

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Imperium Technology Group Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



# 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)**

## **(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SECOND LEASE AGREEMENT; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to  
the Independent Board Committee and the Independent Shareholders**



---

A notice convening the extraordinary general meeting (the “EGM”) of the Company to be held at Conference Room, Room 02, 26/F., One Harbour Square, No. 181, Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 8 October 2021 at 3:00 p.m. is set out on pages 40 to 41 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from Gram Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 34 of this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for holding the EGM (i.e Wednesday, 6 October 2021 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

Please see the section headed “Precautionary Measures for the EGM” in this circular for measures being taken to try to prevent and control the spread of the COVID-19 Pandemic at the EGM.

20 September 2021

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	21
<b>LETTER FROM GRAM CAPITAL</b> .....	23
<b>APPENDIX — GENERAL INFORMATION</b> .....	35
<b>NOTICE OF EGM</b> .....	40

---

## **PRECAUTIONARY MEASURES FOR THE EGM**

---

Reference is made to the “Joint Statement in relation to General Meetings in light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation” jointly issued by the Stock Exchange and the Securities and Futures Commission of Hong Kong on 1 April 2020 in relation to the arrangement of the EGM.

### **VOTING BY PROXY IN ADVANCE OF THE EGM**

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the COVID-19 Pandemic. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders’ rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

### **PREVENTIVE MEASURES AT THE EGM**

The Company will implement the following preventive measures at the EGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- (i) as a precautionary safety measure, seating at the EGM will be arranged so as to reduce interaction between participants. As a result, there will be limited capacity for Shareholders to attend the EGM and seats will be allocated in a first come first serve basis;
- (ii) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.5 degrees Celsius will be requested to stay in an isolated place for completing the voting procedures;
- (iii) all Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or had physical contact with any person who to their best of knowledge has recently travelled to, any affected countries or areas outside Hong Kong (as per guidelines issued by the Hong Kong Government at [www.chp.gov.hk/en/features/102742.html](http://www.chp.gov.hk/en/features/102742.html)) at any time in the preceding 14 days. Any person who does not comply with this requirement will be requested to stay in an isolated place for completing the voting procedures;

---

## PRECAUTIONARY MEASURES FOR THE EGM

---

- (iv) every attendee will be required to wear a surgical face mask throughout the EGM. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks;
- (v) seating at the EGM will be arranged in a manner to allow for appropriate social distancing;
- (vi) no refreshments will be served and there will be no corporate gifts; and
- (vii) other measures may be revised by government bodies.

In the interest of all stakeholders' health and safety and consistent with recent guidelines for prevention and control of the COVID-19 Pandemic, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The Company will closely monitor the development of the COVID-19 Pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to the COVID-19 Pandemic. The Company will ensure that the EGM will be conducted in compliance with the regulations or measures of the Hong Kong Government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the EGM. Further announcements will be made by the Company as soon as possible if there is any update to the preventive measures as mentioned above.

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“Aggregate Caps”	collectively, the First Caps and the Second Caps
“associates”	has the meaning ascribed to it under the Listing Rules
“Best Master”	Best Master Limited, a company incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Company”	Imperium Technology Group Limited (formerly known as Imperium Group Global Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19 Pandemic”	the Coronavirus (COVID-19) pandemic
“Diamond State”	Diamond State Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Cheng
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on Friday, 8 October 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, approving the Second Lease Agreement and the transactions contemplated thereunder
“First Caps”	the maximum aggregate amounts payable (including the leasing fees and the compensation) by Best Master to Seven Elements under the First Lease Agreement

---

## DEFINITIONS

---

“First Equipment”	certain Filecoin equipment, storage facilities and auxiliary parts, which can generate 3 pebibytes of effective storage mining power, under the First Lease Agreement
“First Lease Agreement”	the lease agreement dated 23 July 2021 and entered into between Best Master and Seven Elements in relation to the leasing of the First Equipment by Seven Elements to Best Master
“Gas Fees”	the variable fee in terms of Filecoin that are required to be provided to other miners, being Independent Third Parties, in the Filecoin Network during the process for the provision of the cloud computing and data storage services and mining of Filecoin
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan, formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Second Lease Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Second Lease Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than those who have a material interests in the Second Lease Agreement and the transactions contemplated thereunder

---

## DEFINITIONS

---

“Independent Third Parties”	the independent third parties who are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Latest Practicable Date”	14 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Agreements”	collectively, the First Lease Agreement and the Second Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miner Collateral”	the Filecoin that are required to be deposited as collateral in the Filecoin network during the process for the provision of the cloud computing and data storage services and mining of Filecoin
“Mr. Cheng”	Mr. Cheng Ting Kong, an executive Director and a controlling shareholder of the Company
“Ms. Yeung”	Ms. Yeung So Mui, an executive Director and the spouse of Mr. Cheng
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Second Caps”	has the meaning ascribed thereto in the subsection headed “Second Caps” under the section headed “Second Lease Agreement” of this circular
“Second Equipment”	certain Filecoin equipment, storage facilities and auxiliary parts, which can generate up to 8 pebibytes of effective storage mining power, under the Second Lease Agreement

---

## DEFINITIONS

---

“Second Lease Agreement”	the lease agreement dated 10 August 2021 and entered into between Mr. Cheng and Seven Elements in relation to the leasing of the Second Equipment by Seven Elements to Mr. Cheng
“Second Leasing Fees”	the leasing fees payable by Mr. Cheng to Seven Elements under the Second Lease Agreement, details of which are set forth in the subsection headed “Second Leasing Fees” in this circular
“Seven Elements”	Seven Elements Interactive Digital Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



---

LETTER FROM THE BOARD

---



**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)**

*Executive Directors:*

Mr. Cheng Ting Kong (*Chairman*)  
Ms. Yeung So Mui  
Mr. Lin Junwei  
Mr. Yau Chak Fung

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Mr. Fung Tze Wa  
Mr. Ting Wong Kacee  
Mr. Tse Ting Kwan

*Head office and principal place of  
business in Hong Kong:*

Room 02, 26/F., One Harbour Square  
No. 181 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

20 September 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION  
IN RELATION TO THE SECOND LEASE AGREEMENT; AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

References are made to the announcements of the Company dated 23 July 2021, 9 August 2021, 10 August 2021 and 31 August 2021.

---

## LETTER FROM THE BOARD

---

On 23 July 2021 (after trading hours of the Stock Exchange), Seven Elements, an indirect subsidiary of the Company, entered into the First Lease Agreement with Best Master, pursuant to which Seven Elements agreed to lease the First Equipment to Best Master for the provision of cloud computing and data storage services and mining of Filecoin for a term of three years commencing from 1 August 2021.

On 10 August 2021 (after trading hours of the Stock Exchange), Seven Elements entered into the Second Lease Agreement with Mr. Cheng, pursuant to which Seven Elements agreed to lease the Second Equipment to Mr. Cheng for the provision of cloud computing and data storage services and mining of Filecoin from the date of passing of the relevant resolution by the Independent Shareholders for approving the Second Lease Agreement at the EGM or 1 October 2021, whichever is later, to 30 September 2024.

The purpose of this circular is to provide you, among other things, (i) further information on the details of the Second Lease Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Second Lease Agreement; and (iv) the notice of the EGM.

