

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



PAX GLOBAL TECHNOLOGY LIMITED

百富環球科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 327)

**ADOPTION OF DIVERSIFICATION
SHAREHOLDING PLAN OF A SUBSIDIARY
AND
CONNECTED TRANSACTION
IN RELATION TO IMPLEMENTATION OF
THE DIVERSIFICATION SHAREHOLDING PLAN**

THE PLAN

The Board announces that on 23 June 2023, it has resolved to adopt and implement the Plan to, inter alia, diversify the shareholding structure of Zolon Shenzhen (an indirect wholly-owned subsidiary of the Company as at the date of this announcement), broaden the sources of funding to further develop the business of Zolon Shenzhen, and to ultimately promote Zolon Shenzhen's goals and maximize the interests of Zolon Shenzhen and its shareholders as a whole.

The Participants, certain of which are connected persons of the Company (the "**Connected Participants**"), will, through (a) the subscription of shares of or making capital contribution to the relevant Shareholding Platforms, and (b) the subsequent capital contribution by the Shareholding Platforms to Zolon Shenzhen, hold indirect equity interests of Zolon Shenzhen and be entitled to the corresponding economic benefits. The Shareholding Platforms will make a total capital contribution of approximately RMB26.30 million to Zolon Shenzhen (subscribing for approximately 32.00% of the enlarged registered capital of Zolon Shenzhen) (the "**Capital Increase**").

Upon completion of the Capital Increase, the registered capital of Zolon Shenzhen will be owned as to 68.00% by the Company and approximately 16.01%, 12.10% and 3.89% by Jike Tongsheng, Bono and Huancheng Youde respectively. A total of approximately 14.35% of the registered capital of Zolon Shenzhen will be indirectly owned by the Connected Participants.

* For identification purpose only

Pursuant to the Plan, a series of agreements (collectively the “**Agreements**”) have been entered into between the relevant parties, including but not limited to:

- (i) the Share Subscription Agreement entered into between the Hong Kong Participants and Bono;
- (ii) the Shareholders Deed entered into between the Hong Kong Participants and Bono;
- (iii) the Participation Agreements entered into between the Mainland Participants, the General Partners and the relevant Mainland Platforms;
- (iv) the Partnership Agreements entered into between the Mainland Participants and the General Partners; and
- (v) the Capital Increase Agreement entered into between the Shareholding Platforms and Zolon Shenzhen.

IMPLICATIONS UNDER THE LISTING RULES

Adoption of the Plan

The Plan does not constitute a share scheme or an arrangement analogous to a share scheme for the purpose of Chapter 17 of the Listing Rules.

Connected Transactions with the Connected Participants

Given that Zolon Shenzhen is an indirect wholly-owned subsidiary of the Company, by entering into the Agreements, the Connected Participants will hold economic interests in Zolon Shenzhen through their shareholding or equity interests in the Shareholding Platforms. As the transactions contemplated under the Agreements are transactions with relevant parties that confer benefits on connected persons through their interests in the Shareholding Platforms, the entering into of the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate capital contribution to be made by the Connected Participants to Zolon Shenzhen under the Agreements are more than 0.1% but less than 5%, the entering into the Agreements are subject to the reporting and announcement requirements but exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Capital Increase

Upon completion of the Capital Increase, the registered capital of Zolon Shenzhen will be increased from RMB54.00 million to approximately RMB79.41 million. The Shareholding Platforms will in aggregate hold approximately 32.00% equity interest in Zolon Shenzhen and the Company’s equity interest will decrease from 100.00% to approximately 68.00%, upon which Zolon Shenzhen will continue to be a subsidiary of the Company. The dilution of the Company’s interest in Zolon Shenzhen constitutes a deemed disposal of the Company under the Listing Rules. Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase Agreement are less than 5%, the deemed disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 23 June 2023, it has resolved to adopt and implement the Plan to, inter alia, diversify the shareholding structure of Zolon Shenzhen (an indirect wholly-owned subsidiary of the Company as at the date of this announcement), broaden the sources of funding to further develop the business of Zolon Shenzhen, and to ultimately promote Zolon Shenzhen's goals and maximize the interests of Zolon Shenzhen and its shareholders as a whole.

