,478	63,350,587
Chainup Technic Limited	8,583,119	(505,373)	8,077,745	
	<u>17,158,970</u>	<u>(1,010,747)</u>	<u>16,148,223</u>	
Total	17,158,970	(1,010,747)	16,148,223	

* Sum may not equal to total due to rounding.

Note 1 This represents the investment of 100% equity interest in ZYB Limited. Valuation on the Fair Value of the investment is individually performed. For details, please refer to the sections below.

3.1 Valuation of 100% Equity Interest in ZYB Limited

ZYB Limited is a fund which was principally engaged in investment holdings. As at the Valuation Date, the core investment of ZYB Limited is the equity interest in FIL Limited, which is principally engaged in Filecoin mining.

For the valuation of ZYB Limited, the market approach is considered and rejected. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case. The income approach is considered and rejected. As at the Valuation Date, reasonable projections of the amount and timing of future income are not available for ZYB Limited.

Summation method under the cost approach is considered and adopted. The core asset of ZYB Limited is the equity interest in FIL Limited. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities was a fair representative presentation of the fair value of ZYB Limited. Besides, in accordance with IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, ZYB Limited as an investment holding company fulfils the requirement of the IVS and applied for this valuation.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in ZYB Limited. Details of the financial position of ZYB Limited as at the Valuation Date were as follows:

Valuation Result – 100% Equity Interest in ZYB Limited

	Carrying Amount <i>USD</i>	Adjustment <i>USD</i>	Fair Value <i>USD</i>
ASSETS			
Bank Accounts (<i>Note 1</i>)	32,745	(2)	32,743
Investment in FIL Limited (<i>Note 2</i>)	16,672,505	(1,010,745)	15,661,760
Due from	3,237	–	3,237
	<u>16,708,486</u>	<u>(1,010,747)</u>	<u>15,697,739</u>
TOTAL ASSETS			
LIABILITIES			
Accruals and Payables	(6,116)	–	(6,116)
Amount Due to HEX Trust and Ascent Fund Services	(6,194)	–	(6,194)
	<u>(12,311)</u>	<u>–</u>	<u>(12,311)</u>
TOTAL LIABILITIES			
Net Asset Value of ZYB, after fair value adjustment			15,685,429
Fair Value of 100% Equity Interest in ZYB Limited			<u><u>15,685,429</u></u>

* *Sum may not equal to total due to rounding.*

Note 1 Per the Management's classification, bank accounts consist of several types of cryptocurrencies. The fair value of cryptocurrencies is calculated by taking the average of the market prices of Yahoo Finance and Cointelegraph as of the Valuation Date.

Note 2 This represents the investment of Class B1 shares in FIL Limited. Valuation on the Fair Value of the investment is individually performed. For details, please refer to the sections below.

3.2 Valuation of Class B1 Shares in FIL Limited

FIL Limited is principally engaged in Filecoin mining. As at the Valuation Date, the core asset of FIL Limited is the cryptocurrency, which is Filecoin. Per the Management, no Filecoin speculative trading will be expected during the investment period of New World Fund. The fund commenced on 30 April 2021 and will end on the third anniversary of the commencement date (i.e. 30 April 2024). It is expected the operation of FIL Limited will also end on 30 April 2024.

For the valuation of FIL Limited, the income approach is considered and rejected. Considering the high volatility in the market price of Filecoin, reasonable projections of the amount and timing of future income are not available for FIL Limited. We exercised due care on searching comparable transaction, in which no existence of historical transactions which similar to the circumstances of this case. Furthermore, there are specific terms in the fund, e.g., the investment period and the distribution arrangement, it is difficult to make adjustments to the special circumstances of FIL Limited when comparing with comparable companies. As such, the market approach is considered and rejected. However, there were available listed companies which engaged in cryptocurrencies mining. The market approach is applied to form a reasonable valuation analysis for cross-checking purpose.

Summation method under the cost approach is considered and adopted. The core assets of FIL Limited are Filecoin, which market price is available. Without forecasting the gain or loss, the sum of the fair value of the assets net of liabilities adjusted for the lack of marketability was a fair representative presentation of the fair value of FIL Limited. Besides, in accordance with IVS, the cost approach is applied in the valuation of business when the business is an investment or holding business, FIL Limited as an investment holding company fulfils the requirement of the IVS and applied for this valuation.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual assets in FIL Limited. After fair value adjustments are made, the fair value adjusted net assets are allocated to Class B1 and Class B2 shares. Details of the financial position of the core investment in FIL Limited as at the Valuation Date were as follows:

Financial Position of FIL Limited as at the Valuation Date

	Carrying Amount USD	Adjustment USD	Fair Value USD
ASSETS			
Bank Accounts (<i>Note 1</i>)	4,611,964	(271)	4,611,693
Collateral Cash	3,573,005	–	3,573,005
Crypto (<i>Note 2</i>)	4,393,949	(919,267)	3,474,681
Crypto-Subscription Node f01469945 (<i>Note 3</i>)	568,820	–	568,820
Due from New World Pioneer and Top Value Limited	450,083	–	450,083
Property, plant and equipment (<i>Note 4</i>)	7,208,784	(91,206)	7,117,577
TOTAL ASSETS	20,806,605	(1,010,745)	19,795,860
LIABILITIES			
Interest Payable-Loans	(63,667)	–	(63,667)
Loans Payable	(3,435,671)	–	(3,435,671)
Accruals and Payable	(58,158)	–	(58,158)
Due to	(7,783)	–	(7,783)
TOTAL LIABILITIES	(3,565,280)	–	(3,565,280)
Net Asset Value of FIL Limited, after fair value adjustment			16,230,581

Valuation Result – Class B1 Shares in FIL Limited

	Net Asset Value USD	Adjustment USD	Fair Value USD
Class B1 Shares	16,672,505	(1,010,745)	15,661,760
Class B2 Shares	568,820	–	568,820
Total	17,241,326	(1,010,745)	16,230,581

* Sum may not equal to total due to rounding.