### **SECOND LEASE AGREEMENT**

Date: 10 August 2021 (after trading hours of the Stock Exchange)

Parties: (1) Seven Elements Interactive Digital Technology Limited; and  
(2) Cheng Ting Kong

### **Subject**

Seven Elements agreed to lease the Second Equipment, which can generate up to 8 pebibytes of effective storage mining power (as to (i) approximately 6 pebibytes during the period from 1 October 2021 to 31 December 2021; and (ii) approximately 8 pebibytes during the period from 1 January 2022 to 30 September 2024), to Mr. Cheng for the provision of cloud computing and data storage services and for mining of Filecoin.

---

## LETTER FROM THE BOARD

---

### **Term**

Subject to the approval of the Independent Shareholders, the Second Lease Agreement shall be effective from the date of passing of the relevant resolution by the Independent Shareholders for approving the Second Lease Agreement at the EGM or 1 October 2021, whichever is later, to 30 September 2024.

The condition above is incapable of being waived. In the event the condition above is not fulfilled by 31 December 2021 (or such later date as Seven Elements and Mr. Cheng may agree in writing), all rights, obligations and liabilities of Seven Elements and Mr. Cheng in relation to the Second Lease Agreement shall cease and terminate and none of the parties thereto shall have any claim against the others in respect of the Second Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued under the Second Lease Agreement prior to such termination.

### **Second Leasing Fees**

The amount of the Second Leasing Fees shall be based on (i) 35% of the total number of Filecoin mined and released on each day by the official Inter Planetary File System i.e. the Filecoin System during the term of the Second Lease Agreement; and (ii) the market value of Filecoin on the relevant day, which shall be determined with reference to the Filecoin price as quoted by Coinbase at 0:00 a.m. Eastern Standard Time on the same day.

### ***Number of the underlying Filecoin***

The Second Leasing Fees shall be settled by Mr. Cheng in Filecoin on a monthly basis during the term of the Second Lease Agreement. The number of the underlying Filecoin is calculated based on the daily output of Filecoin released by the Filecoin System for the Second Equipment after the mining process.

### ***Vesting mechanism***

The current vesting mechanism in respect of the mining of Filecoin is as follows (i) 25% of the Filecoin are made available to the miners immediately after mining; and (ii) the remaining 75% of the Filecoin (known as block rewards) earned by the miners are to be vested linearly over 180 days period. After consulting with the Group's auditor, the Company considered that the Second Leasing Fees should be determined based on the number of Filecoin vested and the market price of the Filecoin on the date of vesting.

---

## LETTER FROM THE BOARD

---

### *Settlement of the Second Leasing Fees*

Each of Seven Elements and Mr. Cheng will be able to obtain information relating to the daily output of Filecoin released by the Filecoin System for the Second Equipment from the relevant Filecoin user account through publicly available software such as Filfox and Filscan. After Seven Elements and Mr. Cheng have agreed on the Second Leasing Fees for the relevant month, Mr. Cheng will then transfer the relevant number of Filecoin from his Filecoin wallet to Seven Elements' Filecoin wallet for settlement of the relevant Second Leasing Fees and/or the relevant number of Filecoin or any part thereof will be deposited by Mr. Cheng as additional Miner Collateral and Gas Fees for Filecoin mining purpose during the term of the Second Lease Agreement.

### *Basis for the Second Leasing Fees*

The rate at which the Second Leasing Fees will be charged was determined after arm's length negotiations between Mr. Cheng and Seven Elements after taking into account the prevailing leasing fees with identical pricing mechanism to the Second Lease Agreement for similar equipment for provision of cloud computing and data storage services and mining of Filecoin that are charged by Seven Elements for 5 other Independent Third Parties, which ranges from 31.5% to 35% of the total number of Filecoin mined and released on each day by the Filecoin System during the term of the relevant agreements.

Taking into account that (i) the rate at which the Second Leasing Fees shall be charged, being 35% of the total number of Filecoin mined and released on each day by the Filecoin System during the term of the Second Lease Agreement, falls within the range of the rate from 31.5% to 35% at which the prevailing leasing fees were charged by Seven Elements for other Independent Third Parties for similar equipment for provision of cloud computing and data storage services and mining of Filecoin; and (ii) the Second Leasing Fees shall be based on the market value of the Filecoin on the relevant date, which is in accordance with the revenue recognition policy of the Company, and enables Seven Elements to benefit from the expected rise over time in the market price of Filecoin, the Directors consider that the rate of the Second Leasing Fees is fair and reasonable and on normal commercial terms.

### **Miner Collateral and Gas Fees**

Pursuant to the Second Lease Agreement, Mr. Cheng is required to deposit sufficient number of Filecoin as Miner Collateral and Gas Fees required for Filecoin mining purpose.

---

## LETTER FROM THE BOARD

---

In the event that Mr. Cheng fails to deposit sufficient number of Filecoin as Miner Collateral and Gas Fees, Seven Elements shall be entitled to the following compensation (the “**Compensation**”):

- (i) if Mr. Cheng is able to deposit the same within seven days, it will not constitute a default of the Second Lease Agreement on the part of Mr. Cheng and the amount of the Compensation payable by Mr. Cheng to Seven Elements shall be 35% of the difference between (a) the number of Filecoin mined by Mr. Cheng on the date immediately preceding the date on which Mr. Cheng fails to deposit sufficient number of Filecoin multiplied by the number of days during which Mr. Cheng fails to deposit sufficient number of Filecoin; and (b) the actual number of Filecoin mined by Mr. Cheng in the period during which Mr. Cheng fails to deposit sufficient number of Filecoin (the “**Loss of Profit**”); or
- (ii) if Mr. Cheng is unable to deposit the same within seven days, it will constitute a default of the Second Lease Agreement on the part of Mr. Cheng and the amount of the Compensation payable to Seven Elements shall be the sum of (1) the Loss of Profit; (2) all the Second Leasing Fees not yet paid to Seven Elements; and (3) a handling charge of HK\$800,000.

### *Compensation*

If Mr. Cheng fails to deposit sufficient number of Filecoin as Miner Collateral and Gas Fees, the actual number of Filecoin mined by the Second Equipment in the period during which Mr. Cheng fails to deposit sufficient number of Filecoin would be less than that if sufficient number of Filecoin are deposited by Mr. Cheng. As such, the Loss of Profit would serve as a compensation to Seven Elements for the reduction in the Second Leasing Fees payable to Seven Elements due to the failure to deposit sufficient number of Filecoin as Miner Collateral and Gas Fees on the part of Mr. Cheng.

Where Mr. Cheng is able to deposit sufficient Filecoin within seven days, if the actual number of Filecoin mined by Mr. Cheng in the period during which Mr. Cheng fails to deposit sufficient number of Filecoin is more than the number of Filecoin mined by Mr. Cheng on the date immediately preceding the date on which Mr. Cheng fails to deposit sufficient number of Filecoin multiplied by the number of days which Mr. Cheng fails to deposit sufficient number of Filecoin, Seven Elements is not required to compensate the difference to Mr. Cheng given that neither Seven Elements nor Mr. Cheng would incur any actual loss in such circumstances.

---

## LETTER FROM THE BOARD

---

Where Mr. Cheng is unable to deposit the same within seven days, it will constitute a default of the Second Lease Agreement on the part of Mr. Cheng and the amount of the Compensation payable to Seven Elements shall be the sum of (1) the Loss of Profit; (2) all the Second Leasing Fees not yet paid to Seven Elements; and (3) a handling charge of HK\$800,000. The handling charge is part of the liquidated damages payable by Mr. Cheng to Seven Elements in the event of termination of the Second Lease Agreement due to the default of Mr. Cheng.