The Participants, certain of which are Connected Participants, will, through (a) the subscription of shares of or making capital contribution to the relevant Shareholding Platforms, and (b) the subsequent capital contribution by the Shareholding Platforms to Zolon Shenzhen, hold indirect equity interests of Zolon Shenzhen and be entitled to the corresponding economic benefits.

Pursuant to the Plan, the Agreements have been entered into between the relevant parties, including but not limited to:

- (i) the Share Subscription Agreement entered into between the Hong Kong Participants and Bono;
- (ii) the Shareholders Deed entered into between the Hong Kong Participants and Bono;
- (iii) the Participation Agreements entered into between the Mainland Participants, the General Partners and the relevant Mainland Platforms;
- (iv) the Partnership Agreements entered into between the Mainland Participants and the General Partners; and
- (v) the Capital Increase Agreement entered into between the Shareholding Platforms and Zolon Shenzhen.

THE SHARE SUBSCRIPTION AGREEMENT AND THE SHAREHOLDERS DEED

The principal terms of the Share Subscription Agreement and the Shareholders Deed are summarized as follows:

Date : 23 June 2023

Parties : (1) Hong Kong Participants
(2) Bono

Subject matter : Bono agreed to issue and allot and the Hong Kong Participants agreed to subscribe for Subscription Shares of Bono for a total subscription amount of RMB9.94 million, which shall be contributed to Zolon Shenzhen in full for the subscription of approximately 12.10% of the enlarged registered capital of Zolon Shenzhen pursuant to the Capital Increase Agreement.

The Hong Kong Participants comprise 11 individuals. Pursuant to the Subscription Agreement and the Shareholders Deed, the Class A Shares shall be subscribed by Ms. Chui Kit Ha (“**Ms. Chui**”), the director and founding shareholder of Bono (being an employee of Hi Sun Group) and the Class B Shares shall be subscribed by 10 other Hong Kong Participants, of which 5 are Connected Participants, namely Mr. Li Wenjin, Mr. Chau Wun Chun, Mr. Cheung Shi Yeung, Mr. Sanjeev Sandhu and Mr. Tsuneyama Hiroaki (each being a director, or a former director in the preceding 12 months, of the Group), subscribing for approximately 23.97%, 9.92%, 6.61%, 1.24% and 0.83% of the shareholding in Bono respectively. The remaining Hong Kong Participants comprise two directors of Hi Sun, two external consultants and one employee of the Group. Details of their respective shareholdings are set out in the table “Participants’ interest in the Shareholding Platforms” in this announcement.

Basis of determination of the subscription amount : The total subscription amount was determined on normal commercial terms after arm’s length negotiation between Bono and the Hong Kong Participants having taken into account (i) the fair market value of Zolon Shenzhen as at 30 September 2022 based on a valuation report of Zolon Shenzhen prepared by an independent professional valuer; and (ii) the expected size of the capital contribution to be made by Bono to Zolon Shenzhen pursuant to the Capital Increase Agreement.

When determining the number of Subscription Shares to be subscribed by each Hong Kong Participant, the board of directors of Zolon Shenzhen considered the level of interest of such individual in participating in the Plan and his/her financial capability.

Funding of the Subscription: Price The Subscription Price to be paid by each of the Hong Kong Participants is expected to be funded by individual resources.

Management and holder of Class A Shares The business of Bono shall be carried out and managed by Ms. Chui, the director and founding shareholder holding all the Class A Shares, also a Hong Kong Participant and an employee of Hi Sun Group. The other Hong Kong Participants, being subscribers of the Class B Shares, shall not take part in the management of Bono.

Distributions : The profit of the investment in Zolon Shenzhen by Bono shall be distributed and apportioned among the Hong Kong Participants according to their respective proportion of shareholding in Bono.

Restrictions on transfers : The Hong Kong Participants may not assign, transfer, pledge or otherwise dispose of any Subscription Share during the lock-up periods stipulated under the Plan, subject to the terms and conditions including without limitation the Hong Kong Participant's withdrawal from the Plan, whether triggered by the occurrence of events such as the termination of labour, employment, service or other business relationship with Zolon Shenzhen and disqualifying conduct such as dishonesty, fraudulence or bankruptcy, etc..