Note 1 Per the Management's classification, bank accounts consist of several types of cryptocurrencies. The fair value of cryptocurrencies is calculated by taking the average of the market prices of Yahoo Finance and Cointelegraph as of the Valuation Date.

Note 2 For the valuation of Crypto, please refer to the below section.

Note 3 This crypto subscription node is subscribed by the shareholder of Class B2. Hence, the respective ownership and movement are not allocated to shareholders of Class B1, i.e. ZYB Limited. Other than this, all the movement on assets and liabilities are allocated to Class B1 shares.

Note 4 This represents cryptocurrencies mining machines. The cost approach is adopted for the determination of fair value. Under the cost approach, we estimate the costs that would be incurred to create an exact replica of the property, plant and equipment. Depreciation is calculated to reflect functional and external obsolescence. For the calculation of depreciation, the useful life is assumed to be the same as the fund operating period, i.e. ended on 30 April 2024.

Valuation of Crypto

Crypto represents Filecoin on hand. Per the Management, part of Filecoin had trading restriction. Some of the Filecoin were pledged for an agreed period of time to support continuous mining operation. As at the Valuation Date, there were 7 mining nodes with different maturity dates. The restriction duration ranged from 10 months to 18 months. Besides, some of the mining rewards are locked. In the mining operation, 75% of the mining rewards were locked and released on straight-line basis for 180 days. If the mining operation ceased before the pledged/locked maturity date, all of the pledged/locked Filecoin will be confiscated. For the consideration of the restriction discount, it may be quantified using any reasonable method, but are typically calculated using option pricing models, studies that compare the value of publicly-traded shares and restricted shares in the same company, or studies that compare the value of shares in a company before and after an initial public offering (IPO).

The studies that compare the value of publicly-traded shares and restricted shares in the same company is considered and rejected. Restricted stock studies rely on the private placement or transaction of stock in publicly traded companies. Selecting a discount through restricted stock studies requires qualitative consideration. The studies compare the value of shares in a company before and after an IPO is considered and rejected, this approach tends to compare the private holdings of the same company more directly with its publicly issued shares. Finnerty model is adopted since it exactly measures the marketability discount for which the approximated period of each group of the Filecoin is restricted with different terms. As such, we consider that the discount derived would be a reasonable one. The following tables show the details of parameters adopted for each mining node:

The option pricing model is considered as the appropriate method in quantifying DLOMs in this case since it exactly measures the marketability discount for which the approximated period of each group of the Filecoin is restricted with different terms. Volatility is determined by referenced to Yahoo Finance's historical weekly Filecoin return. For the determination of risk-free rate, it is made reference to 3 different Filecoin staking platforms' reward rates taking average of Binance, Kucoin and OKX platforms' annual percentage rate. It is assumed the dividend yield is 0% as there is no dividend payout for cryptocurrency.

Major Valuation Parameters – Pledged Mining Node of FIL

	Mining Node	Time to expiration (year)	Volatility	Risk-free Rate	Dividend Yield	DLOM
1	f01488667	0.93	119.00%	1.27%	0.00%	23%
2	f01791896	0.83	113.00%	1.27%	0.00%	21%
3	f02045964	1.48	113.00%	1.27%	0.00%	26%
4	f02058557	1.49	113.00%	1.27%	0.00%	26%
5	f02059055	1.49	113.00%	1.27%	0.00%	26%
6	f02063202	1.49	113.00%	1.27%	0.00%	26%
7	f02064089	1.49	113.00%	1.27%	0.00%	26%

Major Valuation Parameters – Locked Reward of FIL

Mining Node	Time to expiration (year)	Volatility	Risk-free Rate	Dividend Yield	DLOM
Node 1- Node 7	0.25	126.00%	1.27%	0.00%	14%

Cross-checking – Valuation of FIL Limited

As previously mentioned, we considered summation method as the most appropriate valuation method and applied in the valuation of FIL Limited. As FIL Limited is capital intensive, price to book multiple is also a relevant multiple of valuation. To access the reasonableness of the valuation result, we also performed the market approach to cross-check our result by price to book multiples of the comparable companies.

We have calculated the implied Price to Book (“**P/B**”) multiple of FIL Limited based on the valuation result (i.e., Implied fair value of the 100% equity interest in FIL Limited). Then, we obtained the P/B multiple of the Guideline Public Companies and compared with that of FIL Limited.

We have exercise due care on searching the Guideline Public Companies of which the companies (1) listed on a stock exchange; (2) be principally engaged in cryptocurrency mining with majority of their revenue generated from cryptocurrency mining business segment; and (3) net asset value is positive. 16 Guideline Public Companies were identified. Among these 16 Guideline Public Companies, majority of them listed in United States or Canada. The implied P/B multiple of HBCloud was 0.94x which is within the range of the lower quartile (i.e., 0.68x) and upper quartile (i.e., 1.58x). Such cross-check result suggests that the valuation result derived from the cost approach is fair and fall within a reasonable range.

4. VALUATION OF TARGET INVESTMENT 4

Target Investment 4 represents the investment in 92,908 preferred B shares in SR Saphirstein AG. The equity value of SR Saphirstein AG is one of the key inputs for the valuation of the preferred B shares. We considered the market approach to derive the equity value of SR Saphirstein AG. As SR Saphirstein AG is a newly startup company providing multi-currency digital wallet, crypto and fiat currency money transfer, cryptocurrency top-up and account services, through implementation of blockchain technology, both revenue and earnings are not ready in valuation multiple derivation in view of sustainable perspective. Instead, its niche service provision draws attention of numerous users from the market, hence valuation multiple of price-to-users (“**P/User**”) is selected to form valuation of SR Saphirstein AG. We have exercised due care on searching the guideline comparable transactions and public companies of which the subjects (1) have publicly available financing round information or listed on a stock exchange; (2) have publicly available user information and (3) are involved in providing multi-currency wallet, fiat and crypto currency money transfer and cryptocurrency account services and 16 comparable subjects are identified.

