



**PAX Global Technology Announces 2017 Interim Results**  
**Overseas revenue surges nearly 50%**  
**Brazil and US become the growth drivers**

<i>HK\$ million</i>	Six months ended 30 June		Change
	2017	2016	
Revenue	<b>1,605.7</b>	1,332.7	+20.5%
Gross profit	<b>669.8</b>	581.6	+15.2%
Gross profit margin	<b>41.7%</b>	43.6%	-190b.p.
R&D expenses	<b>119.3</b>	62.1	+92.1%
EBITDA	<b>305.7</b>	358.4	-14.7%
Profit attributable to the owners of the Company	<b>264.9</b>	310.6	-14.7%
Basic earnings per share (HK\$)	<b>0.238</b>	0.279	-14.7%
Interim dividend per share (HK\$)	<b>0.04</b>	0.04	-

**(Hong Kong, PRC, 9<sup>th</sup> August 2017)** PAX Global Technology Limited (“PAX” or the “Company”, together with its subsidiaries collectively known as the “Group”, HKSE stock code: 00327.HK), one of the world’s leading electronic payment terminals solutions providers, is pleased to announce its unaudited interim results for the six months ended 30<sup>th</sup> June 2017 (the “Period”).

During the Period, the Group’s revenue increased by 20.5% to HK\$1,605.7 million, EBITDA decreased by 14.7% to HK\$305.7 million and profit attributable to the owners of the Company decreased by 14.7% to HK\$264.9 million with basic earnings per share at 23.8 HK cents (2016: 27.9 HK cents).

Revenue from overseas markets rose by HK\$348.7 million to HK\$1,087.0 million, representing an increase of 47.2%. Revenue from the People’s Republic of China excluding Hong Kong, Macau and Taiwan (the “China Market”) decreased by 12.7% or HK\$ 75.7 million year-on-year to HK\$518.7 million. Gross profit margin for the Period was 41.7%, representing a decrease of 190 basis points compared to 43.6% for the six months ended 30 June 2016, which was mainly due to competition in the China Market and the incentive given to long-term customers in overseas markets. The Board of Directors of the Company has resolved to declare an interim dividend of HK\$0.04 per ordinary share.



Turnover (HK\$ million)	Six months ended 30 June		Change
	2017	2016	
Latin America and the Commonwealth of Independent States ("LACIS")	569.7	230.8	+146.8%
United States of America and Canada ("USCA")	149.4	96.1	+55.5%
Asia Pacific ("APAC")	104.5	85.2	+22.7%
Europe, the Middle East and Africa ("EMEA")	263.4	326.2	- 19.3%
Total overseas markets turnover	1,087.0	738.3	+47.2%

Most of the overseas business units recorded growth, especially LACIS and USCA regions.

With its dominant leading position in the Brazilian mobile payment terminals ("mPOS") market, PAX recorded substantial growth in LACIS, attributable to the gradual expansion in scale of its customer base and the successful launch of traditional payment terminals in Brazil in the fourth quarter of 2016.

In the United States, PAX is still at its growth stage and continues gaining new customers and capturing more market share, primarily driven by its diversified and high-quality products portfolios, established team of experienced American employees and PAX's growing brand recognition as one of the most reputable global vendors.

In India and Indonesia, sales growth remains steady. In other major APAC markets, PAX continues its leading position, owing to our comprehensive and high-quality product line and its adaptiveness to the local infrastructure environment.

In Eastern Europe, sales grew steadily, while new product certifications were underway since mid-2017 in some large European markets. In certain parts of the Middle East, shipments dropped slightly in the first half of the year. In Africa, PAX continues to diversify its product line in order to strive for stable growth and dominant market share.

Overall, turnover generated from the overseas markets accounted for 68% of total revenue, representing an increase compared to 55% in 2016.

During the Period, revenue in China declined by 12.7% to HK\$518.7 million (2016: HK\$594.4 million) and represented 32% of the Group's total revenue, compared to 45% in 2016. This drop was mainly attributable to the influence from the implemented interchange rate payment policy and strong local market competition.

