

*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)**

**DISCLOSEABLE TRANSACTION  
CONSTRUCTION CONTRACTS FOR THE  
PAX SMART TERMINALS INDUSTRIAL PARK PROJECT**

**CONSTRUCTION CONTRACTS**

On 20 July 2021, a wholly-owned subsidiary of the Company (as the principal) entered into the Construction Contracts with Guangdong Jianbang Development Group Co., Ltd. (as the contractor) in relation to the Construction Works of the PAX Smart Terminals Industrial Park Project for the Consideration of approximately RMB417.4 million (equivalent to approximately HKD501.4 million) (tax exclusive) (subject to adjustments).

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Consideration under the Construction Contracts exceeds 5% but is less than 25%, the transaction contemplated under the Construction Contracts constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements of the Listing Rules.

\* *For identification purpose only*

## CONSTRUCTION CONTRACTS

On 20 July 2021, a wholly-owned subsidiary of the Company entered into the Construction Contracts with Guangdong Jianbang Development Group Co., Ltd. in respect of the construction of the PAX Smart Terminals Industrial Park Project. Save for the scope of Construction Works and the relevant amounts payable by the parties, the terms of the Construction Contracts are substantially the same. The major terms of the Construction Contracts are as follows:

Date: 20 July 2021

Parties: (1) Huizhou PAX Intelligent Technology Co., Ltd. (“**PAX Huizhou**”), a wholly-owned subsidiary of the Company incorporated with limited liability in the PRC, as the principal; and

(2) Guangdong Jianbang Development Group Co., Ltd. (the “**Contractor**”), as the contractor,

together with PAX Huizhou collectively as the “**Parties**”.

Subject matter: The Contractor undertakes the Construction Works of the PAX Smart Terminals Industrial Park Project to be developed in Zhongkai High-tech Zone, Huizhou City, Guangdong Province, the PRC. The PAX Smart Terminals Industrial Park Project has a gross floor area of approximately 274,000 square meters, comprising production plants, logistic warehouses, ancillary workspaces, technology centre, employee dormitories and other ancillary facilities.

Construction period: not more than 487 days, subject to changes to be mutually agreed between the Parties.

Consideration: The aggregate contract price is approximately RMB417.4 million (equivalent to approximately HKD501.4 million) (tax exclusive) (the “**Consideration**”), subject to the adjustments in connection with, among other things, price fluctuations in wages and materials costs, change in applicable value-added tax rate and modification to the Construction Works and delivery timetable during the construction process in accordance with the relevant mechanism under the Construction Contracts.

The Consideration was determined with reference to (i) complexity and volume of the Construction Works involved and the services required in respect of the PAX Smart Terminals Industrial Park Project, (ii) expertise, experience and market position of the Contractor, (iii) labour and procurement cost and (iv) prevailing market conditions of the construction industry in Huizhou City, Guangdong Province, the PRC.

The Consideration will be funded by internal resources of the Group.

Payment terms:

PAX Huizhou shall pay the Consideration in cash in the manners set out below:

- (1) on a monthly basis pay to the Contractor a work progress fee which equals to 80% of value of the Construction Works carried out in the relevant month, as reviewed and confirmed by PAX Huizhou, (the “**Monthly Installment**”);
- (2) upon completion and acceptance of all Construction Works, pay to the Contractor such sum (the “**Completion Installment**”), which if aggregated with the total Monthly Installments paid shall equal to 90% of the Consideration;
- (3) within 30 days from the signing of the settlement agreement (which shall take place within 60 days of delivery of the Construction Works), pursuant to which the Parties shall agree on the adjustments (if any) to the Consideration, pay to the Contractor such sum, which if aggregated with the total Monthly Installments and the Completion Installment paid shall equal to 98% of the Consideration; and
- (4) the remaining 2% of the Consideration (the “**Final Installment**”), being the quality guarantee deposit, shall be paid upon expiry of the two-year quality warranty period.