The said handling charge is based on the calculation of the actual loss that Seven Elements is likely to incur (in addition to the Loss of Profit and outstanding Second Leasing Fees) if Mr. Cheng fails to meet its obligations under the Second Lease Agreement and includes, among others, logistic costs, reformatting fee for the Second Equipment, and administrative fee and/or termination fee to be charged by the relevant data center. Seven Elements will also need to incur additional costs for engaging independent third-party consultant to handle matters relating to the early termination of the Second Lease Agreement with the official Inter Planetary File System/Filecoin System and the relevant data center.

### ***Gas Fees***

The Gas Fees refers to the Filecoin that are required to be provided to other miners, being Independent Third Parties, in the Filecoin network during the process for the provision of the cloud computing and data storage services and mining of Filecoin. As the Gas Fees are payable to other miners in the Filecoin network, they do not form part of the Second Caps.

### ***Sufficient number of Filecoin as Miner Collateral and Gas Fees***

The number of Filecoin as Miner Collateral and Gas Fees are determined according to the Filecoin System's requirements for collateral coins and the then prevailing rate for Gas Fees based on the capacity/computing power of the Filecoin network and the demand for such computing power, which is subject to change from time to time. As such, the exact number of Filecoin as Miner Collateral and Gas Fees required for the mining by the Second Equipment cannot be determined as at the date of the Second Lease Agreement.

Based on the information currently available to Seven Elements and Mr. Cheng and assuming that there are no material fluctuations in the Filecoin System's requirements for Miner Collateral and the prevailing rate for Gas Fees, (i) the estimated number Miner Collateral required for mining of Filecoin by the Second Equipment during the term of the Second Lease Agreement will be approximately 6,200 Filecoin per pebibytes of effective storage mining power; and (ii) the estimated Gas Fees required for mining of Filecoin by the Second Equipment during the term of the Second Lease Agreement will be approximately 220 Filecoin per pebibytes of effective storage mining power.

---

## LETTER FROM THE BOARD

---

Seven Elements shall monitor the relevant information in the Filecoin user account on a weekly basis. If Seven Elements finds out that the Miner Collateral and Gas Fees as shown in the relevant Filecoin user account falls below an acceptable level, Seven Elements will inform Mr. Cheng to deposit sufficient Filecoin within seven days.

### **Second Caps**

The maximum aggregate amounts payable (including the Second Leasing Fees and the Compensation) (the “**Second Caps**”) by Mr. Cheng to Seven Elements under the Second Lease Agreement is as follows:

<b>Financial year/period</b>	<b>Second Caps</b>
From 1 October 2021 to 31 December 2021	HK\$6,000,000
From 1 January 2022 to 31 December 2022	HK\$24,000,000
From 1 January 2023 to 31 December 2023	HK\$16,000,000
From 1 January 2024 to 30 September 2024	HK\$7,000,000

Each of Seven Elements and Mr. Cheng reserves the right, and shall be entitled in its absolute and sole discretion, to suspend or terminate the transactions contemplated under the Second Lease Agreement in the event that the amount of the Second Leasing Fees which has accrued and become payable pursuant to the terms of the Second Lease Agreement exceeds the Second Caps (or such higher threshold amounts as may be agreed between Mr. Cheng and Seven Elements) for any of the financial year/period set out above.

In arriving the above Second Caps for the Second Lease Agreement, the Directors have taken into account the following factors: (i) the prevailing market price of Filecoin; (ii) the expected number of Filecoins to be mined and released by the Filecoin System during the term of the Second Lease Agreement, having considered the combined effect of (a) the effective storage mining power, which is expected to increase from approximately 6 pebibytes to approximately 8 pebibytes during the term of the Second Lease Agreement; and (b) the rate of Filecoins to be mined per effective storage mining power is expected to decline over time as the total capacity of the Filecoin network increases; and (iii) the Second Leasing Fees to be charged at the rate of 35% of the total number of Filecoin mined and released by the Filecoin System during the term of the Second Lease Agreement.

### ***Prevailing market price***

The Directors have adopted a prudent approach in determining the Second Caps. The prevailing market price in determining the Second Caps was determined with reference to (i) the market price of approximately US\$68 per Filecoin as at the date of the Second Lease Agreement;

---

## LETTER FROM THE BOARD

---

and (ii) the market prices in the past 12 months (the “**Relevant Period**”) ranging from approximately US\$20 per Filecoin to approximately US\$200 per Filecoin. In view that the market price of Filecoin is expected to rise over time due to limited supply and increasing demand and the potential volatility of the market price of Filecoin, the Directors decided to adopt the prevailing market price of US\$100 per Filecoin (being the approximate median market price of US\$100 per Filecoin during the Relevant Period) (the “**Market Price**”) instead of the market price of approximately US\$68 per Filecoin as at the date of the Second Lease Agreement in determining the Second Caps.

Taking into account that (i) the Filecoin supply is capped at 2 billion and will be released through block rewards over the subsequent decades; (ii) more and more institutional investors started to invest in cryptocurrencies, including Filecoin; (iii) more and more people understand cryptocurrencies and are more willing to invest in cryptocurrency or related products such as cryptocurrency ETFs; and (iv) the increasing use of Filecoin for practical purposes, the Directors considered that there is an increasing demand for Filecoin and as a result of which the market price of Filecoin is expected to rise over time.

### *Expected number of Filecoin*

The Directors have also taken into account the expected number of Filecoin (i.e. the maximum capacity of the Second Equipment) to be released by the Filecoin System for the Second Equipment after the mining process during the term of the Second Lease Agreement in determining the Second Caps, which was based on a forecast prepared by a technical consultancy firm, being an Independent Third Party. The technical consultancy firm is a company established in the PRC in June 2020 and is principally engaged in provision of cloud computing services and the development and operation of data centers services. The said technical consultancy firm is managed by the general manager (the “**General Manager**”) and a team of approximately 20 employees. The General Manager holds a bachelor’s degree in finance from Fujian Normal University and has over 10 years of experience in internet software product development. The General Manager has been engaged in the fields of cloud computing and cloud storage since 2009 and has vast experience in software and hardware development and management as well as data center operations and maintenance. The said technical consultancy firm had considered, among others, the specifications and capacity/computing power of the Second Equipment, to estimate the total output (the “**Estimated Output**”) of Filecoin to be mined by the Second Equipment for the relevant financial year/period. Further, the Estimated Output is expected to decline over time as the total capacity of the Filecoin network increases. According to the information currently available to the Company, the Estimated Output for the financial year/period from 1 October 2021 to 31 December 2021, from 1 January 2022 to 31 December 2022, from 1 January 2023 to 31 December 2023 and from 1 January 2024 to 30 September 2024 is 33,300, 79,600, 58,400 and 14,400 respectively.



---

## LETTER FROM THE BOARD

---

The Directors have reviewed the fairness and reasonableness of the assumptions adopted by the technical consultancy firm. The Directors noted that under the calculations of the Second Caps, the daily base Estimated Output per pebibyte of effective storage mining power was estimated based on the average output per tebibyte (1 pebibyte = 1,024 tebibytes) of effective storage mining power published on Filfox website (<https://filfox.info/en>) (Filfox is a Filecoin blockchain explorer and data service platform, providing one-stop data services based on Filecoin, including various mining rankings, blockchain data queries and visualization charts.).