The comparable subjects are listed as follows:

P/User Multiple of the comparable subjects

#	Comparable Company	Company Description	P/User (rounded)
1	Coinbase Global Inc	Coinbase is a cryptocurrency exchange and wallet service provider that allows users to buy, sell, transfer, and store cryptocurrency. Coinbase serves clients worldwide. Coinbase Wallet is a self-custody crypto wallet, putting its customers in full control of the private keys to their assets on the blockchain. Coinbase also accepts fiat currencies for depositing funds into wallet.	106.0x
2	Wise Plc	Wise PLC offers platform to make crypto and fiat currency money transfers. Wise serves customers worldwide. Wise users can use their Wise card to deposit funds into cryptocurrency exchanges such as Binance, Coinbase and Kraken. Moreover, Wise users can receive money from a platform (regulated or supervised in the EU or UK) that deals with cryptocurrencies to their Wise account.	841.2x
3	PayPal Holdings Inc	PayPal Holdings, Inc. operates as a holding company. The Company supports the transfer of cryptocurrencies between PayPal, Venmo and other wallets and exchanges. PayPal users can also convert the cryptocurrency to fiat currency in paying the merchants. PayPal Holdings serves customers worldwide.	148.0x
4	Payoneer Global Inc	Payoneer Global Inc. provides online payment solutions. Payoneer Global serves customers worldwide. The Company is crypto-friendly as the users can use their debit or credit card to deposit fiat currencies to globally regulated cryptocurrency exchanges and purchase digital assets.	331.9x
5	The Green Dot Corporation	Green Dot Corporation operates as a bank holding company. Green Dot offers its products and services to consumers across the United States. Green Dot Bank allows customers to invest in cryptocurrencies via credible platforms that are registered with the Financial Crimes Enforcement Network (FinCEN) and accept USD deposits.	159.7x

#	Comparable Company	Company Description	P/User (rounded)
6	Nu Holdings Ltd	Nu Holdings Ltd is a Brazil-based company that provides a digital banking platform. NU Holdings serves clients worldwide. Nu Holdings entered the crypto market by launching the Nucrypto platform, which offers trading in a range of tokens including Bitcoin and Ethereum. Customers will be able to trade Nucoins for fiat currency through the platform.	210.7x
7	Remitly Global Inc	Remitly Global, Inc. provides financial services. The Company serves customers worldwide. Remitly Global serves as a channel for users to fund accounts on compliant exchanges, investing in various cryptocurrencies with USD, CAD, EUR and other currencies.	478.7x
8	Revolut Bank UAB	Revolut is a UK-based online bank that is an alternative to traditional banking products. It is registered with the Financial Conduct Authority in the UK to offer services for buying, selling and exchanging cryptocurrency, like Bitcoin and Ethereum. Revolut users can exchange fiat currencies to Ethereum or Bitcoin and vice versa, based on a predetermined target rate.	1,970.3x
9	Venmo Inc	Venmo, LLC provides payments services. Venmo operates in the United States. Customers in the US (except Hawaii) can buy, sell, transfer, and hold Bitcoin, Ethereum, Litecoin and Bitcoin Cash on Venmo. Venmo enable fiat-to-crypto payments as well.	646.9x
10	Cash App Investing LLC (Square/Block)	Cash App is a multipurpose financial app, offers various capabilities, including money transfers, investment options and cryptocurrency purchases. Cash App acts as a Bitcoin wallet, providing users the capacity to handle transactions, invest in stocks, and explore Bitcoin.	2,470.2x
11	Zepz (formerly WorldRemit group)	Worldremit Group Limited provides digital payment processing services. Worldremit Group serves customers worldwide. The Company is powering two leading global payment brands, WorldRemit and Sendwave. WorldRemit/Sendwave both are popular method of payment for buying and selling Bitcoin on a number of marketplaces.	390.5x

#	Comparable Company	Company Description	P/User (rounded)
12	WeSwap.com Ltd	WeSwap.com Ltd., an instant peer-to-peer token exchange where users can buy and sell Ethereum tokens in a decentralized manner. The Company offers currency exchange solution that helps to exchange currencies.	81.9x
13	Monzo Bank Ltd	Monzo Bank Limited provides digital banking services. Monzo Bank serves customers in the United Kingdom. The Company is crypto-friendly as Monzo users can actively engage in the crypto market by transferring British Pounds via ACH or Card Transfer to Financial Conduct Authority (FCA) regulated cryptocurrency exchanges.	524.4x
14	Starling Bank Limited	Starling Bank Limited is a mobile application focused bank. Starling Bank operates in the United Kingdom. The Company is crypto-friendly as Starling customers have option to purchase cryptocurrencies via UK-regulated exchanges, using either the Faster Payments Service (FPS) or their debit card.	1,062.2x
15	N26 GmbH	N26 GmbH provides financial services. The Company serves customers worldwide. N26 Crypto serves as a fiat and crypto currency wallet, which allows users to manage and monitor both cash and crypto in N26 app. N26 users can buy and sell almost 200 coins, including Bitcoin, Ethereum and Cardano with N26 Crypto. All coins purchased with N26 Crypto are safely stored in a custodial storage.	935.5x
16	Chime Financial Inc	Chime Financial, Inc. develops online banking software. Chime Financial serves customers in the State of California. The Company is crypto-friendly as Chime customers can explore digital assets through licensed exchanges, utilizing USD transferred from their Chime accounts to purchase cryptocurrencies on the platform of their choosing.	1,862.6x

The median P/User multiple was 501.5x, together with best available 13,437 users of Fiat24, the equity value of SR Saphirstein AG was concluded to be CHF 6,738,976.

After determining the fair value of the equity interest in SR Saphirstein AG as at the Valuation Date, we can then determine the fair value of the Target Investment 4. The option pricing method considers the various terms of the stockholder agreements that would affect the distributions to each class of equity upon a liquidity event, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations.

In the liquidity event, we adopted the following procedures:

1. Identify the critical terms of the Target Investment 4, including the liquidation preferences, the conversion rights and the participation rights;
2. Determine the breakpoints, the point at which each class of equity reaches in-the-money status;
3. Determine the parameters that would be adopted in the Black-Scholes model, including stock price (equity value of the Company), exercise price (the breakpoints determined in step 2), time to settlement, volatility and risk-free rate;
4. Calculate the breakpoint value by the Black Scholes model;
5. Allocate the incremental option values to respective equity classes.

