

Huobi Tech Overall Gross Margin Increased Substantially

Friday 18 December, 2020

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Huobi Tech Overall Gross Margin Increased Substantially

The Proportion of Blockchain Technology Business Revenue Continuously Grew

Financial Highlights

- The total revenue amounted to HK\$276.6 million, decreased by 11.5% or HK\$35.8 million
- The gross profit was HK\$77.9 million, up by HK\$20.0 million or 34.7%
- The gross profit margin was 28.2%, increased by 52.1%
- The gross profit of power-related & electrical/electronic products businesses amounted to HK\$52.3 million, the gross profit margin was 21.6%, which met the expectation
- The revenue of the technology solution business was HK\$34.2 million, increased by HK\$ 31.8 million, accounting for 12.4% of the Group's total revenue
- The gross profit of the technology solution business was HK\$25.6 million; the gross profit margin was 74.8%
- The Group had abundant capital with the cash and cash equivalents of HK\$404.7 million

(18 December 2020---Hong Kong) Huobi Technology Holdings Limited ("Huobi Tech" or the "Company", stock code: 1611) and together with its subsidiaries (the "Group") is pleased to announce its annual results for the year ended 30 September 2020 ("FY2020"). Despite the intense external environment, the management of the Group made the proper response and timely adjustment of business strategy, which safeguarded the stability of production and operation, which received an outstanding result.

For FY2020, the Group recorded total revenue of HK\$276.6 million, representing a decrease of 11.5% for the year ended 30 September 2019("FY2019"). The gross profit of the Group was HK\$77.9 million for FY2020, representing an increase of 34.7% or HK\$20.0million compared with that of the previous year. The gross profit margin increased from 18.5% in FY2019 to 28.2% in FY2020.

The technology solution business driven by blockchain technology developed rapidly. At present, Win Techno Inc., a wholly-owned subsidiary of the Company, provides high-quality customised services to global customers in blockchain, virtual assets, fintech, big data as well as other innovative technology sectors. For the FY2020, the revenue of the business was HK\$34.2 million, an increase of HK\$31.8 million over the same period last year, accounting for 12.4% of the Group's total revenue (only 6.5% recorded as of 31 March 2020). And the gross profit and gross profit margin achieved an outstanding performance. The gross profit of was HK\$25.6 million, corresponding to the explosive growth of gross profit margin to 74.8% of the business in FY2020. Due to the limited impact from the external environment and its high gross profit rate, the Group intends to leverage the large customer base from its controlling shareholders and affiliates in the blockchain, virtual assets and fintech to vigorously develop this business sector. The Group believes it will maintain steady growth in the future.

Due to the outbreak and widespread of the COVID-19 and continuous escalation of China-US trade tension, the revenue of the Group from power-related & electrical/electronic product businesses decreased by 21.8% as compared with that for FY2019 to HK\$242.3 million for FY2020. However, the management promptly adjusted sales strategies, including a focus on the high-margin product. The strategies improved gross profit and offset the decrease in sales due to weak demand from major clients. Meanwhile, in line with the revenue, the cost of sales has reduced due to the decrease in copper cost.

To fulfill compliance requirements, the Group has filed a number of applications for virtual asset and financial service-related licenses in major global markets with significant progress. On 31 July 2020, Securities and Futures Commission has approved Huobi Asset Management (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company, to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities. On 19 August 2020, Huobi Wallet Hong Kong Limited was notified by the Registry for Trust and Company Service Providers of Companies Registry of Hong Kong that, the application for a Trust or Company Service Provider (TCSP) license was approved. In the future, the Group will devote itself to developing securities advising and asset management services for professional investors, and is committed to establishing a comprehensive financial service platform.

The Group will always stay on course for the long-term development of its business. While safeguarding the steady advancement of the Group's manufacturing business and operating cash flow, the Group will persist in promoting and venturing into business diversity and continue to promote scientific and technological innovation in the development of a new generation of digital financial infrastructure, which is based on the blockchain technology and centers on the development of the internet of value. Thus enhance the prospect of the Group and generate reasonable long-term returns to the shareholders in the future.

About Huobi Tech Holdings Limited

Huobi Technology Holdings Limited ("Huobi Tech", former as "Pantronics Holdings Limited") was incorporated in the British Virgin Islands in December 1990 and headquartered in Hong Kong. Its shares were listed on the Main Board of the Stock Exchange of Hong Kong in November 2016 (Stock Code: 1611). Primarily engaged in OEM & EMS manufacturing of power-related and electronic products, Huobi Tech is also expanding its business into technology solutions with an emphasis on blockchain applications. At the same time, Huobi Tech is applying for virtual asset and finance-related licenses in major markets around the world, incubating and expanding new businesses. Up to now, the company has already successfully got the approval from the SFC to conduct Type 4(advising on securities) and Type 9(asset management) regulated activities, and the Trust or Company Service Provider license.

This press release is issued by Huobi Technology Holdings Limited directly.

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