

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **PAX Global Technology Limited** (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**FRAMEWORK AGREEMENT FOR THE SUPPLY OF  
POS PRODUCTS — CONTINUING CONNECTED TRANSACTIONS**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



A letter of recommendation from the Independent Board Committee is set out on pages 10 to 11 of this circular and a letter of recommendation from Guangdong Securities Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 21 of this circular.

A notice convening the special general meeting (the “SGM”) of PAX Global Technology Limited to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Tuesday, 15 January 2012 at 3:00 p.m. is set out on pages 27 to 28 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. If you do not intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment of it, if you so wish.

\* For identification purposes only

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## DEFINITIONS

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

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “associate(s)”                                                  | the meaning ascribed to it 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 Stock Exchange;                                                                                                                                                                                                                                                                                                                                                      |
| “Directors”                                                     | the directors of the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Framework Agreement”                                           | the framework agreement between the Company and Hi Sun dated 19 December 2012;                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Group”                                                         | the Company and its subsidiaries;                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Guangdong Securities” or<br>“Independent Financial<br>Adviser” | Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder; |
| “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;                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Independent Board<br>Committee”                                | an independent committee of the Board which comprises Mr. Yip Wai Ming, Dr. Wu Min and Mr. Man Kwok Kuen, Charles;                                                                                                                                                                                                                                                                                                                                                                          |
| “Independent Shareholders”                                      | Shareholders other than Hi Sun, Hao Capital Fund II L.P. and Hao Capital China Fund L.P. and their respective associates;                                                                                                                                                                                                                                                                                                                                                                   |
| “Latest Practicable Date”                                       | 19 December 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;                                                                                                                                                                                                                                                                                                                            |

## DEFINITIONS

|                  |                                                                                                                                                                                                                                                                                                                                                 |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Listing Rules”  | the Rules Governing the Listing of Securities on the Stock Exchange;                                                                                                                                                                                                                                                                            |
| “NFC”            | Near field communication is a set of standards for smartphones and similar devices to establish radio communication with each other by touching them together or bringing them into close proximity. Present and anticipated applications include contactless transactions, data exchange, and simplified setup of more complex communications; |
| “POS”            | electronic fund transfer point-of-sale;                                                                                                                                                                                                                                                                                                         |
| “PRC”            | People’s Republic of China;                                                                                                                                                                                                                                                                                                                     |
| “SFO”            | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);                                                                                                                                                                                                                                                                       |
| “SGM”            | the special general meeting of the Company to be held on Tuesday, 15 January 2013 to consider, and if thought fit, approve the transactions contemplated under the Framework Agreement and related annual caps;                                                                                                                                 |
| “Shareholder(s)” | the shareholder(s) of the Company;                                                                                                                                                                                                                                                                                                              |
| “Shares”         | shares of HK\$0.10 each in the share capital of the Company;                                                                                                                                                                                                                                                                                    |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited;                                                                                                                                                                                                                                                                                                        |
| “HK\$”           | Hong Kong dollars, lawful currency of Hong Kong; and                                                                                                                                                                                                                                                                                            |
| “%”              | per cent.                                                                                                                                                                                                                                                                                                                                       |

**LETTER FROM THE BOARD**



**PAX Global Technology Limited**

**百富環球科技有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 327)**

*Executive Directors:*

Mr. NIE Guoming (*Chairman*)

Mr. JIANG Hongchun (*Chief Executive Officer*)

Mr. LI Wenjin

*Independent Non-Executive Directors:*

Mr. YIP Wai Ming

Dr. WU Min

Mr. MAN Kwok Kuen, Charles

*Registered Office and headquarters:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal*

*Place of Business:*

Room 2416, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

24 December 2012

*To the Shareholders and, for information only,  
holders of Share options of the Company*

Dear Sir or Madam,

**FRAMEWORK AGREEMENT FOR THE SUPPLY OF  
POS PRODUCTS — CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

On 19 December 2012, the Company entered into the Framework Agreement with Hi Sun which sets out the basis upon which the Group will sell and the Hi Sun Group will purchase POS products.

The purpose of this circular is (i) to provide you with further information in relation to the transactions contemplated under the Framework Agreement; (ii) to set out the opinions and recommendations of the Independent Board Committee and Guangdong Securities; and (iii) to give you notice of the SGM at which the resolutions set out therein will be proposed. The

\* For identification purposes only

## LETTER FROM THE BOARD

SGM will be held on Tuesday, 15 January 2013 for the purpose of, among others, obtaining the approval from the Independent Shareholders for the transactions contemplated under the Framework Agreement and the annual caps in respect thereof by way of poll.

### **BACKGROUND, AND REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT**

With the issue of third party payment licences by The People's Bank of China in 2011 and 2012 to nearly 200 parties including China Mobile, the Company sees considerable potential demand for POS products as mobile payment service providers may seek to expand transactions into near-field-communication (NFC) while mobile payment services are currently dominated by short message service (SMS)/internet-based payment, and new entrants in the third party payment market may seek to establish payment platforms with associated payment network and operation services. Hi Sun Group, which constructed and maintains China Mobile's nation-wide mobile payment platform and provides financial and payment solutions as part of its core businesses, also seeks to capitalise on the opportunities this presents. Financial solutions segment has been one of Hi Sun Group's major business segments since year 2002 while payment solutions segment has been one of Hi Sun Group's major business segments since year 2009. In view of Hi Sun Group's track record as a financial and payment solutions provider and the Group's established position in the POS products market, the Company sees the ability to provide POS products as part of the total payment solution to be offered to Hi Sun Group to have considerable potential for expanding the Group's market position.

