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Imperium Technology Group Limited

帝國科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0776)

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 30% EQUITY INTERESTS IN A NON-WHOLLY OWNED SUBSIDIARY

THE AGREEMENTS

On 28 July 2022 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Agreements with the Vendors, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Equity Interests, representing in aggregate 30% of the equity interests in the Target, at an aggregate consideration of RMB6,300,000 (equivalent to approximately HK\$7,308,000).

As at the date of this announcement, the Target is an indirect non-wholly owned subsidiary of the Company and held as to 70% by the Purchaser, 21% by the Vendor I and 9% by the Vendor II. Upon Completion, the Target will become an indirect wholly owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisitions exceed 5% but are less than 25% as determined in accordance with Rule 14.07 of the Listing Rules, the Acquisitions constitute a discloseable transaction for the purpose of Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Vendor I holds 21% equity interests in the Target, the Vendor I is a substantial shareholder of the Target and accordingly, connected person of the Company at the subsidiary level under the Listing Rules. Therefore, the acquisition of the Sale Equity Interests I constitutes a connected transaction of the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, by virtue of Rule 14A.101 of the Listing Rules, since (i) the acquisition of the Sale Equity Interests I is between the Group and its connected person at the subsidiary level on normal commercial terms or better; (ii) the Board has approved the acquisition of the Sale Equity Interests I; and (iii) the independent non-executive Directors have confirmed that the terms of acquisition of the Sale Equity Interests I are fair and reasonable and the acquisition of the Sale Equity Interests I is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the acquisition of the Sale Equity Interests I is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 28 July 2022 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Agreements with the Vendors, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Equity Interests, representing in aggregate 30% of the equity interests in the Target, at an aggregate consideration of RMB6,300,000 (equivalent to approximately HK\$7,308,000).

THE AGREEMENTS

The Agreement I

The principal terms of the Agreement I are summarised as follows:

Date: 28 July 2022

Parties: (1) Lan Xiuxiang, as the vendor
(2) Deluxe Trading (HK) Limited, as the purchaser

Asset to be acquired: The Sale Equity Interests I, being 21% equity interests in the Target, which was acquired by the Vendor I from the Purchaser pursuant to the Equity Transfer Agreement for RMB3,781,000 (equivalent to approximately HK\$4,385,960)

Consideration: RMB4,410,000 (equivalent to approximately HK\$5,115,600), to be settled by cash in full within five (5) business days upon the completion of registration at the PRC industrial and commercial administration department in respect of the acquisition of the Sale Equity Interests I

The consideration for the acquisition of the Sale Equity Interests I was arrived at after arm's length negotiations between the Group and the Vendor I after taking into account the unaudited net asset value of the Target as at 30 June 2022 in the amount of approximately HK\$24,524,000.

Completion: Completion shall take place on the date when the PRC industrial and commercial administration department completes the registration of the change of equity interests in relation to the acquisition of the Sale Equity Interests I.

Upon completion of the Acquisitions, the Target will become an indirect wholly owned subsidiary of the Company.

The Agreement II

The principal terms of the Agreement II are summarised as follows:

Date: 28 July 2022

Parties: (1) Hong Qinping, as the vendor
(2) Deluxe Trading (HK) Limited, as the purchaser

Asset to be acquired: The Sale Equity Interests II, being 9% equity interests in the Target, which was acquired by the Vendor II from the Purchaser pursuant to the Equity Transfer Agreement for RMB1,620,000 (equivalent to approximately HK\$1,879,200)

Consideration: RMB1,890,000 (equivalent to approximately HK\$2,192,400), to be settled by cash in full within five (5) business days upon the completion of registration at the PRC industrial and commercial administration department in respect of the acquisition of the Sale Equity Interests II

The consideration for the acquisition of the Sale Equity Interests II was arrived at after arm's length negotiations between the Group and the Vendor II after taking into account the unaudited net asset value of the Target as at 30 June 2022 in the amount of approximately HK\$24,524,000.

Completion: Completion shall take place on the date when the PRC industrial and commercial administration department completes the registration of the change of equity interests in relation to the acquisition of the Sale Equity Interests II.

Upon completion of the Acquisitions, the Target will become an indirect wholly owned subsidiary of the Company.

INFORMATION ON THE PARTIES

The Vendors

The Vendors are two individuals residing in the PRC and, as at the date of this announcement, hold 21% and 9% equity interests in the Target, respectively.

The Purchaser

The Purchaser is a company established in Hong Kong and an indirect wholly owned subsidiary of the Company, and holds 70% equity interests in the Target as at the date of this announcement. The Purchaser is principally engaged in investment holding.

The Target

The Target is a company established in the PRC and an indirect non-wholly owned subsidiary of the Group. As at the date of this announcement, the Target is owned as to 70% by the Purchaser, as to 21% by the Vendor I and as to 9% by the Vendor II. The principal business of the Target is esports game business.