The Directors further noted that with reference to the trend of miners' output published on Filfox website, the daily Estimated Output per pebibyte of effective storage mining power was estimated to be lower than the daily base Estimated Output per pebibyte of effective storage mining power upon commencement of the term of the Second Lease Agreement and increase to reach its peak within the first month upon commencement which is the estimated commissioning period for the node to be created under the Second Lease Agreement. The daily Estimated Output per pebibyte of effective storage mining power was estimated to decrease thereafter and fall below the daily base Estimated Output per pebibyte of effective storage mining power in around the sixth month upon commencement. The daily Estimated Output per pebibyte of effective storage mining power was estimated to decay at a much lower rate thereafter as the net increase in the capacity Filecoin network would be minimal.

Taking into account the qualification and experience of the technical consultancy firm and the General Manager, as well as the information relating to the average output per tebibyte of effective storage mining power and the trend of miners' output published on Filfox website, the Directors consider the assumptions adopted by the technical consultancy firm to be fair and reasonable.

In light of the said vesting period of 180 days and the term of the Second Lease Agreement ending on 30 September 2024, the mining of Filecoin by the Second Equipment will be ceased by 31 March 2024 in order to ensure that the vesting of all remaining Filecoin mined by the Second Equipment will be completed before the expiry of the Second Lease Agreement. Hence, the Estimated Output for the period from 1 January 2024 to 30 September 2024 represented the estimated number of Filecoin to be mined by the Second Equipment from 1 January 2024 to 31 March 2024 only.

---

## LETTER FROM THE BOARD

---

### *Basis of determining the Second Caps*

Based on the Market Price, the Estimated Output and the revenue recognition policy of the Company, the Second Caps for the financial year/period from 1 October 2021 to 31 December 2021, from 1 January 2022 to 31 December 2022, from 1 January 2023 to 31 December 2023 and from 1 January 2024 to 30 September 2024 is HK\$6,000,000, HK\$24,000,000, HK\$16,000,000 and HK\$7,000,000 respectively.

The above basis for determining the Second Caps has been agreed between Mr. Cheng and Seven Elements.

### **Internal control measures**

With regards to the Company's internal control measures to ensure that it will comply with the requirement of Rule 14A.54(1) before the Second Caps are exceeded, the Group will conduct checks on a weekly basis to monitor the actual market price of the Filecoin and the actual daily output of the Filecoin released by the Filecoin System for the Second Equipment after the mining process during the term of the Second Lease Agreement. A monthly report will be prepared by designated staff of the Group which shall set out, among others, (i) the actual aggregate amounts payable by Mr. Cheng to Seven Elements for the relevant month; (ii) the estimated aggregate amounts payable by Mr. Cheng to Seven Elements based on the Market Price multiplied by the Estimated Output for the relevant month; and (iii) the balance of the unutilised Second Caps for the relevant financial year/period. The said monthly report will be reviewed by the management of the Company to ensure that the Second Caps are not exceeded.

The Company will take necessary actions to ensure continuous compliance with the requirements of the Listing Rules in the event that the Second Caps are potentially at risk of being exceeded during the remaining term of the Second Lease Agreement.

To ensure that the Second Leasing Fees will be charged on normal commercial terms and no less favourable than those charged to the Group's independent customers, the Group will conduct checks as to pricing and payment terms on a monthly basis to review and assess whether the actual Second Leasing Fees are charged in accordance with the terms of the Second Lease Agreement. In the event that the Second Lease Agreement is proposed to be amended during the term of the Second Lease Agreement and/or renewed upon expiry of the term of the Second Lease Agreement, the Group will then compare the rate of the leasing fees and terms of the new lease agreement with the prevailing rate of leasing fees and terms for similar equipment for provision of cloud computing and data storage services and mining of Filecoin. By so doing, it will ensure that the

---

## LETTER FROM THE BOARD

---

relevant leasing fees to be charged by the Group under the new lease agreement with Mr. Cheng will be on normal commercial terms and no less favourable than those charged to the Group's independent customers.

### **ANNUAL REVIEW OF THE TRANSACTIONS UNDER THE SECOND LEASE AGREEMENT**

The independent non-executive Directors shall review annually the transactions under the Second Lease Agreement and confirm in the Company's annual report for the year in question whether such transactions have been entered into:

- (a) in the usual and ordinary course of business of the Company;
- (b) either on normal commercial terms or, if there is no available comparison, on terms that are no less favorable than terms available to or from Independent Third Parties; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

The auditors of the Company shall review annually the transactions under the Second Lease Agreement and confirm in a letter to the Directors (a copy of which shall be provided to the Stock Exchange) in respect of each relevant financial year, that the transactions under the Second Lease Agreement:

- (a) have received the approval of the Directors (including the independent non-executive Directors);
- (b) are in accordance with the pricing principles as stated in the Second Lease Agreement;
- (c) have been entered into in accordance with the Second Lease Agreement governing the relevant transactions; and
- (d) have not exceeded the Second Caps as set out above.

### **INFORMATION ON THE GROUP AND SEVEN ELEMENTS**

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacturing and sale of furnishings and home products, online game business, property investment, money lending business, esports business and provision of cloud computing and data storage services.

---

## LETTER FROM THE BOARD

---

Seven Elements is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of cloud computing and data storage services.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND LEASE AGREEMENT**

In recent years, the development of cloud computing and data storage technology offers a new way for businesses and individuals to store, process and access large amount of digital data in an efficient and secure manner. During the six months ended 30 June 2021 and up to the date of this announcement, the Group entered into (i) agreements in relation to the acquisition of equipment from suppliers for provision of cloud computing and data storage services and for cryptocurrency mining; and (ii) agreements in relation to the leasing of equipment and/or provision of software and technical services to customers for provision of cloud computing and data storage services and for cryptocurrency mining. The Group is entitled to receive a service fee from the relevant customers based on the total number of the cryptocurrencies mined during the relevant period, which is settled in Filecoin or Chia coin (as the case may be).

The core management team responsible for leading this new business includes Mr. Lin Junwei, being an executive Director, Mr. Yau Chak Fung, being an executive Director, and Mr. Lee Chia Hsien.

Mr. Lin Junwei, aged 25, obtained a Bachelor of Science Degree in Accounting and Finance from the University of East Anglia in 2018. Mr. Lin is currently the chief financial officer of Imperium Green Power Limited and his primary responsibilities includes the planning, implementation, managing and running of all the finance activities, including business planning, budgeting, forecasting and negotiations. Mr. Lin has been serving as an executive director of Times Universal Group Holdings Limited (stock code: 2310), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange, since 10 October 2019.

Mr. Lin is the nephew of Mr. Cheng Ting Kong, an executive Director and a controlling shareholder of the Company, and Ms. Yeung So Mui, an executive Director.

Mr. Yau Chak Fung, aged 30, holds a Bachelor of Business Administration Degree in Managerial Statistics from the City University of Hong Kong. He was a Vice President at China Tonghai Securities Limited from December 2013 to November 2015 and a Vice President at Karl-Thomas Investment Consultants Limited from January 2016 to May 2016. He was a Senior Vice President at Evergrande Securities (Hong Kong) Limited from May 2016 to May 2021. Mr. Yau has extensive experience in the asset management and securities industries.

---

## LETTER FROM THE BOARD

---

Mr. Lee Chia Hsien, who is currently serving as the chief digital officer of the Group, obtained a bachelor's degree in information management from Tamkang University in 2007 and a master's degree in industrial engineering from National Taiwan University in 2017. He has over 15 years of experience in the information technology industry.