Hi Sun as a substantial shareholder of the Company is a connected person of the Company under the Listing Rules, therefore transactions between members of the Hi Sun Group and the Group will constitute connected transactions of the Company. In order to ensure compliance with the Listing Rules whilst also allowing both Hi Sun Group and the Group some flexibility in pursuing such business opportunities, the Company entered into the Framework Agreement with Hi Sun.

In view of the above, the Directors consider that entering into the Framework Agreement is expected to help expand the Group's business in the PRC. The Board does not envisage any disadvantages of entering into the Framework Agreement as the terms of the Framework Agreement are no less favourable than those offered by other third parties to the Company in relation to similar transactions. The Directors consider that the transactions contemplated under the Framework 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 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 caps in accordance with Rule 13.44 of the Listing Rules.

### **THE FRAMEWORK AGREEMENT**

The Company has, for and on behalf of the Group, entered into a framework agreement (the "2012 Framework Agreement") on 18 April 2012 with Hi Sun with terms similar to the terms of the Framework Agreement, save and except that the term of the 2012 Framework Agreement is for a period commencing from 23 May 2012 (the date on which the approval of

## LETTER FROM THE BOARD

Shareholders was obtained) and ending on 31 December 2012 and whereas the term of the Framework Agreement is more than one year commencing from the date the approval of Shareholders and ending on 31 December 2015.

On 19 December 2012, the Company entered into the Framework Agreement with Hi Sun, pursuant to which the Group will sell and the Hi Sun Group will purchase POS products for Hi Sun Group's mobile and other payment solutions services.

The key terms of the Framework Agreement are as follows:

Date: 19 December 2012

Parties: (1) the Company

(2) Hi Sun

Subject matter: The Group will sell and the Hi Sun Group will purchase POS products 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 relevant POS products. The terms of the individual agreements will be negotiated based on the following principles:

- (a) the sale and purchase of POS products would be based on normal commercial terms;
- (b) the prices payable for the POS products would be agreed between the relevant seller and the relevant purchaser by reference to the prevailing market prices of products with similar specifications at the relevant time; 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.

## LETTER FROM THE BOARD

- Undertaking:** Hi Sun will undertake in favour of the Company that the POS products purchased under the Framework Agreement will be supplied and installed by Hi Sun Group members at merchants as part of the mobile and other payment solutions, services and/or platforms provided by Hi Sun Group. Hi Sun will provide a written confirmation as to compliance with such undertaking within 3 months after the end of each financial year with respect to purchases made in the previous year.
- Non-competition (*Note*):** Hi Sun agrees and acknowledges that the entering into of the Framework Agreement does not constitute any waiver or release of any of Hi Sun's obligations under the deed of non-competition dated 1 December 2010.
- Condition precedent:** The transactions contemplated under the Framework Agreement are conditional upon the obtaining of approval from the Independent Shareholders at the SGM.
- Term:** The Framework Agreement will be effective from the date on which approval has been obtained from the Independent Shareholders at the SGM and expire on 31 December 2015 (both days inclusive).

*Note:* Hi Sun has pursuant to the deed of non-competition dated 1 December 2010 between the Company and Hi Sun, undertaken to the Company that, among other things, at any time during which the Shares are listed on the Stock Exchange or any stock exchange recognized under the SFO and for so long as it remains the controlling shareholder of the Company, Hi Sun will not, and will procure that its subsidiaries (other than the Group) will not directly or indirectly engage or otherwise be interested in the design, manufacture and/or sale of POS products and the provision of related services in the PRC, Hong Kong or any part of the world in which any member of the Group may from time to time operate. The undertaking does not apply to Hi Sun's interests in the Shares (including the exercise of any right as a shareholder) and any interests held by Hi Sun and its associates in up to 5% of any class of listed securities of a company that engages in the business of the Group.

### ANNUAL CAPS

The annual cap previously set for the year ended on 31 December 2012 under the 2012 Framework Agreement was HK\$130 million. As at 31 October 2012, approximately HK\$22 million was utilized. The Company believes that the low utilization rate is due to the fact that the third party payment licenses granted by the People's Bank of China from mid-2011 to mid-2012 are completely new to the market. As a result, the grantees take time to get used to the actual operation under the relevant rules and regulations and to prepare their business and were more conservative in developing and expanding their business than what the Company anticipated.

