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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)

FRAMEWORK AGREEMENT FOR THE PURCHASE OF CHIPS — CONTINUING CONNECTED TRANSACTIONS

On 21 February 2013, the Company entered into the Framework Agreement with Hi Sun which sets out the basis upon which the Group will purchase and the Hi Sun Group will sell the Chips.

As Hi Sun is a substantial Shareholder interested in approximately 42.8% of the Company's issued share capital as at the date of this announcement, Hi Sun is a connected person of the Company within the meaning of the Listing Rules and the transactions under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual cap on the total contract value for the sale and purchase of the Chips payable under the Framework Agreement on an annual basis exceeds 0.1% and HK\$1,000,000 but is less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE FRAMEWORK AGREEMENT

On 21 February 2013, the Company entered into the Framework Agreement with Hi Sun, pursuant to which the Group will purchase and the Hi Sun Group will sell the Chips for production of POS related products by the Group.

* *For identification purposes only*

The key terms of the Framework Agreement are as follows:

Date: 21 February 2013

Parties: (1) the Company
(2) Hi Sun

Subject matter: The Group will purchase and the Hi Sun Group will sell the Chips in accordance with the terms of the Framework Agreement.

Individual agreements: Relevant members of the Group and the Hi Sun Group will from time to time enter into individual agreements which will set out the terms of the sale and purchase of the Chips. The terms of the individual agreements will be negotiated based on the following principles:

- (a) the sale and purchase of the Chips would be based on normal commercial terms;
- (b) the prices payable for the Chips would be determined by reference to the price of other products sold by Hi Sun Group and the price of similar products in the industry; and
- (c) the terms and conditions of such sales and purchases, including terms of settlement, shall be no less favourable to the Group than those available from independent third parties from time to time.

Undertaking: The Company has undertaken in favour of Hi Sun Group that the Chips purchased under the Framework Agreement will be used by the Group for production of POS related products of the Group.

Term: The term of the Framework Agreement commences on the date of the Framework Agreement, which is 21 February 2013 and will expire on 31 December 2013 (both days inclusive).

ANNUAL CAP

The cap on the total contract value for the sale and purchase of the Chips under the Framework Agreement from 21 February 2013 to 31 December 2013 is HK\$40,000,000.

The annual cap is determined after taking into account the following:

- (i) the historical sales amount of the POS related products of the Group;
- (ii) the estimated demand for the POS related products for the Group for the year ending 31 December 2013 in consideration of the anticipated business growth and production capacity of the Group; and
- (iii) the estimated selling price of the Chips.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Chips is one of the components in the POS related products. Under the Framework Agreement, the Chips to be supplied by Hi Sun Group are fit for production of POS related products of the Group, whose specifications are not commonly found in those sold by other market suppliers. It is expected that the Group will be continuously in demand of the Chips in the ordinary and usual course of business of the Group. The entering into of the Framework Agreement can ensure continuous and stable supply of the Chips for production of the Group's POS related products and lower the production cost by saving the Group's operational cost in locating the suitable suppliers in the market.

In view of the above, the Directors consider that the transactions contemplated under the Framework Agreement and the annual cap is fair and reasonable, on normal commercial terms and in the interests of the Group and its Shareholders as a whole. Mr. Li Wenjin, executive director of the Company, being also an executive director of Hi Sun, is regarded as having a material interest in the transactions under the Framework Agreement and accordingly abstained from voting on the board resolution approving the Framework Agreement and the annual cap in accordance with Rule 13.44 of the Listing Rules.

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 an investment holding company and its subsidiaries are principally engaged in provision of telecommunication solutions, provision of financial solutions, provision of payment solutions and sales of electronic power meters and solutions.

As Hi Sun is a substantial Shareholder interested in approximately 42.8% of the Company's issued share capital as at the date of this announcement, Hi Sun is a connected person of the Company within the meaning of the Listing Rules and the transactions under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual cap on the total contract value for the sale and purchase of the Chips under the Framework Agreement on an annual basis exceeds 0.1% and HK\$1,000,000 but is less than 5%, such continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval 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;
“Chips”	Mag-stripe card security decoder chips (磁條卡加密解碼芯片);

“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;
“Framework Agreement”	the framework agreement between the Company and Hi Sun dated 21 February 2013;
“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;
“Hi Sun Group”	Hi Sun and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“POS”	electronic fund transfer point-of-sale;
“PRC”	People’s Republic of China;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

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

Hong Kong, 21 February 2013

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