Set out below is the financial information of the Target for the two years ended 31 December 2021 and 2020, based on its unaudited accounts prepared in accordance with generally accepted accounting principles in Hong Kong:

	For the year ended 31 December 2021 (unaudited) <i>HK\$'000</i>	For the year ended 31 December 2020 (unaudited) <i>HK\$'000</i>
Revenue	25,995	9,404
EBITDA	3,945	120
Profit (loss) before tax	(208)	(1,542)
Profit (loss) after tax	(267)	(1,542)

The unaudited net asset value of the Target as at 30 June 2022 was approximately HK\$24,524,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in game publishing business, cloud competing and data storage business, esports business, household products business, property investment business and money lending business.

The Equity Transfer Agreement was entered into among the Purchaser as the transferor, the Vendors as the transferee and the Target on 20 September 2020 in respect of the transfer of 21% equity interests by the Purchaser to the Vendor I and 9% equity interests to the Vendor II for the consideration of RMB3,781,000 and RMB1,620,000, respectively. It was a term of the Equity Transfer Agreement that the Vendors shall only transfer their equity interests in the Target to the Purchaser or its nominees.

In July 2022, the Group became interested in consolidating the equity interests in the Target by purchasing the Sale Equity Interests from the Vendors. The Directors considered the Acquisitions as a good opportunity for the Group to consolidate its control in the Target and increase its investment in the esports game business. Upon completion of the Acquisitions, the Target will become an indirect wholly owned subsidiary of the Company. This would facilitate more effective implementation of the business strategies and business expansion plans of the Company in respect of the Target's business.

The terms of the Agreements were determined after arm's length negotiations between the Group and each of the Vendors. In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements are fair and reasonable, that the Agreements are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. As none of the Directors had material interests in the Agreements, none of the Directors was required to abstain from voting on the resolutions approving the Agreements and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisitions exceeds 5% but are less than 25% as determined in accordance with Rule 14.07 of the Listing Rules, the Acquisitions constitute a discloseable transaction for the purpose of Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Vendor I holds 21% equity interests in the Target, the Vendor I is a substantial shareholder of the Target and accordingly, connected person of the Company at the subsidiary level under the Listing Rules. Therefore, the acquisition of the Sale Equity Interests I constitutes a connected transaction of the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, by virtue of Rule 14A.101 of the Listing Rules, since (i) the acquisition of the Sale Equity Interests I is between the Group and its connected person at the subsidiary level on normal commercial terms or better; (ii) the Board has approved the acquisition of the Sale Equity Interests I; and (iii) the independent non-executive Directors have confirmed that the terms of the acquisition of the Sale Equity Interests I are fair and reasonable and the acquisition of the Sale Equity Interests I is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the acquisition of the Sale Equity Interests I is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Acquisitions”	the acquisition of the Sale Equity Interests in the Target by the Purchaser from the Vendors pursuant to the Agreements
“Agreements”	collectively the Agreement I and the Agreement II
“Agreement I”	the equity transfer agreement dated 28 July 2022 entered into between the Vendor I and the Purchaser in relation to the acquisition of the Sale Equity Interests I
“Agreement II”	the equity transfer agreement dated 28 July 2022 entered into between the Vendor II and the Purchaser in relation to the acquisition of the Sale Equity Interest II
“Board”	the board of Directors
“Company”	Imperium Technology Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 776)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EBITDA”	earnings before interest, income taxes, depreciation expenses and amortisation expenses and excluding earnings which do not originate from ordinary business
“Equity Transfer Agreement”	the equity transfer agreement dated 20 September 2020 and entered into among the Purchaser as the transferor, the Vendors as the transferee and the Target in respect of the transfer of 21% and 9% equity interests in the Target by the Purchaser to the Vendor I and the Vendor II, respectively
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Deluxe Trading (HK) Limited, a company with limited liability incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“Sale Equity Interests”	collectively the Sale Equity Interests I and the Sale Equity Interests II
“Sale Equity Interests I”	21% equity interests in the Target held by the Vendor I
“Sale Equity Interests II”	9% equity interests in the Target held by the Vendor II
“Share(s)”	shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Wanhui (Suzhou) Digital Technology Co., Ltd.* (萬輝 (蘇州) 數碼科技有限公司), a company established in the PRC with limited liability and as at the date of this announcement a non-wholly owned subsidiary of the Company
“Vendor I”	Lan Xiuxiang (藍秀香), an individual residing in the PRC and the holder as to 21% equity interests in the Target as at the date of this announcement
“Vendor II”	Hong Qinping (洪沁萍), an individual residing in the PRC and the holder as to 9% equity interests in the Target as at the date of this announcement
“Vendors”	collectively the Vendor I and the Vendor II

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Imperium Technology Group Limited
Cheng Ting Kong
Chairman

Hong Kong, 28 July 2022

* *For identification purposes only.*

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.16. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ting Kong, Ms. Yeung So Mui, Mr. Lin Junwei, Mr. Yau Chak Fung and Mr. Yeung Tong Seng Terry; and the independent non-executive directors of the Company are Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.