## LETTER FROM THE BOARD

Set out below are the annual caps of the total contract value for the sale and purchase of POS products under the Framework Agreement:

| <b>Effective date of the<br/>Framework Agreement<br/>to 31 December 2013</b> | <b>From 1 January 2014 to<br/>31 December 2014</b> | <b>From 1 January 2015 to<br/>31 December 2015</b> |
|------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| HK\$330,000,000                                                              | HK\$600,000,000                                    | HK\$700,000,000                                    |

The above caps are determined after taking into account the following:

- (i) the market data showing the trends of the spread of NFC, SMS and internet payment amongst the mobile payment sector;
- (ii) expected growth in the volume of on-site payment transactions of the third party payment services providers with the issue of third party payment licences by The People's Bank of China in 2011 and 2012; and
- (iii) a modest growth in Hi Sun's market share in the mobile and other payment sector.

The annual caps are the estimated highest possible aggregate volume of POS terminals to be purchased by Hi Sun Group for providing payment solutions and related services to telecommunication carriers and other third party payment service providers in the PRC.

In determining the annual caps, the Company has taken into account the relevant market data showing the trends of the spread of NFC, SMS and internet payment amongst the mobile payment sector as well as the expected growth in the volume of on-site payment transactions of the third party payment services providers, with reference to researches (the "Researches")<sup>(Note 1)</sup> conducted by iResearch Global Inc., a research organisation focusing on in-depth research in the PRC's internet industry which includes, amongst others, e-commerce, mobile internet and wireless value-added services. As referred to in the Researches, NFC payment will become increasingly common amongst the mobile payment sector. In particular, it is expected that NFC payment will share 7.2%, 10.5% and 13.0% of the mobile payment market in 2013, 2014 and 2015 respectively. At the same time, the transaction scale of the mobile payment is expected to continue to expand and reach approximately RMB218.6 billion, RMB368 billion and RMB590.6 billion in the year 2013, 2014 and 2015 respectively; whereas the internet payment market is expected to continue to expand and reach approximately RMB5,410.6 billion, RMB7,486 billion and RMB9,260.7 billion in the year 2013, 2014 and 2015 respectively. According to the Researches, as driven by, namely (i) the introduction of regulations to the third party payment services sector by the PRC government and the granting of the third party payment licences by The People's Bank of China; (ii) the increase in popularity of different means of wireless payment in the market; and (iii) the broadening of business scope offered by the third party payment services providers, the size of the mobile and other payment markets are expected to grow.

*Note 1:*

<http://news.iresearch.cn/Zt/161283.shtml>

<http://www.iresearchchina.com/views/3960.html>

<http://ec.iresearch.cn/54/20111215/159183.shtml>

## LETTER FROM THE BOARD

The Company has considered the followings which sets out the market data of mobile payment sector transaction amount distribution estimation:

|                         | 2013   | 2014   | 2015   |
|-------------------------|--------|--------|--------|
| Onsite Mobile Payment   | 7.20%  | 10.50% | 13.00% |
| Mobile Internet Payment | 65.20% | 66.80% | 67.20% |
| SMS Payment             | 27.60% | 22.70% | 19.80% |

*Source: iResearch (conducted and published from late 2011 to early 2012)*

The Company has also considered the following expected growth in the volume of onsite payment transactions of third party payment services providers:

| <b>Year</b> | <b>Growth %<br/>of Volume</b> |
|-------------|-------------------------------|
| 2013        | 194%                          |
| 2014        | 177%                          |
| 2015        | 55%                           |

Apart from the above, the Company has also considered the market environment of the mobile and other payment sector, including the number of market participants, competition and possible entry barriers, and Hi Sun Group's market share in the mobile and other payment sector and its expected modest increase as estimated by the Company.

### 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 of the Company interested in 444,000,000 Shares (representing approximately 42.8% of the Company's issued share capital) as at the Latest Practicable Date, 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. Hi Sun will abstain from voting on the resolution(s) to approve the transactions contemplated under the Framework Agreement at the SGM. None of Hi Sun's associates are Shareholders as at the Latest Practicable Date.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the caps on the total contract value for the sale and purchase of the POS products under the Framework Agreement on an annual basis exceeds 5% and HK\$10,000,000, such continuing connected transactions are subject to the reporting, announcement, independent Shareholders'

## LETTER FROM THE BOARD

approval and annual review requirements under Chapter 14A of the Listing Rules. An Independent Board Committee has been constituted to make a recommendation to the Independent Shareholders in respect of the resolution to approve the Framework Agreement.

The Company has appointed Guangdong Securities as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Framework Agreement are fair and reasonable so far as the Shareholders are concerned. Hao Capital Fund II L.P. and Hao Capital China Fund L.P. are funds under common control, details of which are set out in the section headed “Interests of Shareholders discloseable pursuant to the SFO” in the Appendix of this circular. Hao Capital Fund II L.P. and Hao Capital China Fund L.P. are, through their subsidiaries, currently substantial Shareholders. Hao Capital Fund II L.P., through its subsidiary is a holder of voting preference shares in a subsidiary of Hi Sun, Success Bridge Limited. Those preference shares carry the right to exchange into 103,404,000 shares of Hi Sun. Hao Capital China Fund L.P., through its wholly-owned subsidiary, is interested in 34,467,618 shares of Hi Sun as at the Latest Practicable Date. Accordingly, Hao Capital Fund II L.P. and Hao Capital China Fund L.P. who together hold 236,800,000 Shares (representing approximately 22.82% of the Company’s issued share capital) as at the Latest Practicable Date are considered having a material interest in the transactions contemplated under the Framework Agreement and each of them is required to abstain from voting on the relevant resolution at the SGM. Hao Capital Fund II L.P. and Hao Capital China Fund L.P. have confirmed that none of their other associates are Shareholders as at the Latest Practicable Date.

