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**泛亞環保集團有限公司**  
**Pan Asia Environmental Protection Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 556)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
BUSINESS COOPERATION AGREEMENT**

**THE BUSINESS COOPERATION AGREEMENT**

Reference is made to the Company's announcement dated 12 April 2024 in relation to, among others, the business update of the Company's expansion into the Web 3.0 business. As disclosed in such announcement, the Company had set up a subsidiary in the U.S. (i.e. Pan Asia USA) for the development of Web 3.0 business and AI business, and will initially focus on decentralised disaster recovery storage solutions.

The Board is pleased to announce that on 31 May 2024 (after trading hours), Pan Asia USA and PowerMeta entered into the Business Cooperation Agreement in relation to, among others, the development of the DR Network.

Pursuant to the Business Cooperation Agreement, Pan Asia USA is responsible for providing a maximum of 1,820,000 Filecoin tokens (equivalent to approximately HK\$81.8 million) to PowerMeta, which will be used as collateral in the DR Network.

**LISTING RULES IMPLICATIONS**

As the applicable percentage ratios of the transactions contemplated under the Business Cooperation Agreement are more than 5% but less than 25%, the transactions contemplated under the Business Cooperation Agreement are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 28% of the ownership interest in Pan Asia USA is owned by Mr. Lucas Wu Perez, who is the sole and ultimate beneficial owner of PowerMeta. Accordingly, PowerMeta is an associate of Mr. Lucas Wu Perez, and is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Thus, the transactions contemplated under the Business Cooperation Agreement would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the value of the Filecoin tokens to be provided by Pan Asia USA is higher than HK\$10 million, the transactions contemplated under the Business Cooperation Agreement are subject to reporting, announcement, circular (including independent financial advice) and Shareholders' approval requirements under Rule 14A.76 of the Listing Rules. Given that (i) the Board has approved the transactions contemplated under the Business Cooperation Agreement, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Business Cooperation Agreement are fair and reasonable, the transactions contemplated are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole; and (ii) the connected transaction is conducted between the Group and a connected person at the subsidiary level, the transactions contemplated under the Business Cooperation Agreement are subject to the reporting and announcement requirements only, and are exempt from circular (including independent financial advice) and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

## **THE BUSINESS COOPERATION AGREEMENT**

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The principal terms of the Business Cooperation Agreement are as follows:

Date: 31 May 2024

Parties: (1) Pan Asia USA; and

(2) PowerMeta

## **Subject matter**

### ***The DR Network***

The DR Network is a decentralised disaster recovery storage network in Web 3.0 which aims at delivering data recovery solutions based on a decentralised storage. Decentralised storage is a type of storage solution that is based on a blockchain-based decentralised network, rather than relying on a single centralised entity. Data is saved on various nodes in a decentralised network rather than on a single server under the control of a single authority. This increases security and reliability by ensuring that data is disseminated and safeguarded against errors.

The DR Network is distributary and participatory where data and files are stored among multiple DR Nodes for the sake of reliability and security. Pursuant to the Business Cooperation Agreement, a maximum of 28 DR Nodes will be constructed in support of the DR Network. Each DR Node supports 1PiB (1PiB equals to approximately 1,125,899 gigabytes) of disaster recovery storage capacity. By constructing 28 DR Nodes, the DR Network will create a maximum of 28PiB storage capacity.

The DR Network will utilise the IPFS and Filecoin network technologies. IPFS is a distributed system for storing and accessing files, websites, applications, and data, while Filecoin network is a decentralised storage network designed to turn cloud storage into an algorithmic market.

### ***Filecoin tokens***

Filecoin tokens are the native cryptocurrency of the Filecoin network. Users of the Filecoin network pay for storage and retrieval services using Filecoin tokens, and storage providers earn Filecoin tokens by offering their storage space. The primary purpose of Filecoin tokens is to incentivise storage providers to offer their disk space to the network by effectively turning their unused storage capacity into a revenue-generating asset.

Filecoin tokens are required for the operation of the Filecoin network. They are required to cover network Gas fees and Datacap real data acquisition costs for the operation of the Filecoin network. Filecoin tokens also act as collateral in the Filecoin network. Filecoin network requires storage providers to lock-up a certain amount of Filecoin tokens as collateral. If a storage provider fails to store the data it is committed to, it can lose a portion of its collateral (i.e. the Filecoin tokens).

Based on current network conditions, each 1PiB of storage capacity requires approximately 65,000 Filecoin tokens as collateral to be provided by a storage provider, thus 28PiB of storage capacity requires a total of approximately 1,820,000 Filecoin tokens as collateral.

## **Roles and responsibilities**

PowerMeta is a technology conglomerate that provides disaster recovery infrastructure and enterprise data storage solutions for organisations by a global decentralised storage network. Leveraging on its technical expertise and industry experience, it is responsible for the construction, operation and technical maintenance of the DR Nodes and the DR Network. PowerMeta is also responsible for providing Filecoin tokens as network Gas fees, Datacap real data acquisition costs and other operational costs required for the operation and maintenance of the DR Network.

Pan Asia USA is responsible for providing a maximum of 1,820,000 Filecoin tokens to PowerMeta to be used as collateral in the DR Network. Pan Asia USA may need to acquire Filecoin tokens in order to fulfil its obligation under the Business Cooperation Agreement. The Company will issue further announcement(s) as required under the relevant Listing Rules on the acquisition of the Filecoin tokens as and when appropriate.

Each DR Node successfully built has a duration limit of 540 days. The Filecoin tokens used as collateral shall be returned to Pan Asia USA after the duration limit of each DR Node.

