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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 TRANSACTIONS –
THE ACQUISITION AND
THE DISTRIBUTORSHIP TRANSACTIONS**

As a result of internal enquiries following the receipt of whistleblower information, the Board recently became aware that:

- (a) Vendor A, being the seller of 80% of the issued shares of Target Company to the Group under the Acquisition in 2024, was a connected person of the Company and therefore the Acquisition (by which the Group acquired the 100% ownership of Target Company for an aggregate consideration of AUD20,565,600, determined as of the date of this announcement and before the refund referred to below) constituted a connected transaction of the Company; and
- (b) prior to the Acquisition Completion, Target Company was therefore an associate of Vendor A and consequently transactions between the Group and Target Company, as a distributor of the Group's products since 2018 constituted connected transactions of the Company.

The connected transaction implications came to the attention of the Board because CP Concerned has recently confirmed to the Company that each of CP Concerned and Former Director owned through their respective nominees 35% of the shares of EFL. Vendor A, being held as to 90% by EFL, was an associate of EFL and therefore a connected person of the Company. Accordingly, Target Company, being held as to 80% by Vendor A was an associate of each of CP Concerned and Former Director and therefore also a connected person of the Company.

As one or more of the percentage ratios applicable to the Acquisition and the value for each year (or, in the case of FY2024, up to Acquisition Completion) of the Distributorship Transactions during the Relevant Period exceeded 0.1% but were all less than 5%, the Acquisition and the Distributorship Transactions during the Relevant Period were subject to reporting, announcement and (in the case of the Distributorship Transactions) annual review requirements, but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further information regarding the transactions required to be disclosed by way of announcement under the Listing Rules are set out below.

The Company has received refund of 90% of the consideration received by or on behalf of Vendor A through the Acquisition (i.e. the consideration attributable to EFL). Target Company nevertheless remains an indirect wholly-owned subsidiary of the Company. The Group's director's service contract with CP Concerned has been terminated with effect from 12 December 2025 and CP Concerned no longer has any role within the Group, subject to the filings and formalities required to effect changes in respect of subsidiary level offices.

While the Group has in place fairly robust internal procedures and training to ensure regulatory compliance, including those pertaining to the Listing Rules, in view of this incident, the Group has further enhanced its conflicts of interest and connected persons declaration and education processes, as described further below.

A. BACKGROUND

The Company is an investment holding company and the Group is principally engaged in development and sales of electronic funds transfer point-of-sale products ("**E-payment Terminal Products**"), provision of maintenance and installation and payment solution services. The Group sells its E-payment Terminal Products worldwide in over 100 countries mainly through distributors.

As disclosed in the Acquisition Announcement and the Company's annual report for FY2024, the Company entered into the Share Purchase Deed to acquire 100% ownership of Target Company and the Acquisition was completed on 1 September 2024. Further details of the Acquisition is disclosed under "B. The Acquisition" below. It was not then apparent from the Group's due diligence as to the identity of Target Company and its ultimate beneficial owners that Vendor A was a connected person of the Company.

As a result of internal enquiries following the receipt of whistleblower information, the Board recently received confirmation from CP Concerned that each of CP Concerned and Former Director owned through their respective nominees (being registered shareholders of EFL) 35% of the issued shares of EFL and a former regional sales director of the Group owned through her nominee the remaining 30% of the issued shares of EFL. EFL owned 90% of Vendor A. In view of the above, the Acquisition constituted a connected transaction of the Company. Given that Target Company has been the distributor of the Group's products in the Relevant Markets since 2018, and was formally appointed non-exclusive distributor in 2019 and sole distributor in 2020, the Distributorship Transactions were also connected transactions of the Company.

As one or more of the applicable percentage ratios applicable to (i) the Acquisition and (ii) the value for each year (or, in the case of FY2024, up to Acquisition Completion) of the Distributorship Transactions during the Relevant Period exceed 0.1% but are all less than 5%, the Acquisition and the Distributorship Transactions during the Relevant Period were subject to announcement (but are exempt from independent shareholders' approval) requirements under Chapter 14A of the Listing Rules. Further information regarding the transactions required to be disclosed by way of announcement under the Listing Rules are set out below.