After the lock-up periods, the Subscription Shares held by the Hong Kong Participants may be transferred, pledged or otherwise disposed of to third parties or repurchased by the Company in accordance with the Plan.

In addition, the transfer of any Subscription Share shall be subject to the prior written consent of the board of directors of Bono and/or Zolon Shenzhen (as the case may require under the Plan).

THE PARTICIPATION AGREEMENTS AND THE PARTNERSHIP AGREEMENTS

On 23 June 2023, each of Jike Tongsheng and Huancheng Youde entered into participation agreements and partnership agreements with the relevant Mainland Participants and General Partners.

The Participation Agreements and the Partnership Agreements for Jike Tongsheng

The principal terms of the Participation Agreements and the Partnership Agreements for Jike Tongsheng are summarized as follows:

Date	:	23 June 2023
Parties (in respect of the Participation Agreements)	:	(1) Mr. Yang Zhen (as general partner and one of the Jike Tongsheng Participants) (2) 48 other Jike Tongsheng Participants (as limited partners) (3) Jike Tongsheng
Parties (in respect of the Partnership Agreements)	:	(1) Mr. Yang Zhen (as general partner and one of the Jike Tongsheng Participants) (2) 48 other Jike Tongsheng Participants (as limited partners)
Subject matter	:	The Jike Tongsheng Participants agreed to make a total capital contribution of approximately RMB13.16 million to Jike Tongsheng, which shall be contributed to Zolon Shenzhen in full for the subscription of approximately 16.01% of the enlarged registered capital of Zolon Shenzhen pursuant to the Capital Increase Agreement.

There are 48 limited partners of Jike Tongsheng, of which 9 are Connected Participants, namely Mr. Lu Jie, Mr. Wu Wei, Mr. Luo Shaowen, Ms. Hu Die, Mr. Dong Deqiang, Mr. Sun Yun, Mr. Li Yang, Mr. Weng Dejun, and Mr. Yang Chenghe, who are subscribing for approximately 24.98%, 7.50%, 6.25%, 5.00%, 5.00%, 4.37%, 1.87%, 1.25% and 1.25% of the equity interest in Jike Tongsheng respectively. All of the remaining limited partners are employees of the Group.

Basis of determination of the amount of total capital contribution	:	<p>The amount of the total capital contribution was determined on normal commercial terms after arm's length negotiation between Jike Tongsheng and the Jike Tongsheng Participants having taken into account (i) the fair market value of Zolon Shenzhen as at 30 September 2022 based on a valuation report of Zolon Shenzhen prepared by an independent professional valuer; and (ii) the expected size of the capital contribution to be made by Jike Tongsheng to Zolon Shenzhen pursuant to the Capital Increase Agreement.</p> <p>When determining the amount of capital contribution of each Jike Tongsheng Participant, the board of directors of Zolon Shenzhen considered the level of interest of such individual in participating in the Plan and his/her financial capability.</p>
Funding of the capital contribution	:	The capital contribution of each of the Jike Tongsheng Participants is expected to be funded by individual resources.
Duration	:	Perpetual
Business scope	:	Jike Tongsheng is principally engaged in the provision of enterprise management, enterprise management consultancy and information consultancy services.
Management and general partner	:	<p>The business of Jike Tongsheng shall be carried out and managed by Mr. Yang Zhen as the general partner. The limited partners shall not take part in the management of Jike Tongsheng.</p> <p>Mr. Yang Zhen is the supervisor of certain member(s) of the Group. Mr. Yang Zhen will hold approximately 4.68% of the equity interest in Jike Tongsheng.</p>
Distributions	:	The profit of the investment in Zolon Shenzhen by Jike Tongsheng shall be distributed among the Jike Tongsheng Participants according to the proportion of capital contribution to Jike Tongsheng.