To facilitate the valuation under Black-Scholes model, the following major assumptions are made:

- i. The expected liquidity date as at the Valuation Date is assumed to be 12 April 2027, which is the 5-year from the conversion date of preferred B shares held by the Target Company 1;
- ii. The short-term interest rates are known and constant through time;
- iii. There is no arbitrage opportunity;
- iv. The stock price of SR Saphirstein AG follows a continuous-time random walk;
- v. The variance of the rate of return on the stock is constant;
- vi. The stock returns resemble a log-normal distribution;
- vii. There are no taxes, commissions or other transaction costs in buying or selling the stock or option.

Major Valuation Parameters

Valuation Date	31 March 2023
Equity Value of SR Saphirstein AG (<i>CHF</i>)	6,738,976
Exercise Price (<i>CHF</i>)	Breakpoint #1: 5,603,467 Breakpoint #2: 14,310,716 Breakpoint #3: 27,762,116
Volatility	57.11%
Risk-free rate	1.18%
Dividend yield	0.00%
Time to liquidity (<i>year</i>)	4.03

Valuation Result – Target Investment 4: SR Saphirstein AG

Valuation Date	31 March 2023
Equity Structure	
Preferred B Share (<i>CHF/per share</i>)	9.02
Number of Preferred B Share held by Target Company 1	92,908
Fair Value of Target Investment 4 (<i>CHF</i>)	837,829
Fair Value of Target Investment 4 (<i>USD</i>)	915,412

VALUATION OF 80% EQUITY INTEREST IN TARGET COMPANY 2**Summation Method**

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the value of their holdings. The key steps in the summation method are:

- a) value each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods, and
- b) add the value of the component assets together to reach the value of the subject asset.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in Target Company 2. Details of the financial position of the Target Company 2 as at the Valuation Date were as follows:

Valuation Result – Target Company 2: HBTPower Limited

	Carrying Amount <i>HKD</i>	Adjustment <i>HKD</i>	Fair Value <i>HKD</i>
CURRENT ASSETS			
Deposit (<i>Note 1</i>)	46,313,053	–	46,313,053
TOTAL ASSETS	46,313,053	–	46,313,053
CURRENT LIABILITIES			
Amount due to related companies (<i>Note 2</i>)	(1,001,806)	–	(1,001,806)
Amount due to Mcore Limited	(2,119,411)	–	(2,119,411)
Accruals	(706,470)	–	(706,470)
	(3,827,687)	–	(3,827,687)
NON-CURRENT LIABILITIES			
Amount due to related companies (<i>Note 2</i>)	(39,248,350)	–	(39,248,350)
TOTAL LIABILITIES	(43,076,037)		(43,076,037)
Net Asset Value of the Target Company 2			3,237,016
Fair Value of 80% Equity Interest in the Target Company 2		80%	2,589,613
Add: Amount due to the Related Companies (<i>Note 2</i>)			40,250,156
Fair Value of 80% Equity Interest and Amount due to the Related Companies in the Target Company 2 (rounded)			42,840,000

* Sum may not equal to total due to rounding.

Note 1 This represents deposits paid for purchasing cryptocurrencies mining equipment and assume the carrying amount can reflect its fair value.

Note 2 Amount due to the related companies included current accounts of Sinohope Hong Kong Limited, Sinohope APAC Limited, Hainan HuoDong Technology Ltd and Hbit Limited. These current accounts will be assigned to the purchaser in this transaction.

VALUATION OF 80% EQUITY INTEREST IN TARGET COMPANY 3

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the value of their holdings. The key steps in the summation method are:

- a) value each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods, and
- b) add the value of the component assets together to reach the value of the subject asset.

Fair Value is determined by the sum-of-parts, which are the Fair Value of individual asset in Target Company 3. Details of the financial position of the Target Company 3 as at the Valuation Date were as follows:

Valuation Result – Target Company 3: HBTPower Inc

	Carrying Amount <i>USD</i>	Adjustment <i>USD</i>	Fair Value <i>USD</i>
CURRENT LIABILITIES			
C/A with shareholders	(1,250)	–	(1,250)
TOTAL LIABILITIES	(1,250)	–	(1,250)
Net Asset Value of the Target Company 3			(1,250)
Fair Value of 80% Equity Interest in the Target Company 3		80%	(1,000)
Fair Value of 80% Equity Interest in the Target Company 3 (rounded)			No
			<u>Economic Value</u>

* Sum may not equal to total due to rounding.

SUMMARY OF VALUATION RESULT

As the final step of our valuation, we consolidated our above findings and discussions into the following summary of valuation result:

Subject of Valuation	Valuation Result (HKD)
Fair Value of 100% Equity Interest in Target Company 1	No Economic Value
Fair Value of Amount Due to Related Companies in Target Company 1	201,966,000
Fair Value of 100% Equity Interest and Amount due to the Related Companies in the Target Company 1 (rounded)	201,966,000

Subject of Valuation	Valuation Result (HKD)
Fair Value of 80% Equity Interest in Target Company 2	2,589,613
Fair Value of Amount Due to Related Companies in Target Company 2	40,250,156
Fair Value of 80% Equity Interest and Amount due to the Related Companies in the Target Company 2 (rounded)	42,840,000

Subject of Valuation	Valuation Result (HKD)
Fair Value of 80% Equity Interest in Target Company 3	No Economic Value

RISK FACTORS**Price Risk**

The profitability of the Target Group is directly related to the current and future market price of cryptocurrency; a decline in the market prices for coins could negatively impact the Target Group's future operations. The cryptocurrency prices are subject to various forces including global supply and demand, exchanges rates, global political and economic conditions. Global economy crisis may lead to increased inflation and have the effect of discouraging investment in virtual assets and investors might shift their investments to less volatile or traditional assets. There may be a significant decline in virtual assets activities, which could adversely affect digital asset networks and the Target Group's operation.