In connection with the Acquisition

Discussions that culminated in the Acquisition were initiated due to the approach by one of the Management Shareholders (and not CP Concerned or Former Director). CP concerned and the Former Director were not part of the transaction team leading the transaction, other than as board members approving the transaction when it was presented for Board approval. In fact, due diligence (supported, in the case of legal and financial due diligence by external professional parties retained by the Group) and negotiations of transaction terms, including the price determination, were undertaken by an internal transaction team, that reported direct to the Board. No member of that transaction team were or are associates of any of the shareholders of Target Company or the now known beneficial owners of EFL.

In connection with the Distributorship Transactions

The Management Shareholders were introduced to the Group at a commercial setting by the other independent third party industry players. Target Company was onboarded as a distributor/customer of the Group in accordance with the procedures applicable to all distributor/customer acceptance. This would involve (i) background check and engagement and due diligence is undertaken by the regional sales team (headed, in relation to Target Company, by a former regional sales director who, according to CP Concerned, was the beneficial owner of 30% of EFL through a nominee); (ii) any material deviation from the Group's standard sales/distributorship agreements would require specific approval of senior management; and (iii) distributor/customer acceptance is subject to the approval of key commercial terms, such as pricing, delivery and credit limit, by the centralised finance team and to the extent any such terms are unusual would also be escalated for the approval of the head of the centralised finance team (who was not then and is not an associate of any of the shareholders or now known beneficial owners of Target Company). The terms of the Distributorship Agreement were consistent with the Group's standard terms as disclosed under "C. The Distributorship Transactions" below. Further, the Group implements ongoing centralised monitoring of actual pricing and payment terms of sales to all of its distributors or customers by product by market as part of its controls to identify any unusual pricing as disclosed further under "C. Distributorship Transactions – pricing policy and related internal control measures" below, and no red flags have been identified in respect of the Distributorship Agreement or the Distributorship Transactions.

Remedial measures

Given the late disclosure required under the Listing Rules due to the misrepresentation and material non-disclosure by CP Concerned and Former Director, the Company has undertaken internal fact finding exercise (without the involvement of EFL UBOs or their associates) and effected certain remedial measures described below:

- (i) the Company secured the refund of 90% of the consideration received by or on behalf of Vendor A through the Acquisition (i.e. the consideration attributable to EFL). Consistent with this approach, only 10% of Vendor A's share of the 2025 Payment (as defined below) remains payable and The EFL UBOs have given indemnities in favour of the Group for claims (if any) that Vendor A might make in relation to the remaining 90% of the amount payable to it. Target Company nevertheless remains an indirect wholly-owned subsidiary of the Company;
- (ii) The Group's director's service contracts with CP Concerned has been terminated with effect from 12 December 2025 and CP Concerned no longer has any role within the Group, subject to the filings and formalities required to effect changes in respect of subsidiary level offices;

- (iii) In the context of internal controls related to the late disclosure, it is apparent to the Board (including the INEDs) from the facts available that the late disclosure was resulted from misrepresentation and material non-disclosure by CP Concerned and Former Director, while the Group had in place fairly robust internal control procedures and training to ensure (a) regulatory compliance including, amongst other things, annual written confirmations from Directors as to connected transactions and periodic training on Chapter 14A of the Listing Rules and (b) consistency in fair and reasonable commercial dealings across all distributors or customers (regardless of whether or not they are connected) as referred to above. The Group is implementing further enhancement of its conflicts of interest and connected persons declaration and education processes to supplement existing policies that have been communicated to all employees, to include bi-annual written reminders of the Group's conflict of interest policies to all staff of the Group, to require at least annual written declarations also from non-director senior staff that may be involved in commercial and investment decision-making functions and to roll out specific internal training for them in 2026.

B. THE ACQUISITION

As disclosed in the Acquisition Announcement, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Share Purchase Deed with, inter alios, the Vendors in respect of the Acquisition on 5 August 2024. Acquisition Completion took place on 1 September 2024 upon which Target Company became an indirect wholly-owned subsidiary of the Company.