Restriction on transfers : The Jike Tongsheng Participants may not assign, transfer, pledge or otherwise dispose of any equity interests in Jike Tongsheng during the lock-up periods stipulated under the Plan, subject to the terms and conditions including without limitation the Jike Tongsheng Participant's withdrawal from the Plan, whether triggered by the occurrence of events such as the termination of labour, employment, service or other business relationship with Zolon Shenzhen and disqualifying conduct such as dishonesty, fraudulence or bankruptcy, etc..

After the lock-up periods, the equity interests in Jike Tongsheng held by the Jike Tongsheng Participants may be transferred, pledged or otherwise disposed of to third parties or repurchased by the Company in accordance with the Plan.

In addition, the transfer of any equity interest in Jike Tongsheng shall be subject to the prior written consent of the General Partner of Jike Tongsheng and/or the board of directors of Zolon Shenzhen (as the case may require under the Plan).

The Participation Agreements and the Partnership Agreements for Huancheng Youde

The principal terms of the Participation Agreements and the Partnership Agreements for Huancheng Youde are summarized as follows:

Date : 23 June 2023

Parties (in respect of the Participation Agreements) : (1) Mr. Zheng Renchi (as general partner and one of the Mainland Participants)
(2) 18 other Mainland Participants (as limited partners)
(3) Huancheng Youde

Parties (in respect of the Partnership Agreements) : (1) Mr. Zheng Renchi (as general partner and one of the Mainland Participants)
(2) 18 other Mainland Participants (as limited partners)

Subject matter : The Huancheng Youde Participants agreed to make a total capital contribution of approximately RMB3.20 million to Huancheng Youde, which shall be contributed to Zolon Shenzhen in full for the subscription of approximately 3.89% of the enlarged registered capital of Zolon Shenzhen pursuant to the Capital Increase Agreement.

There are 18 limited partners of Huancheng Youde, of which none is a Connected Participant. All the 18 limited partners of Huancheng Youde are employees of the Group.

Basis of determination of the amount of total capital contribution : The amount of the total capital contribution was determined on normal commercial terms after arm's length negotiation between Huancheng Youde and the Huancheng Youde Participants having taken into account (i) the fair market value of Zolon Shenzhen as at 30 September 2022 based on a valuation report prepared by an independent professional valuer; and (ii) the expected size of the capital contribution to be made by Huancheng Youde to Zolon Shenzhen pursuant to the Capital Increase Agreement.

When determining the amount of capital contribution of each Huancheng Youde Participant, the board of directors of Zolon Shenzhen considered the level of interest of such individual in participating in the Plan and his/her financial capability.

Funding of the capital contribution : The capital contribution of each of the Huancheng Youde Participants is expected to be funded by individual resources.

Duration : Perpetual

Business scope : Huancheng Youde is principally engaged in the provision of enterprise management, enterprise management consultancy and information consultancy services.

Management and general partner : The business of Huancheng Youde shall be carried out and managed by Mr. Zheng Renchi as the general partner. The limited partners shall not take part in the management of Huancheng Youde.

Mr. Zheng Renchi is the general manager of Zolon Shenzhen. Mr. Zheng Renchi will hold approximately 20.57% of the equity interest in Huancheng Youde.

Distributions : The profit of the investment in Zolon Shenzhen by Huancheng Youde shall be distributed among the Huancheng Youde Participants according to the proportion of capital contribution to Huancheng Youde.

Restrictions on transfers : The Huancheng Youde Participants may not assign, transfer, pledge or otherwise dispose of any equity interests in Huancheng Youde during the lock-up periods stipulated under the Plan, subject to the terms and conditions including without limitation the Huancheng Youde Participant's withdrawal from the Plan, whether triggered by the occurrence of events such as the termination of labour, employment, service or other business relationship with Zolon Shenzhen and disqualifying conduct such as dishonesty, fraudulence or bankruptcy, etc..

After the lock-up periods, the equity interests in Huancheng Youde held by the Huancheng Youde Participants may be transferred, pledged or otherwise disposed of to third parties or repurchased by the Company in accordance with the Plan.

In addition, the transfer of any equity interest in Huancheng Youde shall be subject to the prior written consent of the General Partner of Huancheng Youde and/or the board of directors of Zolon Shenzhen (as the case may require under the Plan).