Mr. Lee Chia Hsien has been a founder and chief executive officer of LeadBest Consulting Group, which is principally engaged in the provision of business consulting services, since April 2018. LeadBest Consulting Group assists clients to develop new business strategies through advanced software technologies such as artificial intelligence, the internet, cloud computing, blockchain technology, and information security. He has been serving as a director of EasyCard Corporation, which is a subsidiary of EasyCard Investment Holding Co., Ltd., since January 2019. The main shareholders of EasyCard Investment Holding Co., Ltd. include, among others, the Taipei City Government, Taipei Rapid Transit Corporation, various Taipei-based bus operators and various banks. EasyCard Corporation has launched a contactless smartcard for the electronic transport ticket system, which can be used for electronic payments in public transit such as buses of Greater Taipei, the MASS Rapid Transit system, Taiwan High Speed Rail and Taiwan Railways, and serve as a tool for small-value payments at designated shops such as convenience stores, supermarkets and restaurants. Mr. Lee Chia Hsien was one of the founders and the chief technology officer of Hiiir Inc., a company principally engaged in provision of internet services and digital integrated marketing, from May 2008 to August 2017. He is currently a part-time lecturer at National Taiwan University.

Notwithstanding the volatility of the market price of Filecoin, the Directors consider that the market price of Filecoin is expected to rise over time due to an increase in demand for Filecoin for the following reasons: (i) the Filecoin supply is capped at 2 billion and will be released through block rewards over the subsequent decades; (ii) more and more institutional investors started to invest in cryptocurrencies, including Filecoin; (iii) more and more people understand cryptocurrencies and are more willing to invest in cryptocurrency or related products such as cryptocurrency ETFs; and (iv) the increasing use of Filecoin for practical purposes. As the leasing fees in respect of the leasing of the Filecoin equipment by the Group are settled by the customers in Filecoin, the Directors consider that the Group will be in a good position to benefit from the expected appreciation in the market price of Filecoin in the medium to long term.

Taking into account the sound business model of the Company's cloud computing and data storage business, the diversity of the core management team with different expertise who are responsible for managing this new business segment and the expected long-term upward trend in the market price of Filecoin, the Board considers that the entering into of the Second Lease Agreement represents a good opportunity for the Group to develop and expand its cloud computing and data storage services business, to increase its revenue and to maximise the return of the Shareholders.

---

## LETTER FROM THE BOARD

---

The Board has approved the Second Lease Agreement and the transactions contemplated thereunder. Taking into account that (a) the Directors had adopted a prudent approach in determining the Market Price with reference to the approximate median market price of US\$100 per Filecoin during the Relevant Period; (b) the expected number of Filecoin to be released by the Filecoin System for the Second Equipment after the mining process, which is expected to decline over time as the total capacity of the Filecoin network increases, was based on a forecast prepared by a technical consultant having considered, among others, the specifications and capacity/computing power of the Second Equipment; (c) the Company had in place internal control measures to ensure that it will comply with the requirement of Rule 14A.54(1) of the Listing Rules before the Second Caps are exceeded; (d) the Gas Fees are payable to other miners in the Filecoin network and do not form part of the Second Caps; and (e) under the compensation arrangement, Seven Elements would be compensated for the Loss of Profit and estimated loss incurred arising from the default of the Second Lease Agreement by Mr. Cheng, the Directors (excluding Mr. Cheng, Ms. Yeung and Mr. Lin Junwei who had abstained from voting on the resolutions of the Board in view of their material interest in the Second Lease Agreement but including the independent non-executive Directors who have expressed their view after receiving advice from Gram Capital) consider that the Second Lease Agreement was entered into in the ordinary and usual course of business of the Group and the terms of the Second Lease Agreement, including the Second Leasing Fees and the Second Caps, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Cheng, Ms. Yeung and Mr. Lin Junwei has a material interest in the Second Lease Agreement and has abstained from voting on the Board resolution(s) for considering and approving the Second Lease Agreement and the transactions contemplated thereunder. Mr. Lin Junwei is a nephew of Mr. Cheng Ting Kong and Ms. Yeung So Mui. Save as disclosed above, none of the Directors has any material interest in the Second Lease Agreement, and therefore none of the other Directors are required to abstain from voting on the Board resolution(s) for considering and approving the Second Lease Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, the Company does not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on (a) any disposal, termination, scaling-down of the existing business; and/or (b) injection of any other new business to the Group. The Group intends to continue exploring new business opportunities for the entering into of similar lease arrangements in connection with the proposed development and expansion of the cloud computing and data storage business.

---

## LETTER FROM THE BOARD

---

### LISTING RULES IMPLICATIONS

As Mr. Cheng is an executive Director and a controlling shareholder of the Company, Mr. Cheng is a connected person of the Company. Accordingly, the Second Lease Agreement constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Under Rule 14A.81 of the Listing Rules, the transactions contemplated under the Lease Agreements are required to be aggregated for the purpose of determining the applicable connected transaction requirements based on the classification of the transactions. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Lease Agreements are, on an annual basis, expected to be more than 5% and the Aggregate Caps is more than HK\$10,000,000, the transactions contemplated under the Second Lease Agreement will be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

### GENERAL

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan, has been formed to advise the Independent Shareholders on, among others, the Second Lease Agreement and the transactions contemplated thereunder, and as to whether the Second Lease Agreement is on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The notice convening the EGM is set out on pages 40 to 41 of this circular. The EGM will be convened and held at Conference Room, Room 02, 26/F., One Harbour Square, No. 181, Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 8 October 2021 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, pass the resolutions to approve, among others, the Second Lease Agreement and the transactions contemplated thereunder. The voting at the EGM will be taken by way of poll.

As at the Latest Practicable Date, Diamond State holds 214,428,488 Shares, representing approximately 68.94% of the total issued share capital of the Company. Diamond State has a material interest in the Second Lease Agreement and is required to abstain from voting on the resolution(s) proposed to be passed at the EGM. To the best knowledge, information and belief of the Directors, save for Diamond State, no other Shareholder has a material interest in the Second Lease Agreement and the transactions contemplated thereunder or is required to abstain from voting on the resolution(s) to approve the Second Lease Agreements and the transactions contemplated thereunder at the EGM.

---

## LETTER FROM THE BOARD

---

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time appointed for holding the EGM (i.e Wednesday, 6 October 2021 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

### RECOMMENDATIONS

The Directors are of the opinion that (i) the Second Lease Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Second Lease Agreement (including the Second Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Second Lease Agreement and the transactions contemplated thereunder.

### FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 21 and 22 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the letter from Gram Capital set out on pages 23 to 34 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Second Lease Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Imperium Technology Group Limited**  
**Cheng Ting Kong**  
*Chairman*





**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)**

20 September 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO THE SECOND LEASE AGREEMENT**

We refer to the circular of the Company dated 20 September 2021 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee to consider the Second Lease Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to whether the Second Lease Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the letter of advice from Gram Capital, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 23 to 34 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 20 of the Circular and the additional information set out in the appendix to the Circular.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Having considered the terms of the Second Lease Agreement and the advice from Gram Capital, we are of the opinion that (i) the Second Lease Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Second Lease Agreement (including the Second Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) at the EGM to approve the Second Lease Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**Mr. Fung Tze Wa**  
*Independent*  
*non-executive Director*

**Mr. Ting Wong Kacee**  
*Independent*  
*non-executive Director*

**Mr. Tse Ting Kwan**  
*Independent*  
*non-executive Director*

---

## LETTER FROM GRAM CAPITAL

---

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

20 September 2021

*To: The Independent Board Committee and the Independent Shareholders  
of Imperium Technology Group Limited*

Dear Sir/Madam,

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SECOND LEASE AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Second Lease Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 September 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 10 August 2021 (the “**Announcement Date**”) (after trading hours of the Stock Exchange), Seven Element (an indirect subsidiary of the Company) entered into the Second Lease Agreement with Mr. Cheng, pursuant to which Seven Elements agreed to lease the Second Equipment to Mr. Cheng for the provision of cloud computing and data storage services and mining of Filecoin.

