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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)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION IN RELATION TO THE CO-PUBLISHING AGREEMENT

Reference is made to the announcement (the “**Announcement**”) of Imperium Technology Group Limited (the “**Company**”) dated 19 January 2024 in relation to, among others, the Co-Publishing Agreement. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcement.

The Board would like to provide the following further information in relation to the Co-Publishing Agreement to the Shareholders and the potential investors of the Company:

Rights, obligations, duties and nature of services to be provided by Imperium Interactive

Pursuant to the Co-Publishing Agreement, Imperium Interactive shall have the following rights, roles and duties:-

- 1) Imperium Interactive shall conduct the development of the Subject Matters to release a 1.0 version;
- 2) Imperium Interactive shall operate and maintain the Subject Matters;
- 3) Imperium Interactive shall cooperate and assist the Company in public relations, marketing social media, advertising and events to promote the Subject Matters;
- 4) Imperium Interactive shall provide design sources requested by the Company;

- 5) Imperium Interactive shall maintain the homepage of the Subject Matters;
- 6) in case of disputes arising due to reasons attributable to the Intellectual Property Rights, Imperium Interactive shall resolve them using its own efforts and costs; and
- 7) Imperium Interactive shall have the right to appoint a designated person to form an operation committee (the “**Operation Committee**”) with the Company, which shall be responsible for agreeing on the pricing, marketing strategies and plans and development of new contents of the Subject Matters.

Rights, obligations, duties and nature of services to be provided by the Company

Pursuant to the Co-Publishing Agreement, the Company shall have the following rights, roles and duties:

- 1) the Company shall conduct publicity and marketing for the Subject Matters and hold events to promote the Subject Matters;
- 2) the Company shall have the right to request Imperium Interactive to renew, update or amend the Subject Matters; and
- 3) the Company shall have the right to appoint a designated person to form the Operation Committee with Imperium Interactive.

Sharing of the Net Proceeds

The sharing of the Net Proceeds was determined with reference to (i) the quality of the Subject Matters, the scope of the area for co-publishing under the Co-Publishing Agreement, the operation platform and the operation model for the Subject Matters; (ii) the projected demand for services relating to the operation and marketing of the Subject Matters; (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 of approximately 18% of the estimated revenue generated from the Subject Matters; (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; (vi) projected direct costs by the Company, including but not limited to marketing expertise cost in Hong Kong, Macau, Taiwan and South East Asia, and Imperium Interactive, including but not limited to product research and development, operation and global marketing expertise cost, to operate the Subject Matters; and (vii) the terms and conditions of a license agreement dated 3 July 2020 (as amended by a supplemental agreement dated 23 June 2021) (the “**Previous License Agreement**”) entered into between Imperium Interactive as the licensor and Seven Senses Game Company Limited (“**Seven Senses**”), an indirect wholly owned subsidiary of the Company, as the licensee in relation to the operation and marketing of the Subject Matters (for further details of the Previous License Agreement, please refer to the announcement of the Company dated 23 June 2021).

With reference to the license fee arrangement pursuant to the Previous License Agreement, whereby Seven Senses shall pay 50% of the relevant revenue to Imperium Interactive. In the event that the license fee accounted for 28% or more of the operating revenue, the license fee shall be 28% of the operating revenue. Pursuant to the sharing of the Net Proceeds arrangement under the Co-Publishing Agreement, the Company and Imperium Interactive shall share the Net Proceeds at the ratio of 15% and 85%, respectively, as the obligations and duties of the Company under the Co-Publishing Agreement are less substantial and onerous than those of Seven Senses under the Previous License Agreement. Furthermore, the designated places subject to the grant of the exclusive agency pursuant to the Previous License Agreement were Hong Kong, Macau, Taiwan and South East Asia (including Malaysia, Singapore, Vietnam, Thailand, the Philippines and Indonesia), which are the geographical areas for the Group's publishing expertise. However, the Territories include all parts of the world under the Co-Publishing Agreement. As such, the percentage sharing is lower since it also includes places of which the Group has limited previous expertise and experience.

Taking into account of the above, the Board is of the view that the sharing of the Net Proceeds is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Annual Cap

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 Subject Matters; (ii) the estimated number of users of the Subject Matters of around 578,000; (iii) the estimated purchase price of game reward card points and virtual items in respect of the Subject Matters; and (iv) the projected amount of marketing expenses to be incurred, of approximately 18% of the estimated revenue generated from the Subject Matters.

It was disclosed in the announcement of the Company dated 23 June 2021 that the aggregate annual cap for the license fee payable by Seven Senses to Imperium Interactive under the Previous License Agreement for each of the two years ended 31 December 2022 was HK\$9,950,000. Since the annual cap under the Co-Publishing Agreement is in relation to the sharing of the Net Proceeds receivable by the Company, the percentage sharing arrangement is different and the annual caps are not comparable, the Board is of the view that the annual cap in relation to the Previous License Agreement is of limited reference value in determining the annual cap for the sharing of the Net Proceeds under the Co-Publishing Agreement.

Consideration

The consideration for the grant of the Co-Publishing Right in the amount of HK\$1 was determined based on arm's length negotiations between Imperium Interactive and the Company and is a nominal consideration.

Information of Imperium Interactive

Imperium Interactive is indirectly owned as to 85% by Mr. Cheng. The remaining 15% of Imperium Interactive is indirectly owned by Heshi Technology Limited, a company incorporated in the British Virgin Islands, which in turn is owned as to 50% by Mr. Xia Xiao and 50% by Mr. Yang Li Ping.

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

Hong Kong, 5 February 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.