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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
UPDATE ON THE FTX INCIDENT AND ITS IMPACT ON  
THE GROUP'S FINANCIAL POSITION**

Reference is made to the announcement of the Company dated 14 November 2022 in relation to the failure to withdraw cryptocurrency assets from crypto exchange FTX, the annual results announcement for the year ended 30 September 2023 dated 28 December 2023 (collectively, the “**Announcements**”) and the annual report for the year ended 30 September 2023 dated 29 January 2024 (the “**Annual Report**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and Annual Report.

As disclosed in the Announcements, FTX group entities, including FTX, has filed for bankruptcy protection in the United States on 11 November 2022. Since the said bankruptcy proceedings have still not been completed as at the date of this announcement, fiat currencies and cryptocurrencies (“**FTX Deposits**”) with original amounts of approximately HK\$107,169,000 and HK\$34,579,000, respectively, deposited in FTX by Hbit Limited (“**Hbit**”), a wholly-owned subsidiary of the Company, could still not be withdrawn at the moment. To realize the restricted FTX Deposits, the Group completed the submission of a claim of FTX Deposits against FTX to the liquidator of FTX (“**FTX Claim**”) and is in the process of seeking potential assignee(s) for the assignment of FTX Claim.

The Company had performed impairment assessment on the FTX Deposits and concluded that the recoverable amount of the FTX Deposits (the “**Recoverable Amount**”) would be less than its original amounts deposited in FTX. As set out in the Annual Report, for the purpose of impairment assessment, the recoverable amount of FTX Deposits has been determined with reference to the market price less incremental costs for assignment of the FTX Claims. An impairment loss of approximately HK\$85,897,000 has been recognized for the year ended 30 September 2023, representing approximately 60.6% of the original amounts.

In addition to the said disclosure on impairment loss as set out in the Annual Report, the Company would like to provide additional information in relation to the basis of valuation on the market price and the potential increase in the Recoverable Amount.

Taking into account the length of bankruptcy proceedings and the working capital needs of the Company, the Company has been proactively searching for possible solutions, with an aim to realize restricted FTX deposits at a larger recoverable amount within a short period of time. The Company has liaised and negotiated with several agents and end purchasers from the market in respect of the offers for the assignment of FTX Claims since February 2023, and entered into an exclusive agency agreement in June 2023 with an agent experienced in complex insolvencies and claims trading.

As the FTX Incident is an exceptional case in the industry and as observed by the Company, a lot of FTX creditors have recently realised the restricted FTX deposits by assigning their FTX claims, the management believes that the Group could also realise the FTX Deposits by assignment in the near future.

The market price for determining the recoverable amount of FTX Deposits is based on the valuation on a written offer received by the Company from the said exclusive agent in early October 2023, in which the net recoverable amount after deduction of the agent fee and other professional expenses was approximately 39.4% of the original amounts. The management of the Company takes the view that using 39.4% as the recoverable rate for impairment assessment for the year ended 30 September 2023 is appropriate since (i) the quotes from online claim trading service providers and other end purchasers are close to the said written offer provided by the exclusive agent; and (ii) even after the deduction of agent fee and other professional expenses, the net proceeds of the said written offer from the exclusive agent is still the highest recoverable amount as compared with other end purchasers in the market.

Following the recovery of the cryptocurrency market, the price of Bitcoin increased from US\$26,917 on 30 September 2023 to US\$42,624 on 29 January 2024 and the price of Solana (SOL), which is one of main cryptocurrencies of FTX, increased from US\$20.29 on 30 September 2023 to US\$99.88 on 29 January 2024. In view of this, the Company received several competitive offers from potential assignees for the assignment of FTX claims, with the Recoverable Amount increasing from approximately 39.4% in September 2023 to approximately 70% in January 2024 if assignment of the FTX Claims can be effected with the relevant assignee.

In view of the aforesaid and in order to preserve the value of the FTX Deposits, the Company is in the process of searching for better offers from the market at a lower cost as at the date of this announcement, and expects to complete the assignment of the FTX Claims within the next 12 months. Upon completion, the Group will adjust the provision of impairment loss with reference to the actual Recoverable Amount of FTX Deposits. The Company shall make further announcement(s) to keep its shareholders and potential investors informed of any progress of recovery as and when appropriate.

Save as disclosed above, all other information as set out in the Annual Report remain unchanged and shall continue to be valid. This announcement is supplemental to and should be read in conjunction with the Annual Report.

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

Hong Kong, 22 February 2024

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