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 10 to 11 of this circular which contains its recommendation to the Independent Shareholders in respect of the ordinary resolution set out in the notice of SGM set out on pages 27 to 28 of this circular to approve the transactions contemplated under the Framework Agreement and the related annual caps.

The advice of Guangdong Securities to the Independent Board Committee and the Independent Shareholders as to whether the terms of the transactions contemplated under the Framework Agreement and the annual caps in respect thereof are fair and reasonable and in the interest of the Company and its Independent Shareholders as a whole is set out on pages 12 to 21 of this circular.

### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
By order of the Board  
**Li Wenjin**  
*Executive Director*



**PAX Global Technology Limited**

**百富環球科技有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 327)**

24 December 2012

*To the Independent Shareholders*

Dear Sir or Madam,

**FRAMEWORK AGREEMENT FOR THE SUPPLY OF  
POS PRODUCTS — CONTINUING CONNECTED TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of PAX Global Technology Limited (the “Company”) in respect of the resolution to approve the transactions contemplated under the Framework Agreement subject to the annual caps in respect thereof, details of which are set out in the “Letter from the Board” contained in the circular of the Company (the “Circular”) of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

Your attention is drawn to the “Letter from the Board”, the advice of Guangdong Securities in its capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of whether (i) the terms of the transactions contemplated under the Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and its Independent Shareholders as a whole; and (ii) the annual caps to which the transactions contemplated under the Framework Agreement are subject are fair and reasonable so far as the Company and the Independent Shareholders are concerned, as set out in the “Letter from Guangdong Securities” as well as other additional information set out in other parts of the Circular.

\* *For identification purposes only*

|                                                    |
|----------------------------------------------------|
| <b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> |
|----------------------------------------------------|

Having taken into account the advice of, and the principal factors and reasons considered by Guangdong Securities in relation thereto as stated in its letter, we consider the terms of the transactions contemplated under the Framework Agreement and the annual caps in respect thereof to be fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM in respect of the transactions contemplated under the Framework Agreement.

Yours faithfully,

Independent Board Committee

**Mr. Yip Wai Ming**

**Dr. Wu Min**

**Mr. Man Kwok Kuen, Charles**

*Independent Non-executive Directors*

## LETTER FROM GUANGDONG SECURITIES

*Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Framework Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.*



Units 2505–06, 25/F.  
Low Block of Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

24 December 2012

*To: The independent board committee and the independent shareholders  
of PAX Global Technology Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS — FRAMEWORK AGREEMENT FOR THE SUPPLY OF POS PRODUCTS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 24 December 2012 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the circular of the Company dated 7 May 2012, the 2012 Framework Agreement in relation to the sale of the POS products by the Group to the Hi Sun Group will expire on 31 December 2012. As the transactions contemplated under the 2012 Framework Agreement are expected to continue after its expiration, the Company and Hi Sun entered into the Framework Agreement on 19 December 2012 pursuant to which the Group will sell and the Hi Sun Group will purchase the POS products for the Hi Sun Group's mobile and other payment solutions services during the period from the effective date of the Framework Agreement to its expiration on 31 December 2015 (the “**Term**”).

The annual total contract value for the sale and purchase of the POS products under the Framework Agreement during the Term is capped at the caps (the “**Caps**”).

The transactions contemplated under the Framework Agreement constitute non-exempt continuing connected transactions for the Company pursuant to Rule 14A.35 of the Listing Rules. The Framework Agreement is therefore subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The Company will convene the SGM at which resolution(s) will be proposed for the approval of the Framework Agreement and the transactions contemplated thereunder;

## LETTER FROM GUANGDONG SECURITIES

whereby Hi Sun and each of Hao Capital Fund II L.P. and Hao Capital China Fund L.P. and their respective associates which are considered to have material interest in the Framework Agreement, are required to abstain from voting.

An Independent Board Committee comprising Mr. Yip Wai Ming, Dr. Wu Min and Mr. Man Kwok Kuen, Charles (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Framework Agreement (including the Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the Framework Agreement and the transactions contemplated under the Framework Agreement are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Framework Agreement and the transactions contemplated thereunder at the SGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Hi Sun, Hao Capital Fund II L.P., Hao Capital China Fund L.P. or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect

# LETTER FROM GUANGDONG SECURITIES

and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Framework Agreement and the Caps, we have taken into consideration the following principal factors and reasons:

### (1) Background of the Framework Agreement

#### *Business overview of the Group*

With reference to the Board Letter, the Group is a POS terminal solutions provider principally engaged in the development and sale of POS products and provision of related services.