Principal terms

Information relating to the parties to the Share Purchase Deed and the principal terms of the Acquisition are set out below.

Date: 5 August 2024

Parties:	(1)	Vendor A (as vendor of 80% of the shares of Target Company)
	(2)	Vendor A 10% Shareholder (as guarantor of the Vendor A's obligations)
	(3)	Vendor B (as a vendor of 20% of the shares of Target Company)
	(4) & (5)	Management Shareholders (as guarantor of the obligations of Vendor B's obligations)
	(6)	The Purchaser (as purchaser)

To the best knowledge and belief of the Directors after making all reasonable enquiry as of the date of this announcement:

- (i) Vendor A was an investment holding company held as to 90% by EFL and 10% by Vendor A 10% Shareholder. Based on the recent confirmation of CP Concerned, as at the date of the Share Purchase Deed (a) CP Concerned and Former Director each owned through their respective nominees 35% of the issued shares of EFL and (b) the remaining 30% of the issued shares of EFL were owned by a former regional sales director of the Group through her nominee. Vendor A 10% Shareholder is a third party independent of and not connected with the Company or its connected persons (save as disclosed above) who, based on information provided by the Management Shareholders, was an acquaintance of one of the Management Shareholders who has worked and invested mainly in the logistics and trading services sectors; and
- (ii) each of Vendor B (an investment holding company) and the Management Shareholders (each of whom own 50% of Vendor B), being co-founders and respectively the chief executive officer or chief operating officer of Target Company as at the date of the Share Purchase Deed, was then and still is a third party independent of and not connected with the Company or its connected persons (save as disclosed above and in connection with the Acquisition described below). Based on information provided to the Group and their public profiles, the Management Shareholders are entrepreneurs that are seasoned in establishing and operating start up in many sectors including the electronic payments industry.

Subject matter:

100% of the issued shares of Target Company

Consideration:

An amount (to be paid to each Vendor proportionate to the shareholding being sold by it) that represents the aggregate of the following:

- (i) AUD5,433,000 (“**First Payment**”) which was paid at Acquisition Completion; **plus**
- (ii) an amount (“**Cash/NAV Payment**”) equal to the aggregate of (a) the amount by which the amount of cash and cash equivalents immediately prior to the date of Acquisition Completion (calculated in accordance with the Share Purchase Deed) is less than AUD700,000; and (b) the amount by which the net assets of Target Company immediately prior to the date of Acquisition Completion (calculated in accordance with the Share Purchase Deed) is less than AUD1,430,000. The Group paid AUD564,183 based on this calculation; **plus**
- (iii) an amount (“**2024 Payment**”) equal to $30\% \times 2.4 \times$ the revenue of Target Company from the audited sales of products for the 12 months ended 30 June 2024, provided that such revenue exceeds AUD5,040,000 and both of the Management Shareholders continues to be employed or engaged by Target Company before the expiry of the term of service contemplated by their respective service agreement and is not serving notice for the termination of either or both of their employment or engagement, other than due to any termination as a “good leaver” (as defined in the Share Purchase Deed). The Group paid AUD8,601,151 based on this calculation; **plus**

- (iv) an amount (“**2025 Payment**”) equal to 30% x 2.4 x the revenue of Target Company from the audited sales of products for the 12 months ended 30 June 2025, provided that such revenue exceeds AUD5,040,000 and both of the Management Shareholders continues to be employed or engaged by Target Company before the expiry of the term of service contemplated by their respective service agreement (of between 6 to 9 months following Acquisition Completion) and is not serving notice for the termination of either or both of their employment or engagement, other than due to any termination as a “good leaver” (as defined in the Share Purchase Deed). The Group is required to pay AUD5,967,266 in respect of this adjustment, deducting from which the amount attributable to EFL’s interest in Vendor A, an amount of AUD1,670,834 remains payable as at the date of this announcement,

provided that the maximum amount payable (“**Maximum Consideration**”) would not exceed AUD30,000,000.