With reference to the Board Letter, the Transactions contemplated under the Second Lease Agreement constitute continuing connected transactions of the Company and are subject to reporting, announcement and Independent Shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

---

## LETTER FROM GRAM CAPITAL

---

The Independent Board Committee comprising Mr. Fung Tze Wa, Mr. Ting Wong Kacee and Mr. Tse Ting Kwan (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions (including the Second Caps) are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is

---

## LETTER FROM GRAM CAPITAL

---

accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Mr. Cheng or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

#### **Information on the Group**

With reference to the Board Letter, the principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacturing and sale of furnishings and home products, online game business, property investment, money lending business, esports business and provision of cloud computing and data storage services.

Seven Elements is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of cloud computing and data storage services.

---

## LETTER FROM GRAM CAPITAL

---

### **Information on Mr. Cheng**

With reference to the Board Letter, Mr. Cheng is an executive Director and a controlling Shareholder. Therefore, Mr. Cheng is a connected person of the Company.

### **Reasons for and benefits of the Second Lease Agreement**

With reference to the Company's interim report for the six months ended 30 June 2021 ("**2021 Interim Report**"), given the growing trends of (i) increasing use of blockchain technology and cryptocurrency for practical purposes such as for cloud computing and data storage; (ii) an increasing number of institutional investors and individuals have started to invest in cryptocurrencies and related products, leading to a continuing rise in the prices of cryptocurrencies on a long term basis; (iii) that with the devaluation of the traditional currencies due to quantitative easing measures adopted by various governments in stimulating the economy, there are signs that cryptocurrencies are being regarded as alternative assets with similar nature to that of gold given that there is a limited supply of cryptocurrencies; and (iv) the positive outlook of cryptocurrencies such as Filecoin to be developed as major cryptocurrencies, the Group acquired curtailed equipment for the purpose of provision of cloud computing and data storage services, including services in connection with cryptocurrency mining and commenced the cloud computing and data storage business during the six months ended 30 June 2021.

We also noted from the 2021 Interim Report that the Group entered into several leasing agreements to lease certain of the aforesaid equipment and provide software and technical services. Cloud computing and data storage became a new reportable segment of the Group during the six months ended 30 June 2021.

With reference to the Board Letter, the Board considers that the entering into of the Second Lease Agreement represents a good opportunity for the Group to develop and expand its cloud computing and data storage services business, to increase its revenue and to maximise the return of the Shareholders.

In view of the above, we are of the view that the Transactions are in line with the Group's development strategy and we concur with the Directors that the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Second Lease Agreement**

Summarised below are the principal terms of the Second Lease Agreement, details of which are set out under the section headed "SECOND LEASE AGREEMENT" of the Board Letter.

---

## LETTER FROM GRAM CAPITAL

---

### *Date*

10 August 2021

### *Parties*

- (1) Seven Elements; and
- (2) Mr. Cheng

### *Subject*

Seven Elements agreed to lease the Second Equipment, which can generate up to 8 pebibytes of effective storage mining power (“**ESMP**”) (as to (i) approximately 6 pebibytes during the period from 1 October 2021 to 31 December 2021; and (ii) approximately 8 pebibytes during the period from 1 January 2022 to 30 September 2024), to Mr. Cheng for the provision of cloud computing and data storage services and for mining of Filecoin.

### *Term*

Subject to the approval of the Independent Shareholders, the Second Lease Agreement shall be effective from the date of passing of the relevant resolution by the Independent Shareholders for approving the Second Lease Agreement at the EGM or 1 October 2021, whichever is later, to 30 September 2024 (the “**Second Lease Term**”).

The condition above is incapable of being waived. In the event the condition above is not fulfilled by 31 December 2021 (or such later date as Seven Elements and Mr. Cheng may agree in writing), all rights, obligations and liabilities of Seven Elements and Mr. Cheng in relation to the Second Lease Agreement shall cease and terminate and none of the parties thereto shall have any claim against the others in respect of the Second Lease Agreement save for any antecedent breach and/or any rights or obligations which may have accrued under the Second Lease Agreement prior to such termination.

### *Second Leasing Fees*

The amount of the Second Leasing Fees shall be based on (i) 35% of the total number of Filecoin mined and released on each day by the official Inter Planetary File System i.e. the Filecoin System during the term of the Second Lease Agreement (the “**Fee Rate**”); and (ii) the market value of Filecoin on the relevant day, which shall be determined with reference to the Filecoin price as quoted by Coinbase at 0:00 a.m. Eastern Standard Time on the same day.

---

## LETTER FROM GRAM CAPITAL

---

### *Vesting mechanism*

With reference to the Board Letter, the current vesting mechanism in respect of the mining of Filecoin is as (i) 25% of the Filecoin are made available to the miners immediately after mining; and (ii) the remaining 75% of the Filecoin (known as block rewards) earned by the miners are to be vested linearly over 180 days period.

### *Pricing policies*

With reference to the Board Letter, the Second Leasing Fees were determined after arm's length negotiation between the Mr. Cheng and Seven Elements after taking into account (i) the prevailing leasing fees for similar equipment for the provision of cloud computing and data storage services and mining of Filecoin charged by Seven Elements for other Independent Third Parties; and (ii) the fee quote(s) for similar equipment for provision of cloud computing and data storage services and mining of Filecoin obtained by Mr. Cheng from other potential suppliers.

For our due diligence purpose, we (i) obtained a list of leasing agreements entered into in 2021 and prior to the Announcement Date between the Group and Independent Third Parties in relation to the lease of similar equipment for provision of cloud computing and data storage services and mining of Filecoin under the Second Lease Agreement with identical pricing mechanism to the Second Lease Agreement (the "**I3P Agreements**") (as advised by the Directors, the Group and Independent Third Party only entered into one leasing agreement with different pricing mechanism to the Second Lease Agreement); and (ii) randomly selected from the aforesaid list and obtained from the Company copies of three I3P Agreements for sampling check. We noted that the fee rates of the I3P Agreements ranged from 31.5% to 35%. The Fee Rate of 35% is at the upper limit of the I3P Agreements fee rates range.

Accordingly, we are of the view that the Fee Rate is fair and reasonable.

With reference to the Board Letter, the Company has adopted certain internal control procedures in relation to the Second Lease Agreement, details of which are set out in the section headed "Internal control measures" of the Board Letter.

We noted that the Group will conduct checks on the pricing and payment terms on a month basis to review and assess whether the actual Second Leasing Fees are charged in accordance with the terms of the Second Lease Agreement, and in the event that the Second Lease Agreement is proposed to be amended during the Second Lease Term and/or renewed upon expiry of the Second Lease Term, the Group will then compare the prevailing rate of leasing fees and terms for the lease



---

## LETTER FROM GRAM CAPITAL

---

of similar equipment to ensure the new lease agreement to be entered into with Mr. Cheng will be on normal commercial terms and no less favourable to the Group than those entered into with Independent Third Parties.

