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PAX GLOBAL TECHNOLOGY LIMITED

百富環球科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 327)

**CONNECTED TRANSACTION
NON-EXERCISE OF RIGHT OF FIRST REFUSAL**

BACKGROUND

Reference is made to the announcement of the Company dated 4 December 2019 in relation to the Subscription by Wonder Pax, an indirect wholly-owned subsidiary of the Company (the “**2019 Announcement**”). Unless specified otherwise, all the capitalised terms used in this announcement shall have the same meaning prescribed in the 2019 Announcement.

On 15 December 2021, Wonder Pax, the Purchaser and Megahunt entered into the Share Transfer Agreement in relation to Wonder Pax’s disposal of its entire 3.64% equity interest in Megahunt to the Purchaser at a consideration of approximately RMB43.6 million (equivalent to approximately HKD53.2 million) (the “**Disposal**”).

The Disposal is conditional upon the satisfaction or waiver (if appropriate) of the conditions precedent within sixty (60) Working Days from the date of the Share Transfer Agreement, or a later date otherwise agreed in writing.

As at the date of this announcement, Megahunt is owned as to approximately 3.64% by Wonder Pax and approximately 65.73% by Megahunt HK respectively. After completion of the Disposal, Wonder Pax will cease to have any equity interest in Megahunt.

* For identification purpose only

CONNECTED TRANSACTION IN RELATION TO THE NON-EXERCISE OF RIGHT OF FIRST REFUSAL

On 15 December 2021, Wonder Pax received a notice of transfer from Megahunt HK in respect of Megahunt HK's intention to transfer an aggregate of approximately 20% equity interest in Megahunt (the “**Relevant Interest**”) at an aggregate consideration of approximately RMB208.7 million (equivalent to approximately HKD254.6 million) to the Transferees (the “**Transfer**”).

Pursuant to the 2019 Investment Agreement, the Transfer is subject to the right of first refusal, where each of Wonder Pax and the rest of the 2019 Investors shall have the right to purchase the Relevant Interest (or any part thereof) on the same terms and conditions as offered by Megahunt HK to the Transferees (the “**Right of First Refusal**”).

On 15 December 2021, the Board approved the non-exercise of the Right of First Refusal by Wonder Pax to acquire the Relevant Interest (or any part thereof) under the Transfer.

No consideration would be payable or received by the Group pursuant to the non-exercise of the Right of First Refusal.

LISTING RULES IMPLICATION

As all the applicable percentage ratios as defined under the Listing Rules in relation to the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, Hi Sun is a substantial Shareholder holding approximately 33.17% of the Company's total issued share capital and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As Megahunt HK is an indirect wholly-owned subsidiary of Hi Sun, Megahunt HK is an associate of Hi Sun and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the non-exercise of the Right of First Refusal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (as defined under the Listing Rules) exceed 0.1% but are less than 5%, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 15 December 2021, Wonder Pax, the Purchaser and Megahunt entered into the Share Transfer Agreement, in relation to Wonder Pax's disposal of its entire 3.64% equity interest in Megahunt to the Purchaser at a consideration of approximately RMB43.6 million (equivalent to approximately HKD53.2 million).

The Disposal is conditional upon the satisfaction or waiver (if appropriate) of the conditions precedent within sixty (60) Working Days from the date of the Share Transfer Agreement, or a later date otherwise agreed in writing.

As at the date of this announcement, Megahunt is owned as to approximately 3.64% by Wonder Pax and approximately 65.73% by Megahunt HK respectively. After completion of the Disposal, Wonder Pax will cease to have any equity interest in Megahunt.

THE NON-EXERCISE OF RIGHT OF FIRST REFUSAL TO ACQUIRE APPROXIMATELY 20% EQUITY INTEREST IN MEGAHUNT

On 15 December 2021, Wonder Pax received a notice of transfer from Megahunt HK in respect of Megahunt HK's intention to transfer an aggregate of approximately 20% equity interest in Megahunt at an aggregate consideration of approximately RMB208.7 million (equivalent to approximately HKD254.6 million) to the Transferees.

Pursuant to the 2019 Investment Agreement, the Transfer is subject to the Right of First Refusal, where each of Wonder Pax and the rest of the 2019 Investors shall have the right to purchase the Relevant Interest (or any part thereof) on the same terms and conditions as offered by Megahunt HK to the Transferees.