The components of the purchase price and the maximum consideration were determined after arms’ length negotiations mainly between the Management Shareholders, as key operators of the business of Target Company (on behalf of Vendor A and Vendor B) and the Group. In agreeing such pricing, the management of the Group took into account the financial performance and growth of sales of the Target Company as shown in its audited and management accounts then available and orders or indicated demands of the Target Company for the Group’s E-payment Terminal Products. Management also considered for internal reference P/E ratios and P/S ratios of the Company and other companies listed on internationally recognised stock exchanges that engaged in E-payment Terminal Products and payment solutions that reported profits in their financial year of 2023.

In terms of the pricing structure:

- (a) as the First Payment was to represent 40% of the basic consideration, the implied a total basic consideration of approximately AUD13.58 million (or a P/E ratio of 9.39 times and P/S ratio of 2.42 times). Each of the 2024 Payment and 2025 Payment was to represent a 30% tranche of the consideration and 2.4 multiple (which was consistent both with the P/S ratio implied by the First Payment and the AUD13.58 million basic consideration implied by the First Payment divided by the Target Company's TY2023 earnings) and provide compensation and/or "earn out" for TY2024 and TY2025 respectively.
- (b) the Cash/NAV adjustment and benchmark figures were determined by reference to the working capital requirements of the Target Company and the financial position of Target Company (see audited net assets value as at 30 June 2023 disclosed below) as ascertained during due diligence so that Purchaser will be compensated for shortfalls and while excesses (in the case of excess of cash only) to the agreed levels will be for the benefit of the Vendors.
- (c) The management also considered that were the Maximum Consideration (which implied a P/E ratio of 20.7 times over TY2023 earnings or a P/S ratio of 5.34 times over TY2023 sales) to become payable after taking into account the First Payment, Target Company would have to achieve over 400% revenue growth in TY2025 over TY2023 revenue (assuming TY2024 revenue remains at the same level as TY2023) which would mean that the Group would stand to benefit from the materially larger market share, significant growth in profits in two years over TY2023 earnings and shortened period for the return of its investment in Target Company.

The Board notes that there were 9 companies (including the Company) listed on internationally recognised stock exchanges and 1 publicly disclosed merger and acquisition transaction in 2020 that engaged in E-payment Terminal Products and payment solutions that had P/E ratios ranging from 3.74 times to 75.34 times (averaging at 33.45 times) and P/S ratios ranging from 0.64 times to 6.64 times (averaging at 2.47 times). The Board also notes that the P/S ratio would have excluded the expenses elements which may differ significantly across companies/groups and that the P/S ratio implied by the basic consideration and therefore the multiple adopted for the 2024 Payment and 2024 Payments were consistent the average P/S ratios of the 9 listed companies and the 1 merger and acquisition transaction referred to above and the Maximum Consideration appears to be within the range of P/E ratios and P/S ratios of those companies. Further views of the Board on the Acquisition (including the consideration) are set out further below.

Based on the register of members of Target Company publicly filed with the Australian Securities and Investments Commission, the original acquisition cost of the 80% shares of Target Company sold by Vendor A was approximately AUD8,000.

Other undertakings

Vendors have given non-compete undertakings (in respect of itself and its associates, affiliates, related parties and related bodies corporate, each term as defined in the Share Purchase Deed, other than Target Company) in favour of the Purchaser for periods of between one to five years after Acquisition Completion over all or specified parts of Australia and New Zealand in which Target Company then operated.

Information on Target Company

Target Company was incorporated on 2 December 2016. It was (prior to the Acquisition) and is still principally engaged in the sales of E-payment Terminal Products in the Relevant Markets and provision of maintenance and installation services. Target Company has been the distributor of the Group's products in the Relevant Markets since 2018, and was formally appointed the Group's non-exclusive distributor in 2019 and became its sole distributor in 2020 pursuant to the Distributorship Agreement in 2020.