Liquidity Risk

Two of the major investments of the Target Company 1 are primarily engaged in the cryptocurrency mining industry, a highly volatile market with significant inherent risk. Declines in the market prices of cryptocurrencies, an increase in the difficulty of cryptocurrency mining, delays in the delivery of mining equipment, changes in the regulatory environment and other adverse changes in the industry could have a material and negative impact on the Target Company 1's operations and cash flows and its ability to maintain sufficient liquidity to meet its financial obligations. In addition, the Target Company 1 may not be able liquidate its inventory of cryptocurrency at its desired price if required. Adverse changes to the factors mentioned above might impact the recoverability of the Target Company 1's digital assets, resulting in impairment losses.

Regulatory Risk

Digital asset market is a rapidly evolving sector, the regulatory approach to which is not always certain and is still developing. Regulatory changes or actions in foreign jurisdictions may affect the Target Group's business or restrict the use of digital assets, mining activity or the operation of the digital asset exchange market in a manner that adversely affects the Target Group's business. If regulators take actions that restrict digital asset mining activities, breach of any regulatory requirements may give rise to reputational, financial, or other sanctions against the Target Group.

STATEMENT OF LIMITING CONDITIONS

- Absent a statement to the contrary, we have assumed that no hazardous conditions or materials exist which could affect the Target Group or its assets. However, we are not qualified to establish the absence of such conditions or materials, nor do we assume the responsibility for discovering the same.
- The business interest and subject business assets have been valued free and clear of any liens or encumbrances unless stated otherwise. No hidden or apparent conditions regarding the subject business assets or their ownership are assumed to exist.
- All information provided by the client and others is thought to be accurate. However, we offer no assurance as to its accuracy.
- Unless stated otherwise in this report, we have assumed compliance with the applicable local laws and regulations.
- We assume no responsibility for the legal matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable.
- The report may not fully disclose all the information sources, discussions and business valuation methodologies used to reach the conclusion of value. Supporting information concerning this report is on file with our company.
- The valuation analysis and conclusion of value presented in the report are for the purpose of this engagement only and are not to be used for any other reason, any other context or by any other person except the client to whom the report is addressed.

- The opinion of value expressed in this report does not obligate us to attend court proceedings with regard to the subject business assets, properties or business interests, unless such arrangements have been made previously.
- Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.
- We have only considered circumstances existing as at the Valuation Date. An event that could affect the value may occur subsequent to the Valuation Date. Such an occurrence is referred to as a subsequent event which is not considered in the valuation.

CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuing methodologies which we have employed, we are of the opinion that the Fair Value of 100% Equity Interest and amount due to the related companies in New Huo Solutions Limited, 80% Equity Interest and amount due to the related companies in HBTPower Limited and 80% Equity Interest in HBTPower Inc as at 31 March 2023 are as follows.

Subject of Valuation	Valuation Result (HKD)
1) Fair Value of 100% Equity Interest and amount due to the related companies in New Huo Solutions Limited	
2) 80% Equity Interest and amount due to the related companies in HBTPower Limited	244,806,000
3) 80% Equity Interest in HBTPower Inc	

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained. We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to the any of the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
For and on behalf of
VALTECH VALUATION ADVISORY LIMITED

INVOLVED STAFF BIOGRAPHY**Marvin Wong, CPA**

Mr. Wong has over ten years of experience in the professional service industry, including auditing, internal control advisory, financial due diligence, and with a focus on business valuation services. Mr. Wong is experienced in performing business valuation for State-owned enterprises, private and public companies. He provides valuation services mainly to support the purpose of financial reporting, mergers and acquisitions, tax filing and fund raising. He has performed valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC, listed companies' circular filing in Hong Kong and Singapore.

He has earned valuation experience in industries including but not limited to food and beverage, education, financial service, hotel, toll road, mining, ship building, pharmacy, agriculture, trading, e-platform, marketing, person-to-person microlending, waste management, intelligent parking, etc. He is also experienced in intangible asset valuation including customer relationship, trademark, franchise agreement, mining right, patent, distribution network and concession right.

Max Tsang, CPA, CFA, FRM, MRICS, MStat

Mr. Tsang has been working in the professional valuation field since 2011. Before joining the valuation field, he worked in banking and finance sector from 2008 to 2010. Mr. Tsang has been leading a team of business valuation for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions, financing, tax and litigation support. The scope of services includes business valuation and intangible asset valuation. He has performed valuation and provided fairness opinion for listed companies in the United States, Australia and Germany. He has participated in many representative projects, such as valuation of global luxury brands, oil and gas extraction in the United States and Canada, BOT infrastructural project, solar and wind power plants, banks, logistic hub in Singapore, toll road in the United Kingdom, container port in Brazil and premium food manufacturer in Spain.

He has provided valuation advisory services for private equity funds in Hong Kong and the PRC regarding market value assessment of the general partner's stakes and investment portfolios for valuation control and financial reporting purposes (including compliance with IFRS 9). The investment portfolios included renowned internet and technology companies as well as infrastructural projects in China. He has also served as the expert witness for litigation. He is also experienced in valuation of overseas projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. The valuation reports prepared by Mr. Tsang and his team have been regularly referenced by Hong Kong listed companies in their circulars, including companies in agriculture, retail, mining, internet, automobile, education, financial services, multimedia, internet, real estate, entertainment, electronic equipment and infrastructural sectors.

Keith Lui, CFA, FRM

Mr. Lui is a Bachelor of Science in quantitative finance and risk management science in university and has been working in the professional valuation field since 2013. Mr. Lui has been joining in business valuation industries for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions and financing since graduation. The scope of services includes business valuation, intangible asset valuation and financial instruments valuation.

He is also experienced in valuation of overseas projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. The valuation reports prepared by Mr. Lui has been referenced by Hong Kong listed companies in their circulars, including companies in agriculture, mining, internet and real estate sectors.