PARTICIPANTS' INTEREST IN THE SHAREHOLDING PLATFORMS

The table below sets out the equity interest or shares¹ in the relevant Shareholding Platforms to be held by Participants immediately following completion of the Agreements²:

Platform	Equity-holding structure immediately following completion of the Agreements	Approximate percentage of the equity interest/ shares in the Shareholding Platform
	Approximate capital contribution/ subscription price <i>RMB'000</i>	
Bono		
– Connected Participants	4,232	42.56%
Li Wenjin	2,383	23.97%
Chau Wun Chun	986	9.92%
Cheung Shi Yeung	657	6.61%
Sanjeev Sandhu	123	1.24%
Tsuneyama Hiroaki	82	0.83%
– Other Participants	5,711	57.44%
Xu Wensheng ³	2,465	24.79%
Xu Changjun ³	2,383	23.97%
2 external consultants of the Group	657	6.61%
Chui Kit Ha ⁴	164	1.65%
An employee of the Group	41	0.41%
Total	9,944	100.00%
Jike Tongsheng		
– Connected Participants	7,561	57.46%
Lu Jie	3,287	24.98%
Wu Wei	986	7.50%
Luo Shaowen	822	6.25%
Hu Die	657	5.00%
Dong Deqiang	657	5.00%
Sun Yun	575	4.37%
Li Yang	247	1.87%
Weng Dejun	164	1.25%
Yang Chenghe	164	1.25%
– Other Participants⁵	5,596	42.54%
40 employees of the Group	5,596	42.54%
Total	13,157	100.00%
Huancheng Youde		
– Connected Participants	0	0.00%
– Other Participants⁶	3,197	100.00%
19 employees of the Group	3,197	100.00%
Total	3,197	100.00%

Notes:

1. Certain figures are subject to rounding adjustments and figures shown as totals may not be the exact arithmetic aggregation of the figures preceding them.
2. Assuming completion of (i) the subscription of shares of Bono or (ii) the capital contribution to Jike Tongsheng or Huancheng Youde (as the case maybe) under the relevant Agreements between all individual Participants and the relevant Shareholding Platforms having taken place.
3. Mr. Xu Wensheng and Mr. Xu Changjun are directors of Hi Sun.
4. Ms. Chui Kit Ha is an employee of Hi Sun Group.
5. Other Participants of Jike Tongsheng include Mr. Yang Zhen, the general partner of Jike Tongsheng.
6. Other Participants of Huancheng Youde include Mr. Zheng Renchi, the general partner of Huancheng Youde.

THE CAPITAL INCREASE AGREEMENT

On 23 June 2023, the Shareholding Platforms and Zolon Shenzhen entered into the Capital Increase Agreement, pursuant to which the Shareholding Platforms agreed to make a total capital contribution of approximately RMB26.30 million to Zolon Shenzhen, which will be funded by the Participants through their subscription of shares of or capital contribution to the relevant Shareholding Platforms.

The principal terms of the Capital Increase Agreement are summarized as follows:

Date : 23 June 2023

Parties : (1) Bono
(2) Jike Tongsheng
(3) Huancheng Youde
(4) Zolon Shenzhen

- Subject matter : As at the date of this announcement, the registered capital of Zolon Shenzhen was RMB54.00 million. Jike Tongsheng, Bono and Huancheng Youde agreed to make capital contribution of approximately RMB13.16 million, RMB9.94 million and RMB3.20 million to Zolon Shenzhen respectively.
- Upon completion of the Capital Increase, the registered capital of Zolon Shenzhen shall be increased from RMB54.00 million to approximately RMB79.41 million, and the registered capital of Zolon Shenzhen will be owned as to approximately 16.01%, 12.10% and 3.89% by Jike Tongsheng, Bono and Huancheng Youde respectively. Accordingly, the Company's equity interest in Zolon Shenzhen will decrease from 100.00% to approximately 68.00%.
- The difference of approximately RMB0.89 million between the total capital contribution to Zolon Shenzhen made by the Shareholding Platforms (i.e. approximately RMB26.30 million) and the increase in the registered capital of Zolon Shenzhen (i.e. approximately RMB25.41 million) will be accounted for as the capital reserve of Zolon Shenzhen.
- Basis of determination of the amount of total capital contribution : The amount of the total capital contribution was determined on normal commercial terms after arm's length negotiation between the parties having taken into account the fair market value of Zolon Shenzhen as at 30 September 2022 based on a valuation report prepared by an independent professional valuer.
- Conditions Precedent : Completion is conditional upon the fulfilment of the conditions precedent, including but not limited to full settlement of the capital contribution amounts by the Shareholding Platforms, and having obtained any necessary consent and approval from governmental departments.