Performance guarantee and prepayment:

*Performance guarantee of the Contractor*

Within 10 days after entering into the Construction Contracts, the Contractor shall submit to PAX Huizhou an irrevocable performance guarantee (the “**Bank Performance Guarantee**”) in an aggregate amount of RMB45.0 million (equivalent to approximately HKD54.0 million) provided by a Qualified Bank to guarantee the Contractor’s performance of its obligations under the Construction Contracts.

Upon PAX Huizhou’s settlement of the Final Installment, the Contractor shall submit to PAX Huizhou another irrevocable bank performance guarantee in an amount equal to the Final Installment provided by a Qualified Bank as a quality warranty for the waterproof works, expiring after the five-year warranty period.

*Prepayment by PAX Huizhou*

PAX Huizhou shall within 10 days from the receipt of the Bank Performance Guarantee pay to the Contractor a sum of RMB20.0 million (equivalent to approximately HKD24.0 million) as prepayment (the “**Prepayment**”). The Prepayment shall be retained by the Contractor until the sixth month after the first Monthly Installment shall be made by PAX Huizhou and thereafter shall be applied by PAX Huizhou towards set-off of the subsequent Monthly Installments.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACTS**

The COVID-19 pandemic has caused people to adopt new lifestyles in social and consumer habits, including payment behaviours. Banks and merchants are rapidly scaling up their needs on cashless payment, as well as the related value-added services. Given the increasing demand for smart payment terminals, the Group has initiated the PAX Smart Terminals Industrial Park Project, which is designed to expand the production capability of the Group through the construction of production facilities, such as production plants, logistic warehouses, ancillary workspaces, technology centre and other ancillary facilities. The new facilities will mainly be used for the research and development and production of our Android smart payment terminals. The increased production capacity will strengthen the Group's position to accelerate the promotion and development of innovative smart products, laying a solid foundation for future business development of the Group.

The Contractor possesses extensive experience in construction projects of comparable scale in Huizhou City, Guangdong Province, the PRC. After due and careful consideration and comprehensive evaluation of the tenderers for the PAX Smart Terminals Industrial Park Project in terms of their qualification, experience and project quality, the Group selected the Contractor as the contractor of the PAX Smart Terminals Industrial Park Project.

In view of the above, the Directors consider that the terms of the Construction Contracts (including the Consideration) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE CONTRACTOR**

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 products, provision of maintenance and installation and other payment solutions services.

The Contractor, a company incorporated with limited liability in PRC in 1994, is principally engaged in businesses such as real estate development, building construction, municipal engineering, and interior and exterior decoration in the PRC. As at the date of this announcement, the Contractor is ultimately beneficially and wholly owned by Mr. Lao Jinhan.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Consideration under the Construction Contracts exceeds 5% but is less than 25%, the transaction contemplated under the Construction Contracts constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements of the Listing Rules.

As the Consideration may be subject to adjustment during the course of construction of the PAX Smart Terminals Industrial Park Project, the Company shall closely monitor the situation and make further announcement as required under the Listing Rules where appropriate to ensure compliance with the requirements of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors of the Company;
“Company”	PAX Global Technology Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 327);
“Consideration”	approximately RMB417.4 million (equivalent to approximately HKD501.4 million) (tax exclusive), being the aggregate contract price of the Construction Contracts;
“Construction Contracts”	the two construction contracts both dated 20 July 2021 entered into between PAX Huizhou as the principal and the Guangdong Jianbang Development Group Co., Ltd. as the contractor in respect of the construction of the PAX Smart Terminals Industrial Park Project;
“Construction Works”	the construction works of the PAX Smart Terminals Industrial Park Project, principally including foundation and basement engineering, main structure engineering, laying of water, electricity and sewage network, construction of office buildings and other premises, provision of labour, construction materials, equipment and supplies, etc. pursuant to the Construction Contracts;

“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Qualified Bank”	being any of the four major commercial banks in the PRC, namely the Agricultural Bank of China Limited, Bank of China Limited, China Construction Bank Corporation, Industrial and Commercial Bank of China Limited and, where the context so requires, their respective predecessors;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

*For illustration purposes only, the exchange rate of RMB1.0 = approximately HKD1.2 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, 20 July 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.*