At the date of the Share Purchase Deed, Target Company was held as to 80% by Vendor A and 20% by Vendor B. Vendor B was owned as to 50% by each of the Management Shareholders. Vendor A was held as to 90% by EFL (which had three individual shareholders holding 35%, 35% and 30% of its issued shares) and 10% by Vendor A 10% Shareholder. Based on CP Concerned's recent confirmation, the three individual shareholders of EFL were nominees holding shares for the benefit of CP Concerned, Former Director and a former regional sales director of the Group.

For TY2022 and TY2023 of Target Company, the audited profit before and after taxation of Target Company (which were not materially different from the financial information received by the Group prior to the signing of the Share Purchase Deed) was as follows:

Year ended 30 June	2022 <i>(AUD' 000)</i>	2023 <i>(AUD' 000)</i>
Profit before taxation	2,049	1,942
Profit after taxation	1,638	1,447

As at 30 June 2023, the audited net assets value of Target Company was approximately AUD2,223,000.

Views of the Board

Based on (i) the information presented above, including the material terms of the Acquisition and the basis of determination of the consideration and the process by which the terms of the Acquisition was negotiated which did not include any material involvement by CP Concerned or Former Director or the other EFL UBO; (ii) the reasons for the Acquisition disclosed below, the Board (including the INEDs) are of the view that the terms of the Acquisition were fair and reasonable and the Acquisition (including the consideration) was in the interests of the Company and its Shareholders as a whole.

C. DISTRIBUTORSHIP TRANSACTIONS

The Purchaser entered into the Distributorship Agreement with Target Company. Information relating to the parties to the Distributorship Agreement and its principal terms are set out below.

Date: 10 January 2020

Parties:

- (1) Target Company (as the distributor)
- (2) Purchaser (as the manufacturer/supplier)

Subject matter:

The Purchaser appointed Target Company as the sole distributor of the Group's E-payment Terminal Products in the Relevant Markets to promote and sell those products and solutions of Purchaser. Target Company is entitled to appoint sub-agents for this purpose.

The Distributorship Agreement provides for circumstances under which the Group may nevertheless sell direct to certain customers in the Relevant Markets and/or (in the case of certain regional projects or clients) use other regional teams or partners to serve the Group's customers in the Relevant Markets such that Target Company acts only as agent, whereas as a distributor Target Company would purchase as principal the Group's E-payment Terminal Products for resale.

Consideration/pricing:

No consideration is payable for the sole distributorship, but the Distributorship Agreement specified minimum sales commitment within the first 12 months of the signing of the Distributorship Agreement (which has been met).

The price of products supplied by the Purchaser is subject to no less than 90 day's notice change as determined by the Purchaser from time to time.

Target Company is also entitled to commission for providing agent sales support at rate(s) agreed based on the customers/specific project in question, the markets covered. In agreeing to the commission rates, the Group took into account the range of commissions payable to its other distributors, the overall margin for sales in the Relevant Markets (i.e. the average gross profit margins for sales of E-payment Terminal Products to Target Company less commission payable) compared with that applicable to the Group's other markets, and the fact that Target Company's obligations as a sole distributor entails its investment in promoting and selling the Group's E-payment Terminal Products and services (including the costs of providing marketing, pre-sales consulting, product delivery and post sales services).

Other terms:	The Distributorship Agreement include also terms for reporting, inventory, record keeping, regulatory compliance by Target Company as sole distributor and the provision of product information, fulfilment of purchase orders and right as to product design and returns of Purchaser as manufacturer/supplier.
Non-compete:	During the term of the Distributorship Agreement and for two years after is termination, Target Company is required not to engage in any research development or production of any products that may compete directly or indirectly with the Purchaser.
Term:	The Distributorship Agreement was to be valid for 3 years from 10 January 2020 and will be extended by 12 months automatically thereafter unless and until terminated by not less than 3 months' advance notice.

The Distributorship Agreement is based on the Group's standard form agreement with modifications to accommodate regulatory and commercial considerations for the Relevant Markets.