EQUITY-HOLDING STRUCTURE OF ZOLON SHENZHEN

The table below sets forth the equity-holding structure of Zolon Shenzhen immediately before and following completion of the Capital Increase¹:

Equity holder	Equity-holding structure immediately before completion of the Capital Increase		Equity-holding structure immediately following completion of the Capital Increase	
	Registered capital of Zolon Shenzhen <i>RMB'000</i>	Percentage of the registered capital of Zolon Shenzhen	Approximate enlarged registered capital of Zolon Shenzhen <i>RMB'000</i>	Approximate percentage of the enlarged registered capital of Zolon Shenzhen
Wonderfield	54,000	100.00%	54,000	68.00%
Jike Tongsheng				
– Connected Participants	–	–	7,306	9.20%
– Other Participants	–	–	5,408	6.81%
Subtotal	–	–	12,714	16.01%
Bono				
– Connected Participants	–	–	4,090	5.15%
– Other Participants	–	–	5,519	6.95%
Subtotal	–	–	9,609	12.10%
Huancheng Youde				
– Connected Participants	–	–	0	0.00%
– Other Participants	–	–	3,089	3.89%
Subtotal	–	–	3,089	3.89%
Total	54,000	100.00%	79,412	100.00%

Note

1. Assuming completion of (i) the subscription of shares of Bono or (ii) the capital contribution to Jike Tongsheng or Huancheng Youde (as the case maybe) under the relevant Agreements between all individual Participants and the relevant Shareholding Platforms having taken place.

INFORMATION ABOUT THE PARTIES

The Shareholding Platforms and the Participants

Bono

Bono is incorporated as a limited company in Hong Kong for the purposes of implementation of the Plan and investment in Zolon Shenzhen. The shares of Bono are divided into two classes, namely Class A Shares with voting rights and Class B Shares without voting rights.

Hong Kong Participants

The Hong Kong Participants comprise 11 individuals. Pursuant to the Subscription Agreement and the Shareholders Deed, the Class A Shares shall be subscribed by Ms. Chui, the director and founding shareholder holding all the Class A Shares of Bono (an employee of Hi Sun Group), and the Class B Shares shall be subscribed by 10 other Hong Kong Participants, of which 5 are Connected Participants, namely Mr. Li Wenjin, Mr. Chau Wun Chun, Mr. Cheung Shi Yeung, Mr. Sanjeev Sandhu and Mr. Tsuneyama Hiroaki (each a director, or former director in the preceding 12 months, of the Group).

The remaining Hong Kong Participants comprise two directors of Hi Sun, two external consultants and one employee of the Group.

Jike Tongsheng

Jike Tongsheng is established as a limited liability partnership and is principally engaged in the provision of enterprise management, enterprise management consultancy and information consultancy services.

The Jike Tongsheng Participants

Pursuant to the relevant Participation Agreements and Partnership Agreements, Jike Tongsheng shall have 49 Mainland Participants as its general partners and limited partners, comprising Mr. Yang Zhen (supervisor of certain member(s) of the Group) as its general partner, and 48 limited partners, of which 9 are Connected Participants, namely Mr. Lu Jie (a Director), and Mr. Wu Wei, Mr. Luo Shaowen, Ms. Hu Die, Mr. Dong Deqiang, Mr. Sun Yun, Mr. Li Yang, Mr. Weng Dejun and Mr. Yang Chenghe (each a director or chief executive of the Group).

All the remaining limited partners are employees of the Group.

Huancheng Youde

Huancheng Youde is established as a limited liability partnership and is principally engaged in the provision of enterprise management, enterprise management consultancy and information consultancy services.