Set out below are the financial information of the Group for the six months ended 30 June 2012, the six months ended 30 June 2011 and the two years ended 31 December 2011 as extracted from the Company's interim report for the six months ended 30 June 2012 (the "2012 Interim Report") and its annual report for the year ended 31 December 2011:

|                                    | For the<br>six months<br>ended<br>30 June 2012<br>HK\$'000<br>(unaudited) | For the<br>six months<br>ended<br>30 June 2011<br>HK\$'000<br>(unaudited) | Period<br>on period<br>change from<br>2011 to 2012<br>% | For the<br>year ended<br>31 December<br>2011<br>HK\$'000<br>(audited) | For the<br>year ended<br>31 December<br>2010<br>HK\$'000<br>(audited) | Year on year<br>change from<br>2010 to 2011<br>% |
|------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|
| <b>Turnover</b>                    |                                                                           |                                                                           |                                                         |                                                                       |                                                                       |                                                  |
| — POS terminals                    | 470,032                                                                   | 388,863                                                                   | 21                                                      | 945,107                                                               | 623,448                                                               | 52                                               |
| — Consumer<br>activated<br>devices | 46,211                                                                    | 49,378                                                                    | (6)                                                     | 116,206                                                               | 52,650                                                                | 121                                              |
| — Contactless<br>devices           | 2,825                                                                     | 4,143                                                                     | (32)                                                    | 19,904                                                                | 22,695                                                                | (12)                                             |
| — Services                         | 9,206                                                                     | 6,482                                                                     | 42                                                      | 13,749                                                                | 14,260                                                                | (4)                                              |
| — Others                           | <u>1,553</u>                                                              | <u>2,575</u>                                                              | (40)                                                    | <u>8,214</u>                                                          | <u>10,557</u>                                                         | (22)                                             |
| <b>Total</b>                       | <b><u>529,827</u></b>                                                     | <b><u>451,441</u></b>                                                     | <b>17</b>                                               | <b><u>1,103,180</u></b>                                               | <b><u>723,610</u></b>                                                 | <b>52</b>                                        |

## LETTER FROM GUANGDONG SECURITIES

From the above table, we noted that the turnover of the Group for the year ended 31 December 2011 recorded a significant growth of approximately 52% as compared to the prior year and the growth was mainly driven by the increase in sales of POS terminals as well as consumer activated devices. As extracted from the 2012 Interim Report, the sales of POS terminals continued to represent the largest proportion of total turnover of the Group for the six months ended 30 June 2012. As advised by the Directors, financial institutions and third party payment service providers have been aggressively building their POS networks in order to capture the benefits from the rising usage of electronic payment and high levels of retail consumption in the PRC market. In addition, recent state policies of the PRC government (i.e. the issue of third party payment licences and the introduction of regulations in relation to the third party payment sector) have also encouraged the building of electronic transaction networks. With this being the case, the Directors are optimistic on the future prospects of the sales of POS terminals.

Given the principal business of the Group, we concur with the Directors that the transactions contemplated under the Framework Agreement are in the ordinary and usual course of business of the Company.

### *Information on Hi Sun*

As extracted from the Board Letter, Hi Sun, being a substantial Shareholder (as defined under the Listing Rules), is an investment holding company and its subsidiaries are principally engaged in the provision of telecommunication solutions, provision of financial solutions, provision of payment solutions and sales of electronic power meters and solutions.

### *Reasons for the entering into of the Framework Agreement*

As referred to in the Board Letter, with the issue of third party payment licences by The People's Bank of China in 2011 and 2012 to nearly 200 parties including China Mobile, the Company sees considerable potential demand for the POS products as mobile payment service providers may seek to expand transactions into NFC while mobile payment services are currently dominated by short message service (SMS)/internet-based payment, and new entrants in the third party payment market may seek to establish payment platforms with associated payment network and operation services. The Hi Sun Group, which constructed and maintains China Mobile's nation-wide mobile payment platform and provides financial and payment solutions as part of its core businesses, also seeks to capitalise on the opportunities this presents. Financial solutions segment has been one of the Hi Sun Group's major business segments since 2002 while payment solutions segment has been one of the Hi Sun Group's major business segments since 2009. In view of the Hi Sun Group's track record as a financial and payment solutions provider and the Group's established position in the POS products market, the Company believes that the ability to provide the POS products as part of the total payment solution to be offered by the Hi Sun Group to have considerable potential for expanding the Group's market position.

## LETTER FROM GUANGDONG SECURITIES

Having considered the possible upcoming business potential to the Group leveraging on the latest development of the mobile and other payment market as aforementioned, we concur with the Directors that the entering into of the Framework Agreement and the transactions contemplated under the Framework Agreement are in the interests of the Company and the Shareholders as a whole.