Value of transactions

From the date of the Group's appointment of Target Company as distributor in 2018 and the signing of Distributorship Agreement to Acquisition Completion, commissions paid to Target Company annually (during the initial term and renewed terms of the Distributorship Agreement) and the FY2019 and FY2020 sales to Target Company were de minimus and did not require announcement disclosure under Chapter 14A of the Listing Rules. Sales by the Group to Target Company during the Relevant Period were only subject to reporting, announcement, annual review requirements, but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules, as follows:

	FY2021	FY2022	FY2023	Part of FY2024¹
Revenue (HKD'000)	12,991	21,492	12,766	29,208

¹ Up to 31 August 2024 only, being the date immediately preceding the Acquisition Completion

Pricing policy and related internal control measures

As the Group's sells its E-payment Terminal Products globally and it is constantly looking to expand sales (effected by purchase orders) through existing and new distributors, to control the consistency and reasonableness of pricing and key commercial terms across its products and markets, the Group has in place the following control procedures:

- standardised price structure for different products as a starting point allowing for variations due to differences in product specifications, size of orders and delivery requirements whereby deviations beyond a permitted range will require senior management approval in addition to normal centralised review and approvals;
- an enterprise resource planning (ERP) system that ensures that distributor/customer acceptance can only take place after key commercial terms, such as pricing, delivery and credit limit, are reviewed and accepted by the centralised finance team;
- centralised monitoring and analysis of actual pricing and payment and other commercial terms by product and by markets to ensure consistency with pricing policies to identify any unusual pricing or sales terms, including monthly and annual reviews by senior management (including an executive Director, the financial controller and executive vice president, all regional heads of sales) in addition to ad hoc escalation, where appropriate, to senior management if red flags are identified.

Views of the Board

The Board (including the INEDs) notes that the management of the Group has analysed the annual sales and pricing in respect of the Distributorship Transactions by product (which depending on product model and the year in question, could have been sold to between 4 to 23 countries via independent third party distributors) and has noted that the gross profit margins under the Distributorship Transactions and the commission rate payable to Target Company were within the range of its worldwide distributor sales and reasonable having regard to the maturity and operating conditions in the Relevant Markets. Additionally, management has not found any red flag in the sales performance and settlement of purchases by Target Company in relation to the Distributorship Transactions.

Based on (i) the information presented above, including the material terms of the Distributorship Agreement and the basis of pricing of sales; (ii) the reasons for the Distributorship Transactions disclosed below, the Board (including the INEDs) are of the view that the terms of the Distributorship Agreement, the related Distributorship Transactions and their terms (including pricing) were normal commercial terms entered into in the ordinary course of business, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

D. REASONS FOR AND THE BENEFITS OF THE DISTRIBUTORSHIP TRANSACTIONS AND THE ACQUISITION

Since the 2010s', the Group has been focusing on developing markets for its E-payment Terminal Products outside of the China market including in the Asia Pacific region. The Group generally works with distributors to enable it to leverage on local expertise and networks and share business risks with local partners, lower initial investment costs while facilitating marketing testing for the Group's brands and products. That said, where appropriate, the Group has also entered certain new markets through acquisitions and/or the establishment of new subsidiaries after taking into account the availability of suitable targets, market size and competitive landscape, end user preferences for local support from point of sales (POS) vendors and local business risks.

The Distributorship Transactions

In FY2017, the Group's Asia Pacific sales network did not include Australia and New Zealand. The Group was introduced to the Management Shareholders at a commercial setting by other players in the market. Given the Group's strategy to expand its market footprint including in Asia Pacific region, the appointment of the Management Shareholders (through Target Company) on the Group's standard distributor appointment terms for new markets was a cost-effective way of testing out the feasibility of entering the Relevant Markets compared to setting up own operations and consistent with the Group's general strategy to sell its products through distributors. As disclosed above, the Management Shareholders have a depth of experience in start up operations and the electronic payment industry.