### *Second Caps*

The maximum aggregate amount payable (including the Second Leasing Fees and the Compensation) by Mr. Cheng to Seven Elements under the Second Lease Agreement during each of the following periods (the “**Cap**”) is set out below:

From 1 October 2021 to 31 December 2021	HK\$6,000,000
From 1 January 2022 to 31 December 2022	HK\$24,000,000
From 1 January 2023 to 31 December 2023	HK\$16,000,000
From 1 January 2024 to 30 September 2024	HK\$7,000,000

With reference to the Board Letter, in arriving the above Second Caps for the Second Lease Agreement, the Directors have taken into account the following factors: (i) the prevailing market price of Filecoin; (ii) the expected number of Filecoins to be mined and released by the Filecoin System during the Second Lease Term, having considered the combined effect of (a) the ESMP, which is expected to increase from approximately 6 pebibytes to approximately 8 pebibytes during the Second Lease Term; and (b) the rate of Filecoins to be mined per ESMP is expected to decline over time as the total capacity of the Filecoin network increases; and (iii) the Second Leasing Fees to be charged at the Fee Rate of 35% of the total number of Filecoin mined and released by the Filecoin System during the Second Lease Term.

To assess the fairness and reasonableness of the Second Caps, we have obtained and reviewed the calculation of the Second Caps from the Company (the “**Caps Calculation**”). The Caps Calculation was mainly based on: (1) the estimated daily number of Filecoin mined and released by the Second Equipment (the “**Estimated Output**”) during each of the annual cap periods (i.e. (i) from 1 October 2021 to 31 December 2021; (ii) from 1 January 2022 to 31 December 2022; (iii) from 1 January 2023 to 31 December 2023; and (iv) from 1 January 2024 to 30 September 2024 (the “**Annual Cap Period(s)**”); (2) the Fee Rate of 35%; and (3) the market price per Filecoin for the purpose of calculating the Second Caps.

---

## LETTER FROM GRAM CAPITAL

---

### *Estimated Output and Fee Rate*

With reference to the Board Letter, the expected number of Filecoin to be released by the Filecoin System in determining the Second Caps was based on a forecast prepared by a technical consultancy firm, being an Independent Third Party. The technical consultancy firm had considered, among other things, the specifications, capacity/computing power and the ESMP of the Second Equipment in estimating the Estimated Output during each of the Annual Caps Periods.

With reference to the Board Letter, the technical consultancy firm is a company established in the PRC and is principally engaged in provision of cloud computing services and the development and operation of data centres services and the technical consultancy firm is managed by the General Manager and a team of approximately 20 employees. The General Manager holds a bachelor's degree in finance from Fujian Normal University and has over 10 years of experience in internet software product development. The General Manager has been engaged in the fields of cloud computing and cloud storage since 2009 and has vast experience in software and hardware development and management as well as data center operations and maintenance.

Under the Caps Calculation, the daily base Estimated Output per pebibyte of ESMP was estimated based on the average output per tebibyte (1 pebibyte = 1,024 tebibytes) of ESMP published on the Filfox website (filfox.info) (Filfox is a Filecoin blockchain explorer and data service platform, providing one-stop data services based on Filecoin, including various mining rankings, blockchain data queries and visualization charts.).

With reference to the trend of miners' output published on Filfox website, the daily Estimated Output per pebibyte of ESMP was estimated to be lower than the daily base Estimated Output per pebibyte of ESMP upon commencement of the Annual Cap Periods and increase to reach its peak within the first month upon commencement which is the estimated commissioning period for the node to be created under the Second Lease Agreement. The daily Estimated Output per pebibyte of ESMP was estimated to decrease thereafter and fall below the daily base Estimated Output per pebibyte of ESMP in around the sixth month upon commencement. The daily Estimated Output per pebibyte of ESMP was estimated to remain stable from the 13th month upon commencement.

Having considered the references above, we consider the Estimated Output prepared by the aforementioned technical consultancy firm to be reasonable.

Under the Caps Calculation, the daily total Estimated Output was estimated by the daily Estimated Output per pebibyte of ESMP times the planned ESMP (in terms of number of pebibyte) under each of the Annual Cap Periods. The total fee charged by Seven Elements in terms of Filecoin under each of the Annual Caps Periods (the "**Total Estimated Fee (in Filecoin)**") was then derived after taking into account the vesting mechanism and the Fee Rate of 35%.

---

## LETTER FROM GRAM CAPITAL

---

### *Market price per Filecoin*

With reference to the Board Letter, the market price of Filecoin was approximately US\$68 per Filecoin as at the date of the Second Lease Agreement (i.e. 10 August 2021) and the market prices ranged from approximately US\$20 per Filecoin to approximately US\$200 per Filecoin for the past 12 months prior to the entering into of the Second Lease Agreement.

As aforementioned, the market price of Filecoin on the relevant day shall be determined with reference to the Filecoin price as quoted by Coinbase. Based on the Coinbase website ([www.coinbase.com](http://www.coinbase.com)), Coinbase started in 2012, offers a trusted and easy-to-use platform for accessing the broader crypto-economy. Approximately 68 million verified users, 9,000 institutions, and 160,000 ecosystem partners in over 100 countries trust Coinbase to easily and securely invest, spend, save, earn and use crypto.

Accordingly, we searched on the Coinbase website for Filecoin prices from 11 August 2020 to 10 August 2021 (the “**Review Period**”), being a period of one year prior to and up to the Announcement Date. According to Coinbase’s data, Filecoin prices fluctuated between HK\$116.11 and HK\$1,848.27 (equivalent to approximately US\$15<sup>(Note)</sup> and US\$238<sup>(Note)</sup> respectively) from 11 August 2020 to 31 March 2021. After reaching a peak of HK\$1,848.27 (equivalent to approximately US\$238<sup>(Note)</sup>) on 31 March 2021, Filecoin prices formed a general decreasing trend and reached HK\$525.45 (equivalent to approximately US\$68<sup>(Note)</sup>) on 10 August 2021, being the Announcement Date. As advised by the Directors, there are different exchanges for the trading of cryptocurrencies and prices quoted by each of these exchanges may vary, depending on the then prevailing volatility of the underlying cryptocurrencies.

*Note: Based on the exchange rate of US\$1:HK\$7.78*

Under the Caps Calculation, the Company adopted the price of US\$100 per Filecoin for the Caps Calculation, which is lower than the mid-level of the aforesaid range of historical Filecoin prices observed from Coinbase.

With reference to the Board Letter, the Directors considered that the market price of Filecoin will rise over time, details of their basis are set out in the section headed “Prevailing market price” of the Board Letter. We noted from the Filfox website that the total maximum supply of Filecoin is capped at 2 billion and the current circulating supply of Filecoin is approximately 170 million, representing approximately 8.5% of the total maximum supply. We also noted from a press release dated 20 July 2021 published by Fidelity Digital Assets (As a new business established by Fidelity Investments, Fidelity Digital Assets offers a full-service enterprise-grade platform for securing trading and supporting digital assets. Fidelity Digital Assets combines the operational and technical capabilities of the broader Fidelity organization with dedicated blockchain expertise to

---

## LETTER FROM GRAM CAPITAL

---

deliver a completely new offering for institutional investors.) that 7 in 10 institutional investors expect to buy or invest in digital assets in the future, and more than 90% of those interested in digital assets expect to have an allocation in their institution's or clients' portfolios within the next five years, which indicates a continued acceleration in adoption over the next several years as over 50% of institutions surveyed across Asia, Europe and the United States currently invested in digital assets.