### (2) Principal terms of the Framework Agreement

The following table tabulates a summary of the major terms of the Framework Agreement (details of which are contained under the section headed “The Framework Agreement” of the Board Letter):

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date:</b>                  | 19 December 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Parties:</b>               | (1) the Company<br>(2) Hi Sun                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Subject matter:</b>        | The Group will sell and the Hi Sun Group will purchase the POS products in accordance with the terms of the Framework Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Individual agreements:</b> | 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 relevant POS products. The terms of the individual agreements will be negotiated based on the following principles:<br><br>(a) the sale and purchase of the POS products would be based on normal commercial terms;<br><br>(b) the prices payable for the POS products would be agreed between the relevant seller and the relevant purchaser by reference to the prevailing market prices of products with similar specifications at the relevant time, i.e. the time at which the relevant individual agreement is entered into; and<br><br>(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. |

## LETTER FROM GUANGDONG SECURITIES

- Undertaking:** Hi Sun has undertaken in favour of the Company that the POS products purchased under the Framework Agreement will be supplied and installed by the Hi Sun Group members at merchants as part of the mobile and other payment solutions, services and/or platforms provided by the Hi Sun Group. Hi Sun will provide a written confirmation as to compliance with such undertaking within three months after the end of each financial year with respect to purchases made in the previous year.
- Non-competition:** Hi Sun agrees and acknowledges that the entering into of the Framework Agreement does not constitute any waiver or release of any of Hi Sun's obligations under the deed of non-competition dated 1 December 2010.
- Condition precedent:** The transactions contemplated under the Framework Agreement are conditional upon the obtaining of approval from the Independent Shareholders at the SGM.
- Term:** The Framework Agreement will be effective from the date on which approval has been obtained from the Independent Shareholders at the SGM and expire on 31 December 2015 (both days inclusive).

As confirmed by the Directors, the Directors consider that the terms of the Framework Agreement (including the Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Given that it is set forth under the Framework Agreement that (i) the terms of the individual agreements to be entered into between the Group and the Hi Sun Group with regard to the sale and purchase of the relevant POS products would be based on normal commercial terms; (ii) the prices payable for the POS products would be agreed between the relevant seller and the relevant purchaser by reference to the prevailing market prices of products with similar specifications at the relevant time; and (iii) 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, we are of the view that the terms of the Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

# LETTER FROM GUANGDONG SECURITIES

## **(3) Basis of the proposed Caps**

The annual cap previously set for the year ending 31 December 2012 under the 2012 Framework Agreement was HK\$130 million. As at 31 October 2012, approximately HK\$22 million was utilised, representing a utilisation rate of approximately 16.9%. As advised by the Directors, such utilisation rate was mainly due to the fact that:

- (a) nearly 200 third party payment licences had been granted by the People's Bank of China from mid-2011 to mid-2012. Given that these licences are completely new to the market and those new grantees need time to get used to the actual operation under the relevant rules and regulations, they were more conservative in developing and expanding their business than what the Directors anticipated in 2012. Also, there are still some market uncertainties when such practices are first adopted in the market; and
- (b) the relevant grantees take time to prepare for their business.

The table below shows the Caps for the total contract value for the sale and purchase of the POS products under the Framework Agreement:

| <b>Effective date of the<br/>Framework Agreement to<br/>31 December 2013</b> | <b>From 1 January 2014 to<br/>31 December 2014</b> | <b>From 1 January 2015 to<br/>31 December 2015</b> |
|------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| HK\$330,000,000                                                              | HK\$600,000,000                                    | HK\$700,000,000                                    |

According to the Board Letter, the Caps were determined by the Company after taking into account of (i) the market data showing the trends of the spread of NFC, SMS and internet payment amongst the mobile payment sector; (ii) the expected growth in the volume of on-site payment transactions of the third party payment services providers with the issue of third party payment licences by The People's Bank of China in 2011 and 2012; and (iii) a modest growth in Hi Sun's market share in the mobile and other payment sector.

As further advised by the Directors, the Caps are the estimated highest possible aggregate volume of POS terminals to be purchased by the Hi Sun Group for providing payment solutions and related services to telecommunication carriers and other third party payment service providers in the PRC.

In assessing the fairness and reasonableness of the Caps, we have discussed with the Directors regarding the underlying bases and assumptions for the Caps, and obtained from the Company the relevant market data showing the trends of the spread of NFC, SMS and internet payment amongst the mobile payment sector as well as the expected growth in the volume of on-site payment transactions of the third party payment services providers, with

## LETTER FROM GUANGDONG SECURITIES

reference to a number of researches (the “**Researches**”) <sup>(Note)</sup> conducted and published from late 2011 to early 2012 by iResearch Global Inc., a research organisation focusing on in-depth research in the PRC’s internet industry which includes, amongst others, e-commerce, mobile internet and wireless value-added services. As referred to in the Researches, NFC payment will become increasingly common amongst the mobile payment sector. In particular, it is expected that NFC payment will share 4.1%, 7.2%, 10.5% and 13.0% of the mobile payment market in 2012, 2013, 2014 and 2015 respectively. At the same time, the transaction scale of both of the mobile payment and internet payment markets is expected to continue to expand and reach approximately RMB590.6 billion and RMB9,260.7 billion respectively in 2015. Set out below are the expected transaction scales of the mobile payment and internet payment markets:

|                                                  | <b>2012</b>    | <b>2013</b>    | <b>2014</b>    | <b>2015</b>    |
|--------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                  | <i>RMB</i>     | <i>RMB</i>     | <i>RMB</i>     | <i>RMB</i>     |
|                                                  | <i>billion</i> | <i>billion</i> | <i>billion</i> | <i>billion</i> |
| Transaction scale of the mobile payment market   | 121.0          | 218.6          | 368.0          | 590.6          |
| Transaction scale of the internet payment market | 3,681.4        | 5,410.6        | 7,486.0        | 9,260.7        |

*Source: iResearch Global Inc.*

According to the Researches, as driven by, namely (i) the introduction of regulations to the third party payment services sector by the PRC government and the granting of the third party payment licences by The People’s Bank of China; (ii) the increase in popularity of different means of wireless payment in the market; and (iii) the broadening of business scope offered by the third party payment services providers, the size of the mobile and other payment markets, as represented by the expected transaction scales, is expected to grow.