The Huancheng Youde Participants

Pursuant to the relevant Participation Agreements and Partnership Agreements, Huancheng Youde shall have 19 Mainland Participants as its general partner and limited partners, comprising Mr. Zheng Renchi (the general manager of Zolon Shenzhen) as its general partner, and 18 employees of the Group as its limited partners.

Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Hong Kong Participants, Jike Tongsheng Participants and Huancheng Youde Participants is a third party independent of the Company and its connected persons.

To the best of the Company's knowledge, information and belief and having made all reasonable enquiries, each of the Connected Participants is not connected with any other Connected Participants.

Information about the Group and Zolon Shenzhen

The Group is principally engaged in the development and sales of electronic funds transfer point-of-sale products, provision of maintenance and installation and payment solution services.

As at the date of this announcement, Zolon Shenzhen is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of Business Internet of Things (BIoT) solutions, including the relevant hardware and software support, as well as digitalization solutions for cloud to local applications.

The following table sets out certain consolidated financial information of Zolon Shenzhen and its subsidiaries for the two financial years ended 31 December 2021 and 31 December 2022:

	For the financial year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net (loss)/profit before tax	(27,872)	19,322
Net (loss)/profit after tax	(27,872)	18,781

The unaudited consolidated net asset value of Zolon Shenzhen and its subsidiaries as at 31 December 2022 was approximately RMB39.17 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

Through the adoption and implementation of the Plan, the Company aims to create a more balanced and diversified shareholding structure, which can help to increase the stability, and promote the sustainable growth of Zolon Shenzhen. The Board is of the view that the adoption and implementation of the Plan shall facilitate the long-term and stable development of the business of Zolon Shenzhen and create value for its stakeholders.

The gross proceeds from the Capital Increase are intended to be applied for the general working capital, and the research and development projects of Zolon Shenzhen. The Capital Increase is not expected to bring about any material gain or loss to the consolidated income statement of the Company.

The Directors (including the independent non-executive Directors) consider that despite that the Agreements are not entered into in the ordinary and usual course of business of the Group, they are entered into upon normal commercial terms and the terms of the Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As both Mr. Lu Jie and Mr. Li Wenjin, Directors of the Company, will be interested in the relevant Shareholding Platforms as disclosed above, they are deemed or may be perceived to have a material interest in the transactions contemplated under the Agreements. Accordingly, they have abstained from voting on the relevant Board resolutions approving the Agreements. Save as disclosed in this announcement, no other Directors have or may be perceived to have a material interest in the transactions contemplated under the Agreements or are required to abstain from voting on the relevant Board resolutions under the requirements of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

Adoption of the Plan

The Plan does not constitute a share scheme or an arrangement analogous to a share scheme for the purpose of Chapter 17 of the Listing Rules.

Connected Transactions with the Connected Participants

Given that Zolon Shenzhen is an indirect wholly-owned subsidiary of the Company, by entering into the Agreements, the Connected Participants will hold economic interests in Zolon Shenzhen through their shareholding or equity interests in the Shareholding Platforms. As the transactions contemplated under the Agreements are transactions with relevant parties that confer benefits on connected persons through their interests in the Shareholding Platforms, the entering into of the Agreements constitute connected transactions of the Company Under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate capital contribution to be made by the Connected Participants to Zolon Shenzhen under the Agreements are more than 0.1% but less than 5%, the entering into the Agreements are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Capital Increase

Upon completion of the Capital Increase, the registered capital of Zolon Shenzhen will be increased from RMB54.00 million to approximately RMB79.41 million. The Shareholding Platforms will in aggregate hold approximately 32.00% equity interest in Zolon Shenzhen and the Company's equity interest will decrease from 100.00% to approximately 68.00%, upon which Zolon Shenzhen will continue to be a subsidiary of the Company. The dilution of the Company's interest in Zolon Shenzhen constitutes a deemed disposal of the Company under the Listing Rules. Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase Agreement are less than 5%, the deemed disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Bono”	Bono Management Limited, a company incorporated under the laws of Hong Kong with limited liability as an equity-holding platform for the relevant Participants
“Capital Increase”	the capital increase made by the Shareholding Platforms to Zolon Shenzhen to subscribe for the equity interests in Zolon Shenzhen pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the agreement in relation to the Capital Increase dated 23 June 2023 entered into among Bono, Jike Tongsheng, Huancheng Youde and Zolon Shenzhen
“Class A Shares”	Class A ordinary shares in the issued share capital of Bono, the only class of shares of Bono carrying the right to vote at the general meetings of Bono
“Class B Shares”	Class B ordinary shares in the issued share capital of Bono with no right to vote at the general meetings of Bono

