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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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE CO-PUBLISHING AGREEMENT

THE CO-PUBLISHING AGREEMENT

On 19 January 2024 (after trading hours of the Stock Exchange), the Company entered into the Co-Publishing Agreement with Imperium Interactive, pursuant to which Imperium Interactive agreed to grant to the Company the Co-Publishing Right and a non-exclusive licence to allow the Group to use, apply or exploit the Intellectual Property Rights for the purpose of use of the Co-Publishing Right to distribute, market, sell and/or advertise the Subject Matters within the Territories for the Period, being a term of three months commencing from the Launch Date, at a consideration of HK\$1 and share of the Net Proceeds at the ratio of 15% of the Net Proceeds to the Company and 85% of the Net Proceeds to Imperium Interactive.

IMPLICATIONS UNDER THE LISTING RULES

As Imperium Interactive is indirectly owned as to 85% by Mr. Cheng, an executive Director and a controlling Shareholder, Mr. Cheng is a connected person of the Company. Accordingly, the Co-Publishing Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As each of the percentage ratios (other than the profits ratio) for the transactions contemplated under the Co-Publishing Agreement is on an annual basis less than 5%, the Co-Publishing Agreement is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE CO-PUBLISHING AGREEMENT

Date: 19 January 2024

Parties: (1) the Company; and
(2) Imperium Interactive Entertainment Limited.

Subject

Pursuant to the Co-Publishing Agreement, Imperium Interactive shall grant to the Company the Co-Publishing Right and a non-exclusive licence to allow the Group to use, apply or exploit the Intellectual Property Rights for the purpose of use of the Co-Publishing Right to distribute, market, sell and/or advertise the Subject Matters within the Territories for the Period for publishing through the Steam platform operated by Valve Corporation.

Term

The Co-Publishing Agreement shall be effective for the Period, being, subject to the early termination of the Co-Publishing Agreement, the period of three (3) months from the Launch Date or in respect of any particular Intellectual Property Rights, the period from the Launch Date to the date of which Imperium Interactive will cease to legally and beneficially own and/or hold the legal titles of that particular Intellectual Property Rights, whichever is earlier.

Consideration

The Company shall pay Imperium Interactive a consideration of HK\$1 for the grant of the Co-Publishing Right under the Co-Publishing Agreement.

Sharing of the Net Proceeds

In consideration of the Co-Publishing Right granted, the Company and Imperium Interactive shall share the Net Proceeds at the ratio of 15% of the Net Proceeds to the Company and 85% of the Net Proceeds to Imperium Interactive.

In the event that the Net Proceeds is negative, each of Imperium Interactive and the Company shall be responsible and bear 85% and 15% of the net losses incurred, respectively.

The sharing of the Net Proceeds was determined with reference to (i) the quality of the computer game, the scope of the area for co-publishing, the operation platform and the operation model; (ii) the projected demand for services relating to the operation and marketing of the computer game; (iii) the prevailing rate of distribution commission in the computer game industry; (iv) the projected amount of marketing expenses to be incurred during the Period; (v) the revenue sharing arrangement and prevailing licence fees payable by the Group to the independent third parties for similar computer games in the market; and (vi) projected direct costs by the Company and Imperium Interactive to operate the Subject Matters.

Ownership

All Intellectual Property Rights will be in the name of Imperium Interactive and owned by Imperium Interactive.

Annual Cap

The annual cap for the transactions under the Co-Publishing Agreement shall be HK\$9,500,000.

The following factors have been taken into account for setting the annual cap of the sharing of the Net Proceeds receivable by the Company under the Co-Publishing Agreement: (i) the projected demand for services relating to the operation and marketing of the computer game; (ii) the estimated number of users of the computer game; (iii) the estimated purchase price of game reward card points and virtual items in respect of the computer game; and (iv) the projected amount of marketing expenses to be incurred.

INFORMATION OF IMPERIUM INTERACTIVE

Imperium Interactive is company incorporated in Hong Kong with limited liability and is principally engaged in primarily development of online games. Imperium Interactive is indirectly owned as to 85% by Mr. Cheng.

INFORMATION ON THE GROUP AND THE COMPANY

The Company is incorporated in the Cayman Islands with limited liability. The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in online game, esports, cloud computing and data storage, household products, property investment and money lending.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CO-PUBLISHING AGREEMENT

As set out in the interim report of the Company for the six months ended 30 June 2023, in order to increase its market share in the mobile games industry, the Group plans to actively seek collaboration of intellectual property licensing in different games and continue to identify innovative games and good partners in order to expand its business into various markets and sectors, especially the fast-growing game market.