Target Company first became a distributor of the Group's products in 2018 and was formally appointed non-exclusive distributor in 2019. Subsequently, the Group appointed Target Company as the sole distributor of the Group's E-payment Terminal Products in the Relevant Markets pursuant to the Distributorship Agreement in 2020 to incentivise Target Company to invest more resources towards driving greater sales growth and to continue to act as the Group's agent for specified existing customers of the Group. The Group has noted from its experience in other markets that those of the Group's distributors that operates mainly as resellers (and do not have other operations such as merchant acquisition, payment solutions or platforms) would generally be reluctant to make substantial investment towards increasing sales on the basis of non-exclusive distributorships. Accordingly, since the Group had not then identified any suitable alternative sole distributor in the Relevant Markets, the granting of sole distributorship on the terms of the Distributorship Agreement was considered appropriate and consistent the Group's operating strategy to increase sales in the Relevant Markets.

The Acquisition

Target Company demonstrated robust growth in terms of sales as a distributor of the Group's products after taking in account market/demand fluctuations in the ordinary course of business since the year ended 30 June 2022. The Management Shareholders approached the Group for investment in Target Company to enable Target Company to further grow its operations.

The Board believed (as stated in the Acquisition Announcement) and continues to believe (based on the performance of Target Company) that the Acquisition that results in Target Company being wholly-owned by the Company would strengthen the Group's global network of sales and serve as a cornerstone for the Group's operations in the Relevant Markets, acting as a catalyst for further growth. For example, after the Group has established strong brand recognition and supporting teams in Australia, the Group can roll out the provision of maintenance services for its hardware that can carry attractive margins. The synergies expected to be brought by Target Company and the commercial rationale for the Acquisition include (i) strengthening the global sales network of the Group, in particular in the Relevant Markets; (ii) achieving better resources planning and efficiency by setting up direct sales channels to target customers in the Relevant Markets and reducing overall costs of operations; (iii) enabling swift responses to the possible demand fluctuation, shifting expectation and other dynamic changes in the Relevant Markets; and (iv) enhancing brand recognition through the local presence of Target Company to build stronger and closer ties with local end-customers and other stakeholders. Since Acquisition Completion, Target Company has seen growth in revenue from AUD5.6 million for TY2023 to AUD8.7 million for TY2025, and its customer base from around 10 customers (including the Group due to commission payments under the Distributorship Agreement) as at the end of FY2023 to more than 30 as at the date of this announcement in line with expectations at the time of the Acquisition.

E. LISTING RULES IMPLICATIONS

The Distributorship Transactions were conducted in the ordinary and usual course of business of the Group and therefore do not constitute "transactions" under Chapter 14 of the Listing Rules. As stated in the Acquisition Announcement, as all of the applicable percentage ratios in relation to the Acquisition were less than 5%, the Acquisition did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Based on the information now available from CP Concerned that each of CP Concerned and Former Director owned through their respective nominees 35% of the shares of EFL, EFL was at the relevant time an associate of each of the two then Directors. Vendor A, being held as to 90% by EFL, was also an associate of EFL and therefore a connected person of the Company. Accordingly, Target Company, being held as to 80% by Vendor A was an associate of each of CP Concerned and Former Director and therefore also a connected person of the Company.

The Distributorship Agreement being an operation level contract (that until recently was not known to constitute a connected transaction) was not presented to the Board for approval but was approved in accordance with the internal approval process. The Share Purchase Deed and the Acquisition Announcement were presented for Board approval and was approved by all Directors at the time. Given the material interest of CP Concerned and Former Director, they should have declared their interest to the Board and should have abstained from voting at the meeting of the Board that considered those transactions.

As one or more of the percentage ratios applicable to the Acquisition and the value for each year (or, in the case of FY2024, up to Acquisition Completion) of the Distributorship Transactions during the Relevant Period exceeded 0.1% but were all less than 5%, the Acquisition and the Distributorship Transactions during the Relevant Period were subject to reporting, announcement and (in the case of the Distributorship Transactions) annual review requirements, but were exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The findings of the Board and remedial measures that are being implemented in view of the late disclosure are set out under "A. Background – remedial measures" above. The Board (including members of its Audit Committee) having considered the specific circumstances that led to the late disclosure and the pre-existing internal control procedures and training, concur with the Board that the enhanced processes that have been or are to be implemented are appropriate and should be adequate to reduce the risks of repeat incidences.