Bobby Zhu

Mr. Zhu has valuation experience in various industries including but not limited to clean energy, manufacturing, utility and infrastructure, mining, etc. Prior to joining Valtech Valuation, he worked in another valuation firm where he participated in many business valuation projects to support clients for the purpose of financial reporting, mergers and acquisitions. He has also gained experience in performing valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. Earlier to that, he worked as Corporate Financial analyst in Sony and Dell and Corporate Auditor in Natuzzi China. Bobby earned his Financial Management Degree from Shanghai University of Finance & Economics.

Carmen Goh

Ms. Goh completed her Financial Services Degree with various internships and academic experience in Hong Kong, Shanghai, and Germany. Before joining the valuation field, she gained experience in the Corporate Development department, responsible for market research and financial analysis, supporting business development for new ventures. Since joining Valtech Valuation, she gained experience in different industries but not limited to food and beverage, sports, lighting, financial services, etc. She is accumulating and enriching her experience in providing valuation services for public and private companies in China and Hong Kong.

GENERAL SERVICE CONDITIONS

The service(s) we provide will conform to the professional appraisal standard. The proposed service fee is not contingent in any way upon our conclusions of value or result. All the data provided to us is assumed to be accurate without independent verification. As an independent contractor, we have and will reserve the right to use subcontractors. Furthermore, we have the right to retain all files, working papers or documents developed by us during the engagement for as long as we wish, which will also be our property.

The report we prepare is prohibited for any other use but only for the specific purpose stated herein. No reliance may be made by any third party on the report or part thereof without our prior written consent. The report along with this General Services Conditions could be shown to the third parties who need to review the information contained herein.

No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including all fees of lawyers, including ours and the parties successfully suing us, to which we may become subject in connection with this engagement except in respect of our own negligence. Your obligation for indemnification and reimbursement shall extend to any of our management and employees, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of the nature of the claim, such liability will be limited to the amount of fees we received for this engagement.

We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative processes or proceedings. Meanwhile, we reserve the right to include your company/firm name in our client list.

The conditions stated in this section can only be modified by written documents executed by both parties.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements for each of the three years ended 30 September 2020, 2021 and 2022 of the Company together with relevant notes thereto are disclosed in the following documents which have been published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sinohope.com/>). Please refer to the hyperlinks as stated below:

- pages 64 to 156 of the annual report of the Company for the year ended 30 September 2020 published on 22 January 2021.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0122/2021012201048.pdf>

- pages 82 to 184 of the annual report of the Company for the year ended 30 September 2021 published on 25 January 2022.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0125/2022012500646.pdf>

- pages 101 to 208 of the annual report of the Company for the year ended 30 September 2022 published on 26 January 2023.

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0126/2023012600387.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK\$471.65 million which are unsecured and unguaranteed loan from a related company.

As at 30 September 2023, the Group had outstanding lease payments in respect of leasehold land and buildings of approximately HK\$2.91 million which were secured by rental deposits paid by the Group and unguaranteed.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 September 2023, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

To the best knowledge of the Directors, having made all reasonable enquiries, there has not been any material change in the indebtedness, contingent liabilities and commitments of the Group since 30 September 2023 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the Group's internal resources, available credit facilities and the estimated net proceeds from the Disposal, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

One of the primary business objectives of the Group has all along been the development of its business so as to achieve sustainable growth. Upon Completion of the Disposal, the Target Companies will cease to be subsidiaries of the Company. Accordingly, the financial results of each of the Target Companies will no longer be consolidated into the consolidated financial statements of the Company.

The Group expects the impact of the Disposal to be minimal on the Group's business. The Board considers that it is economically more beneficial and cost-effective for the Group to place its focus on the Group's other businesses, being provision of technology solution services and the conducting of businesses in virtual asset ecosystem, which presented stable growth and development. It is expected that the amount saved from the Disposal will be able to partially offset expected income which could have been derived from the Target Group had they not been disposed of. Following the Disposal and after deducting the various expenses arising from the Disposal, the Group expects to generate additional liquidity in support of the rapid development of such other businesses of the Group. For details of the benefits of the Disposal to the Group, please refer to the section headed "**REASONS FOR AND BENEFITS OF THE DISPOSAL**" in this circular.

Looking forward for the financial year commencing from 1 October 2022, with the lifting of the government anti-COVID-19 measures, we are cautiously optimistic that the performance of the Group will rebound in 2023. The Directors will closely monitor the situation and evaluate the prevailing market condition and how it impacts our operations and financial position on a continuing basis. It will remain the Company's aim to reinforce its own comprehensive competitive edges and to strengthen, develop and diversify its business portfolio in a sustainable manner to enhance its capability to create value for the Shareholders. The Group will also continuously review and improve its corporate management, aiming to sustainably optimise its business processes and enhance its management efficiency, thereby ensuring the Group's operations remain stable amid the adversity.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save and except the Company's record of a loss of approximately HK\$99.4 million in November 2022 due to failure to withdraw cryptocurrency assets from the FTX Trading Ltd., as disclosed in the interim report of the Company dated 29 May 2023 which might have an impact on the financial and trading position of the Group, the Directors were not aware of any material adverse changes in the financial and trading position of the Group since 30 September 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

Name of Director	Capacity in which Shares were held	Number of Shares (Note 2)	Approximate percentage of the issued share capital
Mr. Li Lin (Note 2)	Interest of controlled corporation (Note 1)	125,021,261	26.83%
Mr. Du Jun (Note 3)	Beneficial owner	81,569,446	17.51%

Notes:

- Mr. Li holds more than one-third interest in the total issued share capital of Avenir Cayman Holding Limited. Therefore, Mr. Li is deemed to be interested in the shares held by Avenir Cayman Holding Limited for the purpose of Part XV of the SFO.
- The letter “L” denotes the long position in the Shares.
- Mr. Du is the beneficial owner of 78,569,446 Shares and 3,000,000 underlying interest in Shares in respect of the share options of the Company which are exercisable into 3,000,000 Shares. Hence, Mr. Du is deemed to be interested in 81,569,446 Shares for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying in Shares and Securities of the Company