On 15 December 2021, the Board approved the non-exercise of the Right of First Refusal by Wonder Pax to acquire the Relevant Interest (or any part thereof) under the Transfer.

No consideration would be payable or received by the Group pursuant to the non-exercise of the Right of First Refusal.

Save that Mr. Li Wenjin, who concurrently serves as a director of both the Company and Hi Sun, is deemed to have a material interest in the connected transaction and has accordingly abstained from voting on the Board resolution, none of the other Directors has interest in the connected transaction and is required to abstain from voting on the relevant Board resolution.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE NON-EXERCISE OF RIGHT OF FIRST REFUSAL

In December 2019, the Group subscribed for 3.64% equity interest (the “**Subscription Interest**”) in Megahunt at a consideration of RMB20.0 million (equivalent to approximately HKD24.4 million). Since then, the Subscription Interest has been accounted for as a financial asset at fair value through profit or loss. The consideration of the Disposal, at approximately RMB43.6 million (equivalent to approximately HKD53.2 million), was agreed between Wonder Pax and the Purchaser after arm’s length negotiation, with reference to, among others, the financial performance of Megahunt. Based on the sale price of the Subscription Interest, the Directors are of the view that the Disposal presents an opportunity for the Group to realise a gain from the investment.

The COVID-19 pandemic is still evolving on a global basis and subsequent impacts on economic and commercial activities cannot be ruled out. In light of the continuing uncertainty, the Group continues to maintain a prudent stance in evaluating further investment. In addition, the Group will cease to have any equity interest in Megahunt after completion of the Disposal. Therefore, the Group has no intention to subscribe any equity interest of Megahunt under the Right of First Refusal.

After completion of the Disposal, Wonder Pax will cease to have any equity interest in Megahunt and the Group expects to record a gain of approximately RMB22.0 million (equivalent to approximately HKD26.8 million) for the year ending 31 December 2021 as a result of the Disposal. The non-exercise of the Right of First Refusal will neither have any adverse effect on the ordinary course of business and financial condition of the Company nor any impact on the scope of the consolidated financial statements of the Company.

Having taken into account the reasons and benefits set out above, the Board has decided to dispose of the Subscription Interest and not to exercise the Right of First Refusal. The Directors (including the Independent Non-executive Directors) are of the view that the Disposal and the non-exercise of the Right of First Refusal are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GENERAL

Information of the Company and Wonder Pax

The Company is an investment holding company and together with its subsidiaries is principally engaged in the development and sales of electronic payment point-of-sales terminals (E-Payment Terminals) products, the provision of maintenance and installation and payment solution services.

Wonder Pax is an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability and is principally engaged in the development of software and hardware of E-Payment Terminals products and provision of related services in the PRC.

Information of Hi Sun

Hi Sun is a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange, together with its subsidiaries is principally engaged in the provision of payment processing solutions, operating through six segments, namely the payment processing solutions segment, the fintech solutions and services segment, the financial solutions segment, the information security chips and solutions segment, the platform operation solutions segment and the electronic power meters and solutions segment. As at the date of this announcement, Hi Sun is a controlling Shareholder holding approximately 33.17% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owners of the substantial shareholders of Hi Sun are Mr. Kui Man Chun (directly and indirectly holding approximately 23.25% of the issued share capital of Hi Sun) and Mr. Che Fung (indirectly holding approximately 12.04% of the issued share capital of Hi Sun), and they are both independent third parties of the Company.

Information of Megahunt HK

Megahunt HK is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Hi Sun. It is an investment holding company and together with its subsidiaries is principally engaged in the sales of information security chips and solutions, computer hardware and software, system integration and the development of system on a chip ("SOC").

Information of Megahunt

Megahunt is a limited liability company incorporated in the PRC and is a direct non-wholly owned subsidiary of Megahunt HK and as such, an indirect non-wholly owned subsidiary of Hi Sun. Its principal business activity includes the sales of information security chips and solutions, computer hardware and software, system integration and the development of SOC.