The Board considered that the entering the Co-Publishing Agreement represents a good opportunity for the Group to tap into the fast-growing computer and/or mobile game market, which is in line with the Group's existing business plans and business strategies. The Co-Publishing Agreement will also enable the Group to diversify its business and maximise the return of the Shareholders. Based on the market reception and reaction to the previous launch of Myth of Empires, being the Subject Matters, the Board is confident about its prospect of success and profitability. Despite the Co-Publishing Agreement being a short term agreement, the Company and Imperium Interactive intend to extend the term of the Co-Publishing Agreement upon the expiration of the Period and are open and optimistic towards deepening the extent of cooperation between the parties at the renewal.

The Board has approved the Co-Publishing Agreement and the transactions contemplated thereunder. Having considered the above, the Directors (including the independent non-executive Directors but excluding Mr. Cheng and Ms. Yeung) consider that the Co-Publishing Agreement was entered into in the ordinary and usual course of business of the Group and the terms of the Co-Publishing Agreement, including the sharing of the Net Proceeds and the annual cap, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Imperium Interactive is indirectly owned as to 85% by Mr. Cheng, an executive Director and a controlling Shareholder, Mr. Cheng is a connected person of the Company. Accordingly, the Co-Publishing Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Mr. Cheng and Ms. Yeung have abstained from voting on the Board resolution to approve the Co-Publishing Agreement and the transactions contemplated thereunder. Save as disclosed, none of the other Directors has a material interest in the Co-Publishing Agreement, nor has any of them abstained from voting in respect of the relevant Board resolution.

As each of the percentage ratios (other than the profits ratio) for the transactions contemplated under the Co-Publishing Agreement is on an annual basis less than 5%, the Co-Publishing Agreement is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement 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:

“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
“Co-Publishing Agreement”	the co-publishing agreement dated 19 January 2024 entered into between the Company and Imperium Interactive in relation to the grant of the Co-Publishing Right
“Co-Publishing Right”	the right to jointly publish the Subject Matters with the Company and use the Intellectual Property Rights within the Territories for the Period for publishing through the Steam platform operated by Valve Cooperation
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Imperium Interactive”	Imperium Interactive Entertainment Limited, a company incorporated in Hong Kong with limited liability and indirectly owned as to 85% by Mr. Cheng
“Intellectual Property Rights”	the intellectual property rights and goodwill in respect of the Subject Matters, including in particular (but without limitation) all title, logo, designs, copyrights, trademarks (whether registered or not), domain names, invention, concepts, ideas, information, data, documents, materials, style guides sketches, layouts, drafts, conceptual drawings, descriptions, photos, animations, images, films, voice, sound, music, recordings, lyrics, samples, merchandises, promotional materials, packaging materials, labels, computer-generated imagery, special sound or visual effects, other distinctive creative elements from, related to, based on, inspired by or extending from the Subject Matters
“Launch Date”	the launch date of the Subject Matters, being 21 February 2024 or such other date as mutually agreed between the Company and Imperium Interactive in writing, but in any event not later than 30 June 2024
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheng”	Mr. Cheng Ting Kong, an executive Director
“Ms. Yeung”	Ms. Yeung So Mui, an executive Director
“Net Proceeds”	the total revenue generated by the Subject Matters within the Territories for the Period from all sources world-wide, including in-game purchases, that remains after the deduction of all distribution expenses, including without limitation, distributors’ and platform fees, distribution and platform fees in the People’s Republic of China, licensing fees, game serving fees, and purchase refunds
“Period”	subject to the early termination of the Co-Publishing Agreement, the period of three (3) months from the Launch Date or in respect of any particular Intellectual Property Rights, the period from the Launch Date to the date of which Imperium Interactive will cease to legally and beneficially own and/or hold the legal titles of that particular Intellectual Property Rights, whichever is earlier

“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
“Subject Matters”	the game entitled Myth Of Empires including the following which have appeared and/or have been used in the Subject Matters (1) various characters and personalities, designs, figures and the names thereof, portrayals of various persons or fictional subjects, together with such names and symbols as may have been used to identify any of them; and (2) various scenes from or identified with fictional locations and other two-dimensional subject and three-dimensional structures described and/or mentioned in the Subject Matters
“Territories”	all parts of the world
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 January 2024

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