As at the Latest Practicable Date, to the best knowledge of the Directors and the senior management of the Company, the following are the persons, who had interests or short positions in the shares and underlying shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity in which Shares were held	Number of Shares <i>(Note 5)</i>	Approximate percentage of the issued share capital
Mr. Li Lin (“ Mr. Li ”)	Interest of controlled corporation <i>(Note 1)</i>	125,021,261	26.83%
Avenir Cayman Holding Limited	Beneficial owner <i>(Note 1)</i>	125,021,261	26.83%
Mr. Du	Beneficial owner <i>(Note 2)</i>	81,569,446	17.51%
Mr. Zhong Gengfa	Interest of controlled corporation <i>(Note 3)</i>	82,300,000	17.66%
ON CHAIN Technology LIMITED	Beneficial owner <i>(Note 3)</i>	82,300,000	17.66%
Mr. Shen Nan Peng (“ Mr. Shen ”)	Interest of controlled corporation <i>(Note 4)</i>	36,133,572	7.75%
SNP China Enterprises Limited	Interest of controlled corporation <i>(Note 4)</i>	36,133,572	7.75%
HSG Holding Limited	Interest of controlled corporation <i>(Note 4)</i>	36,133,572	7.75%

Name of Shareholders	Capacity in which Shares were held	Number of Shares (Note 5)	Approximate percentage of the issued share capital
HongShan Capital Venture Fund IV, L.P.	Interest of controlled corporation (Note 4)	29,959,572	6.43%
HSG Venture IV Management, L.P.	Interest of controlled corporation (Note 4)	29,959,572	6.43%
HSG CV IV Senior Holdco, Ltd.	Interest of controlled corporation (Note 4)	29,959,572	6.43%
HSG CV IV Holdco, Ltd.	Beneficial owner	29,959,572	6.43%

Notes:

- Mr. Li holds more than one-third interest in the total issued share capital of Avenir Cayman Holding Limited. Therefore, Mr. Li is deemed to be interested in the shares held by Avenir Cayman Holding Limited for the purpose of Part XV of the SFO.
- Mr. Du is the beneficial owner of 78,569,446 Shares and 3,000,000 underlying interest in Shares in respect of the share options of the Company which are exercisable into 3,000,000 Shares. Hence, Mr. Du is deemed to be interested in 81,569,446 Shares for the purpose of Part XV of the SFO.
- Mr. Zhong Gengfa holds 100% interest in the total issued share capital of ON CHAIN Technology LIMITED. Therefore, Mr. Zhong is deemed to be interested in the shares held by ON CHAIN Technology LIMITED for the purpose of Part XV of the SFO.
- HSG CV IV Holdco, Ltd. holds 29,959,572 Shares, representing approximately 6.43% of the total issued share capital of the Company. HSG CV IV Holdco, Ltd. is a wholly-owned subsidiary of HSG CV IV Senior Holdco, Ltd., whose sole shareholder is HongShan Capital Venture Fund IV, L.P. The general partner of HongShan Capital Venture Fund IV, L.P. is HSG Venture IV Management, L.P., whose general partner is HSG Holding Limited. HSG Holding Limited is a wholly-owned subsidiary of SNP China Enterprises Limited, a company wholly owned by Mr. Shen. In addition, Zhen Partners Fund I, L.P. (“**Zhen Partners**”) holds 6,174,000 Shares, representing approximately 1.33% of the total issued share capital of the Company. HSG Holding Limited, through several intermediate entities is interested in more than 33.3% limited partnership interest in Zhen Partners, and therefore HSG Holding Limited is deemed to be interested in the 6,174,000 Shares. Since HSG Holding Limited is wholly owned by SNP China Enterprises Limited, which is in turn wholly owned by Mr. Shen, both SNP China Enterprises Limited and Mr. Shen are deemed to be interested in such 6,174,000 Shares as well. In light of the above, pursuant to Part XV of the SFO, Mr. Shen, SNP China Enterprises Limited and HSG Holding Limited are deemed to be interested in a total number of 36,133,572 Shares, representing approximately 7.75% of the total issued share capital of the Company as at the Latest Practicable Date.
- The letter “L” denotes the long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, no other person has any interest or short position which shall be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Du Jun has shareholding interest and is a director of ChainUp Pte. Ltd. (“**Chainup**”), the businesses of Chainup involve the provision of technology solution services to clients in relation to the operation of the virtual asset trading platform, and such businesses (apart from the Group’s businesses), compete or are likely to compete, either directly or indirectly, with the principal businesses of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or, so far as it is known to them, any of their respective associates, was interested in any business which competes or is likely to compete either directly or indirectly with the Group’s business as required to be disclosed pursuant to the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save and except the Company’s record of a loss of approximately HK\$99.4 million in November 2022 due to failure to withdraw cryptocurrency assets from the FTX Trading Ltd., as disclosed in the interim report of the Company dated 29 May 2023 which might have an impact on the financial and trading position of the Group, the Directors were not aware of any material adverse changes in the financial and trading position of the Group since 30 September 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or appointment letter with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

7. DIRECTORS’ INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors of the Company had any interest in any asset which has been since 30 September 2022 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

8. EXPERT AND CONSENT

The following are the qualifications of the experts whom had given their opinion or advice contained in this circular:

Name	Qualification
Valtech Valuation Advisory Limited	Independent valuer
Optima Capital	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above experts have confirmed that:

- (a) They have given and have not withdrawn their written consent to the issue of this circular with the inclusion of the letters and references to their names, in the form and context in which the names appear;
- (b) They did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 30 September 2022 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the members of the Group within two years immediately preceding the date of this circular, which are, or may be, material:

- (a) the subscription agreement dated 7 February 2022 entered into between New Huo Solutions Limited, a direct wholly-owned subsidiary of the Company, as the subscriber and HB Venture Management Limited as the general partner, in relation to the subscription with a fund in the subscription amount of US\$10 million (equivalent to approximately HK\$78 million). Please refer to the Company's announcements dated 8 February 2022, 4 March 2022 and 29 April 2022 respectively for further details of this agreement;
- (b) the subscription agreement dated 21 February 2022 entered into between New Huo Solutions Limited, a direct wholly-owned subsidiary of the Company, as the subscriber and Sinohope Investment SPC as the fund company, in relation to the subscription with a segregated portfolio of the aforesaid fund company in the subscription amount of US\$15 million (equivalent to approximately HK\$117 million). Please refer to the Company's announcement dated 21 February 2022 for further details of this agreement;