DEFINITIONS

In this announcement, unless otherwise indicated, all financial information has been rounded to the nearest thousand (in the applicable currency) and the following terms have the meanings set forth opposite them:

“Acquisition”	the acquisition of the entire issued shares of Target Company by the Group pursuant to the Share Purchase Deed
“Acquisition Announcement”	the announcement of the Company dated 5 August 2024 in relation to the Acquisition
“Acquisition Completion”	the completion of the Acquisition pursuant to the Share Purchase Deed, which took place on 1 September 2024
“AUD”	Australian dollar(s), the lawful currency of Australia
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	PAX Global Technology Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00327)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“CP Concerned”	Mr. Nie Guoming, an executive Director (Chairman) and Chief Executive Officer of the Company prior to the termination of his positions with the Group by agreement on 12 December 2025
“Director(s)”	the director(s) of the Company
“Distributorship Agreement”	the distributorship agreement dated 10 January 2020 entered into between Target Company and the Purchaser regarding the distribution of the Purchaser’s products by Target Company in Australia and New Zealand
“Distributorship Transactions”	the transactions between the Group and Target Company conducted prior to Acquisition Completion, being transactions with Target Company as a distributor of the Group’s products in the Relevant Market including those pursuant to the Distributorship Agreement

“EFL”	Eagle Fintech Ltd., a company incorporated in Samoa, being a 90% shareholder of Vendor A
“EFL UBOs”	CP Concerned, Former Director and a former regional sales director of the Group, Ms. Hu Die, as confirmed by CP Concerned to be the ultimate beneficial owners of EFL through nominees
“Former Director”	Mr. Lu Jie, a former executive Director and Chief Executive Officer of the Company, who resigned on 3 July 2025, the details of which are set out in the announcement of the Company dated 3 July 2025
“FY”	a financial year of the Company, commencing from 1 January and ending on 31 December of the calendar year identified after the relevant “FY”.
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“INED(s)”	the independent non-executive Director(s)
“Management Shareholders”	Nigel Arthur Lovell and Debra Janine Taylor, being the guarantors of Vendor B under the Share Purchase Deed
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Consideration”	AUD30,000,000, being the maximum amount to be paid to each Vendor proportionate to the shareholding being sold by it under the Share Purchase Deed
“Other Parties”	Vendor B, Vendor A 10% Shareholder and the Management Shareholders
“percentage ratios”	being those calculated in accordance with Chapter 14 or (as applicable) Chapter 14A of the Listing Rules
“P/E ratio”	the price/earnings ratio
“P/S ratio”	price to sales ratio

“Purchaser”	Pax Technology Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Relevant Markets”	Australia and New Zealand
“Relevant Period”	from FY2021 to FY2023, and the period from 1 January 2024 to 31 August 2024
“Share Purchase Deed”	the share purchase deed dated 5 August 2024 entered into among Vendor A, Vendor A Guarantor, Vendor B, the Management Shareholders and the Purchaser, pursuant to which the Purchaser purchased the entire issued shares of Target Company from Vendor A and Vendor B
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Pax Technology Australia PTY Ltd., a company incorporated in Australia with limited liability, an indirect wholly-owned subsidiary of the Company after the Acquisition Completion
“TY”	the financial year of the Target Company, commencing from 1 July in of the calendar year preceding, and ending on 30 June of the calendar year identified, after the relevant “TY”
“Vendor A”	Eagle Fintech Australia PTY Ltd., a company incorporated in Australia with limited liability, holding 80% of the issued shares of Target Company prior to the Acquisition Completion
“Vendor A 10% Shareholder”	Mr. Li Xiaoqiong, the guarantor of Vendor A under the Share Purchase Deed, being a director and a 10% shareholder of Vendor A
“Vendor B”	Retech Solutions PTY Ltd., a company incorporated in Australia with limited liability, holding 20% of the issued shares of Target Company prior to the Acquisition Completion

“Vendors”

Vendor A and Vendor B

“%”

per cent

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

Hong Kong, 12 December 2025

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Li Wenjin and Mr. Cheung Shi Yeung 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.