As at the date of this announcement, Megahunt is owned as to approximately 65.73% by Megahunt HK, 12.82% by Management Platform Company, 7.27% by Ju Xin Fund, 3.64% by Wonder Pax, 3.64% by Xin Lian Xin, 3.29% by Mr. Xu WS, 2.96% by Mr. Xu CJ and 0.66% by Ms. Hui respectively.

Financial Information of Megahunt

The unaudited net profit before taxation and unaudited net loss after taxation of Megahunt and its subsidiary are approximately HKD3.5 million and HKD0.1 million respectively for the year ended 31 December 2019, and the unaudited net profit before and after taxation of Megahunt and its subsidiary are approximately HKD9.2 million and HKD7.5 million respectively for the year ended 31 December 2020. The unaudited total asset value and net asset value of Megahunt and its subsidiary as at 30 June 2021 are approximately HKD362.9 million and HKD301.7 million respectively, as prepared in accordance with the generally accepted accounting principles of Hong Kong.

Information of Megahunt Management Shareholders

Management Platform Company is a limited partnership registered and established in the PRC, engaged in the business of technology development, technology consultation, technology transfer, technology service, corporate management and sale of self-developed products. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, its executive partner is 天津芯仁科技有限責任公司 (Tianjin Xin Ren Technology Co., Ltd.*), a limited liability company incorporated in the PRC ("Tianjin Xin Ren"), which is ultimately controlled by Mr. Li. As at the date of this announcement, Management Platform Company is ultimately beneficially owned as to approximately 61.53% by Mr. Li, 17.95% by Mr. Liu, 17.95% by Mr. Yang, 2.56% by Ms. Song and 0.01% by Tianjin Xin Ren. Save for the relationship of Mr. Li and Mr. Yang with Megahunt, a connected person of the Company, as disclosed in the following paragraph, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Management Platform Company and its ultimate beneficial owners is an Independent Third Party.

Mr. Li is a director, the legal representative and the general manager of Megahunt. Mr. Liu is the technology chief officer of Megahunt. Mr. Yang is the deputy general manager and director of Megahunt. Ms Song is the chairlady of the supervisory committee of Megahunt.

Each of Mr. Xu WS and Mr. Xu CJ is an executive director of Hi Sun. Ms. Hui is Hi Sun's group financial controller and joint company secretary and also a director of certain subsidiaries of Hi Sun.

Information of Ju Xin Fund

Ju Xin Fund is a limited partnership established in the PRC, engaged in the business of equity investment, investment management and investment consultation. Its executive partner is 上海肇芯投資管理中心(有限合夥)(Shanghai Zhaoxin Investment Management Center (Limited Partnership)*). The limited partners holding more than 30% interest in Ju Xin Fund are (i) 國家集成電路產業投資基金股份有限公司 (National Integrated Circuit Industry Investment Fund Co., Ltd.*) of which the largest shareholder holding more than 30% of its interest is 中華人民共和國財政部 (Ministry of Finance of the People's Republic of China), and (ii) 中芯晶圓股權投資(寧波)有限公司 (Zhongxin Jingyuan Equity Investment (Ningbo) Co., Ltd.*) which is ultimately controlled by Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司), a company listed on the Shanghai Stock Exchange and the Stock Exchange. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Ju Xin Fund and its ultimate beneficial owners is an Independent Third Party.

Information of Xin Lian Xin

Xin Lian Xin is a limited partnership established in the PRC. It is a private equity investment fund, which mainly makes equity investment in the integrated circuit field and its upstream and downstream fields. Its executive partner is 張玉珍 (Zhang Yuzhen). The limited partners holding more than 30% interest in Xin Lian Xin are 歐陽軍 (Ouyang Jun) and 陳秀雅 (Chen Xiuya). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Xin Lian Xin and its ultimate beneficial owners is an Independent Third Party.