- (c) the sale and purchase agreement dated 9 September 2022 entered into between Sinohope Digital Service Limited, a direct wholly-owned subsidiary of the Company, as the vendor and Avenir Cayman Holding Limited as the purchaser, in relation to the disposal of the entire equity interest in Huobi Nevada Inc. (as the target company), in the consideration of US\$6.8 million (equivalent to approximately HK\$53.0 million). Please refer to the Company's announcement dated 9 September 2022 for further details of this agreement;
- (d) the sale and purchase agreement dated 1 November 2022 entered into between New Huo Investment Limited, a direct wholly-owned subsidiary of the Company, as the vendor and Exonexa Limited as the purchaser, in relation to the disposal of the entire issued share capital in Win Techno Inc. (as the target company), in the consideration of US\$3,270,000 (equivalent to approximately HK\$25.5 million). Please refer to the Company's announcement dated 1 November 2022 for further details of this agreement;
- (e) the sale and purchase agreement dated 23 March 2023 entered into between the Company, as the vendor and Wechain Technology Limited, as the purchaser, in relation to the disposal of the Company's investor options and the 299,043 shares in Animoca Brands Corporation Limited (as the target company), in the consideration of US\$809,000 (equivalent to approximately HK\$6,310,000). Please refer to the Company's announcements dated 23 March 2023 and 12 April 2023 for further details of this agreement;
- (f) the Sale and Purchase Agreement dated 24 March 2023 entered into between the Company as the vendor and New Wave Capital Limited as the purchaser, in relation to the disposal of the entire issued share capital of the (i) Pantene Industrial Co. Limited, (ii) Pantronics International Holdings Limited, (iii) Panjet Service Company Limited, (iv) Grace Harvest Corporation Limited, (v) Panjet (Int'l) Limited, and (vi) Pantronics (Int'l) Limited at the consideration of HK\$115,000,308.00. Please refer to the Company's announcements dated 24 March 2023, 19 April 2023 and the circular of the Company dated 25 May 2023 for further details for this agreement;
- (g) the subscription agreement dated 26 April 2023 entered into between the Company, as the issuer and Mr. Du Jun, as the subscriber, in relation to the subscription of 74,700,000 subscription shares in the aggregate subscription price of HK\$155,376,000.00. Please refer to the Company's announcements dated 26 April 2023, 18 May 2023, 16 June 2023 and the circular of the Company dated 5 July 2023 for further details of this agreement; and
- (h) the subscription agreement dated 26 April 2023 entered into between the Company, as the issuer and ON CHAIN Technology LIMITED, as the subscriber, in relation to the subscription of 82,300,000 subscription shares in the aggregate subscription price of HK\$171,184,000.00 which is completed on 10 October 2023. Please refer to the Company's announcement dated 26 April 2023, 18 May 2023, 16 June 2023 and 10 October 2023 and the circular of the Company dated 5 July 2023 for further details of this agreement.

10. GENERAL

- (a) The registered office of the Company is located at Vistra Corporate Services Centre, Wickhams Cay II Road Town, Tortola BVI VG 1110.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit 702-3, 7/F, 100 Queen's Road Central, Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Ms. Lau Ling Yun Agnes. She is a solicitor as defined in the Legal Practitioners Ordinance (Cap. 159 of the Laws of Hong Kong) and has extensive experience in general business practices, corporate finance transactions, mergers and acquisitions, corporate restructuring and compliance with the Listing Rules and securities-related laws of Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over its Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.sinohope.com/>) for a period of not less than 14 days before the date of the EGM and will also be available for inspection at the EGM:

- (a) the Sale and Purchase Agreements;
- (b) the written consents referred to in the paragraph headed "EXPERT AND CONSENT" in this appendix;
- (c) the Valuation Report prepared by the Valuer, the text of which is set out in Appendix I to this circular; and
- (d) the letter from Optima Capital, the text of which is set out on pages 21 to 67 of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Sinohope Technology Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) will be held at Unit 702-3, 7/F, 100 Queen’s Road Central, Central, Hong Kong at 10:30 a.m. on Thursday, 7 December 2023 to consider, if thought fit, passing the following resolutions as ordinary resolutions of the Company.

Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 17 November 2023 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the Sale and Purchase Agreement (Solutions), further details of which are set out in the Circular:

“THAT

- (a) the Sale and Purchase Agreement (Solutions) dated 25 August 2023 entered into between the Company as vendor and Avenir Cayman Holding Limited as the Purchaser in respect of the disposal of the entire issued share capital of New Huo Solutions (details of which is set out in the Circular, a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved; and
- (b) any one of the directors of the Company be and is hereby authorised to sign and execute all such documents or agreements or deeds on behalf of the Company and to do all such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Sale and Purchase Agreement (Solutions) and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as are, in the opinion of such director, in the interest of the Company and its shareholders as a whole.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. To consider and approve the resolution in relation to the Sale and Purchase Agreement (HBTPower), further details of which are set out in the Circular:

“**THAT**

- (a) the Sale and Purchase Agreement (HBTPower) dated 25 August 2023 entered into between Sinohope Digital Service Limited as the vendor and Avenir Cayman Holding Limited as the Purchaser in respect of the disposal of the entire issued share capital of Sinohope Digital Service Limited (details of which is set out in the Circular, a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved; and
- (b) any one of the directors of the Company be and is hereby authorised to sign and execute all such documents or agreements or deeds on behalf of the Company and to do all such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Sale and Purchase Agreement (HBTPower) and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as are, in the opinion of such director, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 17 November 2023

Notes:

1. A form of proxy for use at the EGM or any adjournment thereof is enclosed. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
4. For the purpose of determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 4 December 2023 to Thursday, 7 December 2023 (both dates inclusive). In order to qualify for attending and voting at the EGM, all transfer documents together with the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Friday, 1 December 2023.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
7. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the above meeting.

As at the date of this notice, the board of directors of the Company 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.