“Company”	Pax Global Technology Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 327)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Partners”	collectively, Mr. Yang Zhen and Mr. Zheng Renchi, being the general partner of Jike Tongsheng and Huancheng Youde respectively
“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) and the controlling shareholder of the Company
“Hi Sun Group”	Hi Sun together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Participants”	certain directors, senior management, employee and external consultants of the Group and certain directors and employee of Hi Sun Group who are eligible to subscribe for the Subscription Shares in accordance with the Subscription Agreement and the Shareholders Deed
“Huancheng Youde”	Shenzhen Huancheng Youde Consultancy (Limited Partnership)* (深圳市歡成有德諮詢顧問合夥企業(有限合夥)), a limited liability partnership established in the PRC in accordance with the relevant Partnership Agreement as an equity-holding platform for the relevant Participants
“Huancheng Youde Participants”	certain employees of the Group who are eligible to subscribe for the equity interest in Huancheng Youde in accordance with the relevant Participation Agreements and Partnership Agreements
“Jike Tongsheng”	Shenzhen Jike Tongsheng Consultancy (Limited Partnership)* (深圳市吉科通盛諮詢顧問合夥企業(有限合夥)), a limited liability partnership established in the PRC in accordance with the relevant Partnership Agreement as an equity-holding platform for the relevant Participants

“Jike Tongsheng Participants”	certain directors, senior management and employees of the Group who are eligible to subscribe for the equity interest in Jike Tongsheng in accordance with the relevant Participation Agreements and Partnership Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland Participants”	collectively, the Jike Tongsheng Participants and the Huancheng Youde Participants
“Mainland Platforms”	collectively, Jike Tongsheng and Huancheng Youde
“Participants”	collectively, the Hong Kong Participants and the Mainland Participants
“Participation Agreements”	collectively, the agreements dated 23 June 2023 entered into between the relevant General Partners, Mainland Participants (including the initial limited partner) and Mainland Platforms, together with any supplemental and/or ancillary agreement, in relation to rights and obligations of the Mainland Participants of the respective Mainland Platforms, and each a “Participation Agreement”
“Partnership Agreements”	collectively, the agreements dated 23 June 2023 entered into between the relevant General Partners and Mainland Participants (including the initial limited partner), together with any supplemental and/or ancillary agreement, in relation to the establishment and management of the respective Mainland Platforms, and each a “Partnership Agreement”
“Plan”	the diversification shareholding plan of Zolon Shenzhen adopted on 23 June 2023
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholders Deed”	the shareholders deed dated 23 June 2023 entered into between the Hong Kong Participants (including the initial subscriber) and Bono, together with any supplemental and/or ancillary agreement, in relation to the rights and obligations of shareholders of Bono
“Shareholding Platforms”	collectively, Bono, Jike Tongsheng and Huancheng Youde
“Share Subscription Agreement”	the agreement dated 23 June 2023 entered into between the Hong Kong Participants and Bono, together with any supplemental and/or ancillary agreement, in relation to the subscription of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	Class A Shares and Class B Shares, comprising the entire share capital of Bono, and each Class A Share or Class B Share being a “Subscription Share”
“Wonderfield”	Wonderfield Technology Limited (萬域兆集科技有限公司), an indirect wholly-owned subsidiary of the Company
“Zolon Shenzhen”	Shenzhen Zolon Technology Co., Ltd (深圳市兆瓏科技有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 23 June 2023

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 four independent non-executive directors, namely Mr. Yip Wai Ming, Dr. Wu Min, Mr. Man Kwok Kuen, Charles and Mr. Fok Wai Shun, Wilson.