LISTING RULES IMPLICATION

As all the applicable percentage ratios as defined under the Listing Rules in relation to the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, Hi Sun is a substantial Shareholder holding approximately 33.17% of the Company's total issued share capital and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As Megahunt HK is an indirect wholly-owned subsidiary of Hi Sun, Megahunt HK is an associate of Hi Sun and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the non-exercise of the Right of First Refusal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios (as defined under the Listing Rules) exceed 0.1% but are less than 5%, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITION

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

“2019 Investment Agreement”	the investment agreement dated 4 December 2019 entered into by Wonder Pax, Megahunt, Megahunt HK, Hi Sun, Megahunt Management Shareholders, Ju Xin Fund and Xin Lian Xin
“2019 Investors”	<p>(i) Wonder Pax;</p> <p>(ii) Shanghai Ju Yuan Ju Xin Integrated Circuit Industry Equity Investment Fund Centre (Limited Partnership)* (上海聚源聚芯集成電路產業股權投資基金中心(有限合夥)), a limited partnership incorporated in the PRC (“Ju Xin Fund”); and</p> <p>(iii) Xin Lian Xin (Pingtan Integrated Laboratory District) Technology Investment Centre (Limited Partnership)* (芯聯芯(平潭綜合實驗區)科技投資中心(有限合夥)), a limited partnership incorporated in the PRC (“Xin Lian Xin”)</p> <p>collectively, each an “2019 Investor”</p>

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hi Sun”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 818)
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	independent third party who or which is not connected with (within the meaning of the Listing Rules) the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Megahunt”	Megahunt Technologies Inc. (formerly known as “ Mega Hunt Microelectronics (Beijing) Limited ”), a joint stock limited liability company incorporated in the PRC and an indirect non-wholly owned subsidiary of Hi Sun
“Megahunt HK”	Mega Hunt Microelectronics Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Hi Sun
“Megahunt Management Shareholders”	<ul style="list-style-type: none"> (i) Mr. Li Li, a director, the legal representative and the general manager of Megahunt (“Mr. Li”); (ii) Mr. Liu Zhan-li, the technology chief officer of Megahunt (“Mr. Liu”); (iii) Mr. Xu Changjun, an executive director of Hi Sun (“Mr. Xu CJ”); (iv) Mr. Xu Wensheng, an executive director of Hi Sun (“Mr. Xu WS”); (v) Mr. Yang Lei, the deputy general manager and a director of Megahunt (“Mr. Yang”); (vi) Ms. Hui Lok Yan, the group financial controller and a joint company secretary of Hi Sun, and a director of certain subsidiaries of Hi Sun (“Ms. Hui”); and (vii) Ms. Song Jie, the chairlady of supervisory committee of Megahunt (“Ms. Song”) collectively

“Management Platform Company”	Beijing Xinhui Technology Centre (Limited Partnership) (北京芯匯科技中心(有限合夥)*), a limited liability partnership incorporated in the PRC
“PRC”	the People’s Republic of China
“Purchaser”	天津韋豪泰達海河股權投資合夥企業(有限合夥)(Tianjin Wei Hao Tai Da Hai He Equity Investment Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC, an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the share transfer agreement entered into between (i) Wonder Pax as vendor, (ii) the Purchaser and (iii) Megahunt in relation to the Disposal dated 15 December 2021
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Subscription”	the subscription of 3.64% of the equity interest of Megahunt (with exit option) pursuant to the 2019 Investment Agreement

“Transferees”

- (i) 天津韋豪泰達海河股權投資合夥企業(有限合夥)(Tianjin Wei Hao Tai Da Hai He Equity Investment Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC (“**Tianjin Wei Hao**”), mainly engaged in the business of equity investment, investment management and asset management. Its executive partner is 上海韋豪創芯投資管理有限公司 (Shanghai Weihao Chuangxin Investment Management Co., Ltd.), which is ultimately controlled by Mr. Zhou Siyuan, an Independent Third Party. The largest limited partner holding 75% interest in Tianjin Wei Hao is 天津泰達海河智能製造產業發展基金合夥企業(有限合夥)(Tianjin Tai Dai Hai He Smart Manufacturing Industry Development Fund Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC (“**Haihe Fund**”), the limited partners holding more than 30% of its interest are (1) 天津泰達產業投資引導基金有限公司 (Tianjin Tai Da Industrial Investment Guidance Fund Co., Ltd.*), a limited company incorporated in the PRC (“**Tianjin Tai Da**”) (holding approximately 58.98% interest in Haihe Fund), which is in turn ultimately controlled by 天津經濟技術開發區國有資產監督管理局 (State-owned Assets Supervision and Administration Bureau of Tianjin Economic and Technological Development Zone) (“**Tianjin Economic and Technological Dev Zone**”); and (2) 天津市海河產業基金合夥企業(有限合夥)(Tianjin Hai He Industry Fund Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC (“**Tianjin Hai He**”) (holding approximately 39.99% interest in Haihe Fund), which is in turn ultimately controlled by 天津市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government) (“**SASAC of Tianjin Municipal People’s Government**”). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Tianjin Wei Hao and its ultimate beneficial owners is an Independent Third Party;