During the Period, sales of E-payment Terminals generated the majority of the Group's revenue. Total sales revenue of E-payment Terminals increased by 16.0% to HK\$1,504.6 million, representing 93.7% of the Group's total revenue. Service income increased by 182.9% to HK\$101.1 million.

Net profit margin for the Period was 15.8%, representing a decline compared to 23.3% for the six months ended 30 June 2016. During the Period, the Group maintained a strong



financial position, with cash and short-term bank deposits of HK\$1,774.5 million, no debt and net current asset of HK\$3,457.8 million.

In terms of mergers and acquisitions activities and latest developments during the Period:

The Group completed one minority stake investment and one acquisition in 2017 as follows:

- The Group subscribed for a 20% equity stake in a Swedish company Onslip AB (“Onslip”), for a consideration of EUR2.1 million in April 2017. Onslip is principally engaged in developing and marketing a software-as-a-service platform for offering and managing payment and other value-added applications and deploying point-of-sale solutions to merchants globally.
- The Group acquired and subscribed for an aggregate of 60% equity stake in an Italian company CSC Italia S.r.l (“CSC Italia”), for a consideration of EUR3.0 million in April 2017. CSC Italia is one of the Italy’s leading installation and service support companies for E-payment Terminals, personal computers, cash handling equipment and automatic teller machines.

The Group, through its subsidiaries, entered one share purchase agreement and one investment agreement in 2017 as follows:

- A subsidiary of the Group entered into a share purchase agreement with Kwang Woo Information & Communication Co., Ltd. (“Kwang Woo”) and its existing shareholders to conditionally acquire up to 80% equity stake of Kwang Woo, for an aggregate consideration of up to US\$6.4 million in up to four tranches in July 2017. Kwang Woo is principally engaged in the business of development, manufacturing and sales of E-payment Terminals in Korean market.
- A subsidiary of the Group entered into an investment agreement with Shanghai Coshine Software Co., Ltd. (“Shanghai Coshine”) to conditionally acquire and subscribe for an aggregate of 20% of equity stake of Shanghai Coshine in July 2017, for an aggregate consideration of RMB17.0 million. Shanghai Coshine is an advanced system and services provider in payment infrastructure, electronic business software solution and outsourcing operation.

The Group, through its subsidiary, entered into an acquisition of land use rights agreement in 2017 as follows:

- Keeping up with the growth of our business and human resources, one of the group’s subsidiaries in China acquired land use rights of a land at Pinghu, Longgang District, Shenzhen, Guangdong Province with a total planning construction area of more than 25,000 square meters (the “Land”), for a term of 20 years and a consideration of RMB73.0 million, pursuant to an agreement entered into with the Urban Planning, Land and Resources Commission of Shenzhen Municipality (Longgang Authority). The Land will be mainly used as the China headquarters of the Group.



**Mr. Jack LU, Chief Executive Officer of PAX**, commented, “Facing the global market with its diversification and full of opportunities, PAX is committed to continuing to invest in leading research and development technology so as to launch new products and optimize a solutions roadmap that meets market expectations in order to maintain a strong competitive edge. In overseas markets, we are optimistic with the Brazilian and US markets becoming the future main growth engine, the Group will invest more resources in increasing sales channels and distributors, to further capture market share. For the fast changing payment habit in the China Market, PAX will form a dedicated product development team to cater specifically to the Chinese market. In the second half of 2017, we will introduce a line of new generation electronic cash register terminals with integrated payment, called the E-series, which will address the needs of customers for a one-stop payment retail platform. PAX maintains a proactive stance towards merger and acquisition opportunities to move the Group further towards the provision of a suite of diversified payment related services, for both hardware and software.”

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**About PAX Global Technology Limited**

PAX Global Technology Limited (Stock Code: 00327.HK) is an innovative global provider of electronic payment terminal solutions. Building on its service excellence and proven leadership position, PAX is one of the fastest growing payment industry suppliers with state-of-the-art manufacturing facilities, excellent R&D capabilities and a worldwide network of sales and channel partners.

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For and on behalf of **PAX Global Technology Limited**

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