## **Cost and profit sharing**

By creating a maximum of 28PiB of storage capacity, it is expected that the DR Network will be awarded with approximately 450,000 Filecoin tokens (equivalent to approximately HK\$20.2 million) for a period of 540 days. After reimbursing PowerMeta for the Filecoin tokens it provided for the operation and maintenance of the DR Network, the parties shall share the Filecoin tokens to be awarded equally.

## **INFORMATION ON THE PARTIES**

The Group is principally engaged in the sale of environmental protection products and equipment, and the provision of environmental protection construction engineering solutions and services. Pan Asia USA is a company incorporated in the U.S. with limited liability and a non-wholly owned subsidiary of the Company, it was established for the Company's development of Web 3.0 business and AI business. As at the date of this announcement, Pan Asia USA is owned as to 51% by the Company, 28% by Mr. Lucas Wu Perez and 21% by Mr. Zhu, an executive Director and the chief executive officer of the Company.

PowerMeta is a company incorporated in the U.S. with limited liability. It is a technology conglomerate that provides disaster recovery infrastructure and enterprise data storage solutions for organisations by a global decentralised storage network. As at the date of this announcement, Mr. Lucas Wu Perez is the sole and ultimate beneficial owner of PowerMeta.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE BUSINESS COOPERATION AGREEMENT**

While focusing on its principal business, the Group has also been constantly exploring business opportunities to expand its existing business segments and to diversify its business portfolio, which is part of the Group's business strategy.

With the substantial growth in the adoption of IPFS, and the trend of embracing Web 3.0 worldwide, the Company saw the potential in the adoption of IPFS and Filecoin network. In particular, the Hong Kong government has sought to embrace the development and adoption of Web 3.0, and the Financial Secretary of Hong Kong has announced in the 2023–2024 Budget to nurture a Web 3.0 ecosystem and establish a task force on the development of virtual assets, a component of Web 3.0.

Considering the increasing trend and importance in the adoption of IPFS and Filecoin network, the Directors (including the independent non-executive Directors) consider that although the transactions contemplated under the Business Cooperation Agreement are not in the ordinary and usual course of business of the Group, the transactions are on normal commercial terms or better, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The entering into the Business Cooperation Agreement would offer an opportunity for the parties to deepen their mutual understanding, and would allow the Company to gain relevant industry knowledge and expertise. It is expected that the Company will gain knowledge, experience and expertise of the operation and maintenance of the DR Network from the proposed business cooperation. Subject to the outcome of the business cooperation between Pan Asia USA and PowerMeta, it is the current intention that the Company will acquire shares in PowerMeta after completion of the Business Cooperation Agreement as the Company sees potential in PowerMeta's disaster recovery infrastructure network built on blockchain technology and IPFS, which provides secure and reliable storage solutions that ensure critical data is always safe and recoverable. The Company will issue further announcement(s) as required under the relevant Listing Rules on the acquisition of PowerMeta as and when appropriate.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios of the transactions contemplated under the Business Cooperation Agreement are more than 5% but less than 25%, the transactions contemplated under the Business Cooperation Agreement are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 28% of the ownership interest in Pan Asia USA is owned by Mr. Lucas Wu Perez, who is the sole and ultimate beneficial owner of PowerMeta. Accordingly, PowerMeta is an associate of Mr. Lucas Wu Perez, and is therefore a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Thus, the transactions contemplated under the Business Cooperation Agreement would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the value of the Filecoin tokens to be provided by Pan Asia USA is higher than HK\$10 million, the transactions contemplated under the Business Cooperation Agreement are subject to reporting, announcement, circular (including independent financial advice) and Shareholders' approval requirements under Rule 14A.76 of the Listing Rules. Given that (i) the Board has approved the transactions contemplated under the Business Cooperation Agreement, and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Business Cooperation Agreement are fair and reasonable, the transactions contemplated are on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole; and (ii) the connected transaction is conducted between the Group and a connected person at the subsidiary level, the transactions contemplated under the Business Cooperation Agreement are subject to the reporting and announcement requirements only, and are exempt from circular (including independent financial advice) and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

None of the Directors are deemed to be interested in the transactions contemplated under the Business Cooperation Agreement and hence are not required to abstain from voting on the Board resolutions in relation to the Business Cooperation Agreement.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AI”	artificial intelligence
“Board”	the board of Directors
“Business Cooperation Agreement”	the business cooperation agreement dated 31 May 2024 entered into between Pan Asia USA and PowerMeta in relation to, among others, the development of the DR Network
“Company”	Pan Asia Environmental Protection Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“Director(s)”	the director(s) of the Company
“DR Network”	decentralised disaster recovery storage network in Web 3.0
“DR Nodes”	disaster recovery nodes
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“IPFS”	InterPlanetary File System
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Mr. Zhu Duke Li, an executive Director and the chief executive officer of the Company
“Pan Asia USA”	Pan Asia Environmental Protection Group USA LLC, a company incorporated in the U.S. with limited liability and a non-wholly owned subsidiary of the Company
“PiB”	Pebibyte
“PowerMeta”	PowerMeta Corporation, a company incorporated in the U.S. with limited liability and a connected person of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, the value of Filecoin tokens have been translated into US\$ at the rate of 1 Filecoin token = US\$5.76 according to the market price of the Filecoin tokens as at the date of this announcement; and amounts in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.8.*

By Order of the Board  
**Pan Asia Environmental Protection Group Limited**  
**Guo Jiannan**  
*Chairman*

Hong Kong, 31 May 2024

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

Mr. GUO Jiannan  
Ms. PAN Chang  
Mr. ZHU Duke Li

*Independent Non-executive Directors:*

Mr. CHEN Xuezheng  
Mr. HU Jianjun  
Mr. LEUNG Shu Sun, Sunny