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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)

**LICENCE AGREEMENT –
CONTINUING CONNECTED TRANSACTIONS**

On 13 April 2012, the Company entered into the Licence Agreement with PAX Data, pursuant to which PAX Data will license to the Company the Licensed Program for the POS Products currently targeted at the USCA market.

As PAX Data is an indirect wholly owned subsidiary of Hi Sun, a substantial shareholder of the Company interested in approximately 42.8% of the Company's issued share capital as at the date of this announcement, PAX Data is a connected person of the Company within the meaning of the Listing Rules and therefore the transactions under the Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the respective applicable percentage ratios (other than the profits ratio) in respect of the caps on licence fees payable under the Licence Agreement on an annual basis is less than 5%, such continuing connected transactions are exempted from independent Shareholders' approval requirements but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

THE LICENCE AGREEMENT

On 13 April 2012, the Company entered into the Licence Agreement with PAX Data, pursuant to which PAX Data will license to the Company the Licensed Program for the Group's POS Products currently targeted at the USCA market.

* For identification purpose only

The key terms of the Licence Agreement are as follows:–

Date: 13 April 2012

Parties: (1) Company (as licensee)

(2) PAX Data (as licensor)

Subject matter: PAX Data grants to the Company a non-exclusive and non-transferable licence to be used in conjunction with the POS Products and only for its own business purposes and that of its subsidiaries (i) the Licensed Program; (ii) the operating manuals, instructions and technical literature supplied by PAX Data for aiding use of the Licensed Program; and (iii) the media on which (i) and (ii) above are recorded or printed.

Arrangements with subsidiaries: The Company shall be entitled to grant sub-licences to its subsidiaries or require PAX Data to enter into direct licensing arrangements with the Company's subsidiaries, on terms *mutatis mutandis* set out in the Licence Agreement.

Licence fee: A licence fee is to be charged at US\$20 per POS Product which is equipped with the Licensed Program.

The licence fee was agreed after arm's length discussions between the parties. In agreeing the licence fee, the Company has taken into account available market data on range of software licence fees to net sales price ratio of other products (due to the lack of specific POS product-related market data) and the ratio between the licence fee to estimated costs of sales or target sales price of its POS products.

Term: The term of the licence commences on 13 April 2012 and terminates on 31 December 2014 unless terminated earlier by PAX Data if the Company commits and fails to remedy a material breach of the Licence Agreement, the Group permanently discontinues the use of the Licensed Program and other materials which are the subject matter of the Licence Agreement or on the occurrence of specified insolvency-related events in respect of the Company.

ANNUAL CAPS

Set out below are the annual caps of the licence fees payable under the Licence Agreement: –

From date of Licence Agreement to 31 December 2012	From 1 January 2013 to 31 December 2013	From 1 January 2014 to 31 December 2014
US\$1,200,000 (equivalent to approximately HK\$9,360,000)	US\$3,400,000 (equivalent to approximately HK\$26,520,000)	US\$6,000,000 (equivalent to approximately HK\$46,800,000)

The above caps are determined by reference to (i) the number of POS Products expected to be sold and/or leased out by the Group in the USCA which is the subject of the Group's subsisting contracts with existing customers and potential contracts under negotiation; (ii) anticipated growth in USCA market demand for POS products, which are Europay, MasterCard and VISA ("EMV") standard compliant, including POS Products equipped with the Licensed Program.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LICENCE AGREEMENT

As stated in the annual report for the year ended 31 December 2011 of the Company, the Company is of the view that its overseas markets will become major growth drivers for the Group's business. USCA represents one of the largest POS markets in the world and according to The Nilson Report issued in September 2011, accounts for approximately 16% of the global POS shipment in year 2010. The Company believes that EMV standard can be a catalyst to further enhance the market growth in this segment. The Group plans to take advantage of this opportunity to expand its activities in this market by rolling out EMV standard compliant POS products. Having looked into the needs of potential customers/end users of POS Products in the USCA market (which are different from the needs of the customers in the PRC market), the Group believes that these needs can be met by installing the Licensed Program in the POS Products.

The "BroadPOS Terminal Platform" is a complete payment solution comprising the terminal subsystem (which is the Licensed Program, the subject of the Licence Agreement) and the server subsystem. The "BroadPOS Terminal Platform" has been developed by PAX Data and can support credit, debit, electronic benefit transfer ("EBT"), gift or loyalty card transactions, electronic data capture ("EDC") for retail merchants as well as e-commerce clients, and can be applied to any payment processor and payment gateway. Unlike programs that are commonly deployed in POS terminals sold by the Group, the "BroadPOS Terminal Platform" is a hardware and operating system independent multi-applications system that can support event driven, reusable event modules, automatic installation, online partial updates and security updates with secure sockets layer ("SSL") connection and application certification authorization.

In view of the above, the Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Licence Agreement and the annual caps are fair and reasonable, on normal commercial terms and in the interests of the Group and its Shareholders as a whole. Mr. Li Wenjin, being an executive director of Hi Sun, is regarded under Rule 13.44 of the Listing Rules as having a material interest in the transactions under the Licence Agreement and accordingly abstained from voting on the board resolution approving the Licence Agreement and the annual caps.

GENERAL INFORMATION AND LISTING RULES IMPLICATIONS

The Group is a POS terminal solutions provider principally engaged in the development and sale of POS products and provision of related services.

Hi Sun is principally engaged in provision of telecommunication solutions, provision of financial solutions, provision of payment solutions and sales of electronic power meters and solutions. PAX Data is principally engaged in the research and development of financial related systems and applications in the PRC.

As PAX Data is an indirect wholly owned subsidiary of Hi Sun, a substantial shareholder of the Company interested in approximately 42.8% of the Company's issued share capital as at the date of this announcement, PAX Data is a connected person of the Company within the meaning of the Listing Rules and therefore the transactions under the Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the respective applicable percentage ratios (other than the profits ratio) in respect of the caps on licence fees payable under the Licence Agreement on an annual basis is less than 5%, such continuing connected transactions are exempted from independent Shareholders' approval requirements but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set forth opposite them:–

“Board”	the board of Directors;
“Company”	PAX Global Technology Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hi Sun”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Licence Agreement”	the agreement between the PAX Data and the Company dated 13 April 2012;
“Licensed Program”	the terminal subsystem program of a payment solution known as “BroadPOS Terminal Platform” together with its software development kit, owned by PAX Data;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PAX Data”	杭州佰福數據技術有限公司 (Hangzhou Pax Data Limited), a company incorporated in the PRC and an indirect wholly owned subsidiary of Hi Sun;
“POS”	electronic fund transfer point-of-sale;
“POS Products”	POS products as may be sold and/or leased out by the Group from time to time;
“PRC”	People’s Republic of China;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“USCA”	United States of America and Canada;
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong; and
“US\$”	US dollars, lawful currency of the United States of America.

For the purpose of this announcement, unless otherwise indicated, the exchange rates of US\$1 = HK\$7.80 has been used for currency translation, where applicable. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amount in HK\$ or US\$ have been, could have been or may be converted at such or any other rates or at all.

By Order of the Board of
PAX Global Technology Limited
Li Wenjin
Executive Director

Hong Kong, 13 April 2012

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