- (ii) 天津芯聚科技合夥企業(有限合夥)(Tianjin Xin Ju Technology Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC (“**Tianjin Xin Ju**”), engaged in the business of equity investment, investment management and asset management. Its general partner is 天津芯義科技有限責任公司 (Tianjin Xinyi Technology Co., Ltd. (“**Tianjin Xinyi**”)), which is ultimately controlled by Mr. Li. Its limited partners are (1) Mr. Li and (2) Haihe Fund. Tianjin Xin Ju will be owned as to approximately 99.98% by Haihe Fund, 0.01% by Tianjin Xinyi, and 0.01% by Mr. Li respectively. As disclosed above, Haihe Fund is ultimately controlled by Tianjin Economic and Technological Dev Zone, and SASAC of Tianjin Municipal People’s Government. Save for the relationship of Mr. Li with Megahunt, a connected person of the Company, as disclosed in the paragraph headed “Information of Megahunt Management Shareholders”, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Tianjin Xin Ju and its ultimate beneficial owners is an Independent Third Party;

- (iii) 天津芯智科技合夥企業(有限合夥)(Tianjin Xin Zhi Technology Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC (“**Tianjin Xin Zhi**”), engaged in the business of technical services, technology development, technical consultation, technical exchanges, technology transfer, technology promotion, electronic product sales, computer system services, software sales, internet equipment sales and information system integration services. Its executive partner is 天津芯禮科技有限責任公司 (Tianjin Xinli Technology Co., Ltd.)*(“**Tianjin Xinli**”), a limited liability company incorporated in the PRC, which is owned as to 60% by Ms. Wang Kui (“**Ms. Wang**”) and 40% by Ms. Zhou Na (“**Ms. Zhou**”) respectively, both being employees of Megahunt. As at the date of this announcement, Tianjin Xin Zhi has a total of 36 limited partners, including Mr. Yang, a director of Megahunt and 35 others, and none of them holds more than 30% interest in Tianjin Xin Zhi. Save for the relationship of Mr. Yang with Megahunt, a connected person of the Company, as disclosed hereinabove, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Tianjin Xin Zhi and its ultimate beneficial owners is an Independent Third Party; and
- (iv) 天津信芯科技合夥企業(有限合夥)(Tianjin Xin Xin Technology Partnership (Limited Partnership)*), a limited partnership incorporated in the PRC (“**Tianjin Xin Xin**”), engaged in the business of technical services, technology development, technical consultation, technical exchanges, technology transfer, technology promotion; electronic product sales, computer system services, software sales, internet equipment sales and information system integration services. Its executive partner is Tianjin Xinli, a limited liability company incorporated in the PRC, which is owned as to 60% by Ms. Wang and 40% by Ms. Zhou respectively. As at the date of this announcement, Tianjin Xin Xin has 40 employees of Megahunt as its limited partners, and none of them holds more than 30% interest in Tianjin Xin Xin. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Tianjin Xin Xin and its ultimate beneficial owners is an Independent Third Party.

collectively, each a Transferee

“Wonder Pax”	Wonder Pax Technology (Shenzhen) Co., Ltd., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Working Day(s)”	a working day other than Saturday, Sunday and public holiday under the laws of the PRC
“%”	per cent

For illustration purposes only, the exchange rate of RMB1.00 = approximately HKD1.22 is applied in this announcement. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in RMB or HKD have been, could have been or may be converted at such or any other rate or at all.

By Order of the Board
PAX Global Technology Limited
Cheung Shi Yeung
Company Secretary

Hong Kong, 15 December 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Nie Guoming, Mr. Lu Jie and Mr. Li Wenjin; and three independent non-executive Directors, namely Mr. Yip Wai Ming, Dr. Wu Min and Mr. Man Kwok Kuen, Charles.