As advised by the Directors, the Company has considered the followings which set out the market data of mobile payment sector transaction amount distribution estimation:

|                         | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
|-------------------------|-------------|-------------|-------------|-------------|
| Onsite mobile payment   | 4.1%        | 7.2%        | 10.5%       | 13.0%       |
| Mobile internet payment | 57.9%       | 65.2%       | 66.8%       | 67.2%       |
| SMS payment             | 38.1%       | 27.6%       | 22.7%       | 19.8%       |

*Source: iResearch Global Inc.*

*Note:*

<http://news.iresearch.cn/Zt/161283.shtml>

<http://www.iresearchchina.com/views/3960.html>

<http://ec.iresearch.cn/54/20111215/159183.shtml>

## LETTER FROM GUANGDONG SECURITIES

The Directors further advised us that the Company has also considered the following expected growth in the volume of onsite payment transactions of third party payment services providers:

| Year | Growth %<br>of volume |
|------|-----------------------|
| 2013 | 194%                  |
| 2014 | 177%                  |
| 2015 | 55%                   |

We have further discussed with the Directors to understand the market environment of the mobile and other payment sector, including the number of market participants, competition and possible entry barriers. As such, having considered the Hi Sun Group's market share in the mobile and other payment sector and its expected modest increase as estimated by the Company, we concur with the Directors that the aggregate projected sale and purchase amount of the POS products during the Term is reasonable.

Besides that, when determining the Caps, we noticed that the Company has estimated the price of the POS products during the Term based on the range of the current market prices of the POS products offered by the Group and assumed the price of the POS products will not increase during the Term. In this regard, we have requested and were provided with the existing price list of the POS products by the Company as supporting document.

In light of the foregoing basis of the proposed Caps, we consider that the Caps are fair and reasonable so far as the Independent Shareholders are concerned.

#### **(4) Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.37 to 14A.41 of the Listing Rules pursuant to which (i) the value of the POS products purchased and to be purchased must be restricted by the Caps during the Term; (ii) the terms of the Framework Agreement (including the Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Framework Agreement (including the Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the transactions contemplated under the Framework Agreement are carried out in accordance with the pricing policies of the Company, and the Caps are not being exceeded. In the event that the total amount of the POS products purchased and to be purchased exceeds the Caps, or that there is any material amendment to the terms of the Framework Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

## LETTER FROM GUANGDONG SECURITIES

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Framework Agreement (including the Caps) and hence the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Framework Agreement (including the Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the entering into of the Framework Agreement and the transactions contemplated under the Framework Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Framework Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Guangdong Securities Limited**  
**Graham Lam**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### I. Interests of Directors

As at the Latest Practicable Date, so far as is known, the interests and short positions of each of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange are as follows:

| Name of Directors | Capacity         | Number of share options held<br>(Note 2) | Total interests<br>(Note 1) | Approximate percentage of shareholding<br>(Note 3) |
|-------------------|------------------|------------------------------------------|-----------------------------|----------------------------------------------------|
| Nie Guoming       | Beneficial owner | 10,000,000                               | 10,000,000 (L)              | 0.96%                                              |
| Jiang Hongchun    | Beneficial owner | 6,000,000                                | 6,000,000 (L)               | 0.58%                                              |
| Li Wenjin         | Beneficial owner | 10,000,000                               | 10,000,000 (L)              | 0.96%                                              |

Notes:

1. The letter "L" denotes a long position in the share options.
2. These represented the numbers of share options granted by the Company to the respective Directors as at 22 June 2012, details of which were provided in the Company's announcement on the same date.
3. The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date which was 1,037,728,000 ordinary Shares.

## II. Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as is known to the Directors and based on the Company's register required to be maintained pursuant to section 336 of the SFO, the following persons (other than a Director) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group are as follows:

### (a) Interests in the Shares

| Name of shareholders                     | Capacity           | Class of securities | Total number of Shares<br>(Note 1) | Approximate percentage of shareholding<br>(Note 2) |
|------------------------------------------|--------------------|---------------------|------------------------------------|----------------------------------------------------|
| Hi Sun Technology (China) Limited        | Beneficial owner   | Ordinary            | 444,000,000 (L)                    | 42.79%                                             |
| Digital Investment Limited (Note 3)      | Beneficial owner   | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| HAO Capital China Fund L.P. (Note 3)     | Corporate interest | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| 891 Venture Limited (Note 4)             | Corporate interest | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| Dream River Limited (Note 5)             | Beneficial owner   | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| HAO Capital Fund II L.P. (Note 5)        | Corporate interest | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| HAO Partners L.P. (Note 6)               | Corporate interest | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| Hao Partners (Holdings) Limited (Note 7) | Corporate interest | Ordinary            | 118,400,000 (L)                    | 11.41%                                             |
| Liu Yangsheng (Note 8)                   | Corporate interest | Ordinary            | 236,800,000 (L)                    | 22.82%                                             |
| Bao Lei (Note 9)                         | Spouse interest    | Ordinary            | 236,800,000 (L)                    | 22.82%                                             |
| FIL Limited                              | Investment manager | Ordinary            | 93,626,000 (L)                     | 9.02%                                              |

Notes:

1. The letter "L" denotes a long position in the Shares.
2. The percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date which was 1,037,728,000 ordinary Shares.

3. Digital Investment Limited (“Digital Investment”) is owned as to 95% by HAO Capital China Fund L.P. and 5% by Mr. Max Burger. As such, HAO Capital China Fund L.P. is deemed to be interested in the 118,400,000 Shares owned by Digital Investment by virtue of the SFO.
4. 891 Venture Limited is incorporated in the Cayman Islands and is the general partner of HAO Capital China Fund L.P. As such, 891 Venture Limited is deemed to be interested in 118,400,000 Shares owned by Digital Investment by virtue of the SFO.
5. Dream River Limited (“Dream River”) is wholly owned by HAO Capital Fund II L.P. As such, HAO Capital Fund II L.P. is deemed to be interested in 118,400,000 Shares owned by Dream River by virtue of the SFO.
6. HAO Partners L.P. is the general partner of HAO Capital Fund II L.P. As such, HAO Partners L.P. is deemed to be interested in 118,400,000 Shares owned by Dream River by virtue of the SFO.
7. Hao Partners (Holdings) Limited is incorporated in the Cayman Islands and is the general partner of HAO Partners L.P. As such, HAO Capital L.P. is deemed to be interested in 118,400,000 Shares owned by Dream River by virtue of the SFO.
8. As Mr. Liu Yangsheng controls more than one-third of the voting power at the general meetings of 891 Venture Limited and Hao Partners (Holdings) Limited respectively, he is deemed to be interested in an aggregate of 236,800,000 Shares owned by Digital Investment and Dream River by virtue of the SFO.
9. Bao Lei, the spouse of Liu Yangsheng, is deemed to be interested in Liu Yangsheng’s interest in the Shares by virtue of the SFO.

*(b) Substantial Shareholders of other members of the Group*

Save as disclosed above, the Directors are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

### **III. Directors’ interests in assets and contracts of the Group**

As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interests in any assets which have since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group;

- (ii) none of the Directors was materially interested in any contracts or arrangements entered into by any members of the Group subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

#### **IV. Directors' interests in competing business**

As at the Latest Practicable Date, so far as is known to the Directors, no Director or any of their respective associates had any interests in a business, which competes or may compete with the business of the Group.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or proposed Directors had entered into or proposed to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### **4. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date up to which the latest published audited consolidated financial statements of the Group were made up.

### **5. EXPERT**

The following is the qualification of Guangdong Securities, which has given its opinion or advice which is contained in this circular:

| <b>Name</b>                  | <b>Qualification</b>                                                                                                                                                                                                                                |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Guangdong Securities Limited | a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO |

As at the Latest Practicable Date, Guangdong Securities did not have:

- (a) any direct or indirect interest in any assets which have since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Guangdong Securities has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

## **6. MISCELLANEOUS**

In any event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Framework Agreement will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong from the date of this circular, for a period of 14 days or up to date of the SGM, whichever is longer.



**PAX Global Technology Limited**

**百富環球科技有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 327)**

**NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of PAX Global Technology Limited (the “Company”) will be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Tuesday, 15 January 2013 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution of the Company:

**ORDINARY RESOLUTION**

1. **“THAT:**

- (A) the transactions contemplated under the framework agreement entered into between the Company and Hi Sun Technology (China) Limited on 19 December 2012 (the “Framework Agreement”) (a copy of which is produced to the meeting marked “A” and initialled by the chairman of the Company for the purpose of identification) and the annual caps for the periods ending 31 December 2013, 2014 and 2015 respectively in respect of the sale and purchase of electronic fund transfer point-of-sale products in accordance with the terms of the Framework Agreement further described on pages 5 to 6 of the shareholders’ circular dated 24 December 2012 issued by the Company be and are hereby approved; and
- (B) the directors of the Company be and are hereby authorised to take all actions and execute all documents which they deem necessary, desirable or appropriate in order to implement or give effect to the Framework Agreement and transactions contemplated thereunder.”

By order of the board of  
**PAX Global Technology Limited**  
**Li Wenjin**  
*Executive Director*

24 December 2012

\* *For identification purposes only*

## NOTICE OF SGM

*Notes:*

- (1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company.
- (2) Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the principal place of the business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be).
- (4) All votings on the resolutions in this notice by the members at the meeting shall be conducted by poll.

*As at the date of this notice, 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.*