Having taken into account the above factors, in particular the historical Filecoin prices fluctuation and the prospects of cryptocurrencies, we consider that it is reasonable for the Directors' to expect that the market price of Filecoin to rise over time and we consider the adoption of US\$100 per Filecoin (the "**Adopted Price**") for the Caps Calculation to be justifiable.

The total fee charged by Seven Elements in terms of HK\$ (the "**Total Estimated Fee (in HK\$)**") under each of the Annual Caps Periods was derived by the Total Estimated Fee (in Filecoin) times the Adopted Price.

As advised by the Directors, the Cap for the period from 1 October 2021 to 31 December 2021 was derived by adding further buffer to the Total Estimated Fee (in HK\$) under the same period, to cater for the possibility of higher-than-expected effective computing power available in the beginning of the Annual Cap Periods which may lead to shorter commissioning period required for the node to be created under the Second Lease Agreement. For the other Annual Caps Periods, the Cap was derived by rounding up the Total Estimated Fee (in HK\$) under the corresponding Annual Cap Period.

With reference to the Board Letter, the Second Lease Agreement contained compensation arrangement to cater for any loss suffered by the Group as a result of any temporary disruption of Filecoin mining by Mr. Cheng (whether halted or mining less Filecoin than expected) when insufficient Miner Collateral and Gas Fees were deposited. In the case where Mr. Cheng is unable to deposit sufficient Miner Collateral and Gas Fees within seven days, the Second Lease Agreement is considered default and will be terminated, the amount of compensation payable by Mr. Cheng in such case shall be the sum of (1) the loss of profit; (2) all the Second Leasing Fees not yet paid to Seven Elements; and (3) a handling charge of HK\$800,000.

Given the compensation arrangement in respect of the loss of profit is to compensate the loss of Second Leasing Fees if any aforesaid circumstances arise, which is effectively the same as the Second Leasing Fees to be received, and the handling fee of HK\$800,000 represents any additional costs the Group may incur if any early termination occurs, the Second Caps are sufficient to cater for the compensation arrangement and thus no specific proportion of the Second Caps was attributed to the compensation arrangement.

---

## LETTER FROM GRAM CAPITAL

---

Having considered the above, we consider the Second Caps for the Annual Cap Periods to be fair and reasonable.

Shareholders should note that as the Second Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 30 September 2024, and they do not represent forecasts of transaction amounts to be incurred from the Second Lease Agreement. Consequently, we express no opinion as to how closely the actual transaction amounts to be incurred from the Second Lease Agreement will correspond with the Second Caps.

### *Other terms*

Other terms of the Second Lease Agreement are set out in the section headed “SECOND LEASE AGREEMENT” of the Board Letter.

For our due diligence purposes, we randomly selected and obtained from the Company copies of three I3P Agreements and noted that such I3P Agreements also contain similar terms (e.g. Miner Collateral, Gas Fees and compensation) to the Second Lease Agreement.

In light of the above, we are of the view that the terms of the Second Lease Agreement (including the Second Caps) are on normal commercial terms and are fair and reasonable.

### **Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by the Second Caps; (ii) the terms of the Second Lease Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the Second Lease Agreement must be included in the Company’s subsequent published annual reports. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and (iv) have exceeded the proposed annual caps. In the event that the total amounts of the transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Second Lease Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

---

## LETTER FROM GRAM CAPITAL

---

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions (including the Second Caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Director's interests and short positions in the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

#### *Long position in the Shares:*

Name of Directors	Capacity	Number of Shares	Approximate percentage of interest
Mr. Cheng ( <i>Note 1</i> )	Interest through a controlled corporation	214,428,488	68.94%
Ms. Yeung ( <i>Note 2</i> )	Interest of spouse	214,428,488	68.94%

#### *Notes:*

- This represents interests held by Mr. Cheng through Diamond State, which holds 214,428,488 Shares. Diamond State is wholly-owned by Mr. Cheng and Mr. Cheng is deemed to be interested in 214,428,488 Shares held by Diamond State under Part XV of the SFO.
- Ms. Yeung is the spouse of Mr. Cheng. Ms. Yeung is deemed to be interested in 214,428,488 Shares held by Diamond State under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial shareholders' interests and short positions in Shares and underlying Shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares, underlying shares or debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital, were as follows:

*Long position in the Shares:*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest
Diamond State ( <i>Note</i> )	Beneficial owner	214,428,488	68.94%

*Note:* Diamond State is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is wholly-owned by Mr. Cheng.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the issued share capital of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.



Save as disclosed above and so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, none of the Directors or a proposed Director is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

### **5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group was made up.

### **6. INTERESTS IN CONTRACTS, ASSETS AND ARRANGEMENT OF SIGNIFICANCE**

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2020, the date to which the latest published audited financial statements of the Group were made up.

**7. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who have given an opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report(s) and/or opinion(s) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

**8. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

**9. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Ip Ka Ki. Mr. Ip obtained a Bachelor's Degree in Business Administration (Honours) in Accountancy from the Lingnan University in 2003. He is a member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Chartered Secretaries. He has over 15 years of experience in accounting, auditing and finance.
- (b) The Company's registered office is at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (c) The Company's head office and principal place of business in Hong Kong is at Room 02, 26/F., One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.
- (d) The principal share registrar of the Company is Maples Fund Services (Cayman) Limited, whose registered office is at P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.
- (e) The Hong Kong branch registrar of the Company is Tricor Investor Services Limited, whose registered office is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at Room 02, 26/F., One Harbour Square, No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong during normal business hours on any business day for a period of 14 days from the date of this circular:

- (a) the First Lease Agreement;
- (b) the Second Lease Agreement;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 21 to 22 of this circular;
- (d) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 23 to 34 of this circular;
- (e) the written consent referred to in the section headed "7. Qualification and consent of expert" in this appendix;
- (f) the memorandum of association and the articles of association of the Company; and
- (g) this circular.

---

## NOTICE OF EGM

---



# 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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Imperium Technology Group Limited (the “**Company**”) will be held at Conference Room, Room 02, 26/F., One Harbour Square, No. 181, Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 8 October 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT**

- (a) the lease agreement dated 10 August 2021 (the “**Second Lease Agreement**”) (a copy of which has been produced to the Meeting and marked “A” and initialled by the chairman of the Meeting for the purpose of identification) and entered into between Mr. Cheng Ting Kong (“**Mr. Cheng**”) and Seven Elements Interactive Digital Technology Limited (“**Seven Elements**”), an indirect wholly-owned subsidiary of the Company, in relation to the leasing of certain Filecoin equipment, storage facilities and auxiliary parts, which can generate up to 8 pebibytes of effective storage mining power, by Seven Elements to Mr. Cheng and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (b) the proposed maximum aggregate amounts payable by Mr. Cheng to Seven Elements under the Second Lease Agreement in the amount of HK\$6,000,000, HK\$24,000,000, HK\$16,000,000 and HK\$7,000,000 for the financial year/period from 1 October 2021 to 31 December 2021, from 1 January 2022 to 31 December 2022, from 1 January 2023 to 31 December 2023 and from 1 January 2024 to 30 September 2024 respectively be and are hereby confirmed, approved and ratified; and

---

## NOTICE OF EGM

---

- (c) any one or more of the directors (the “**Directors**”) of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Second Lease Agreement and the transactions contemplated thereunder as are, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 20 September 2021

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or, if he is the holder of two or more shares, more than one person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 48 hours before the time appointed for holding the EGM (i.e Wednesday, 6 October 2021 at 3:00 p.m. (Hong Kong time)) or any adjournment thereof.