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PAX Global Announces 2016 Interim Results

Overseas revenue surges more than 30% becoming the growth driver

Operating profit increases 19%

HONG KONG, Aug. 11, 2016 /PRNewswire/ -- PAX Global Technology Limited ("PAX" or the "Company", together with its subsidiaries collectively known as the "Group", Hong Kong Stock Code: 00327.HK), one of the world's leading Electronic Payment Terminal Solutions Providers, is pleased to announce its unaudited interim results for the six months ended 30 June 2016 (the "Period").

HK\$ million	Six months ended 30 June		Change
	2016	2015	
Revenue	1,332.7	1,107.6	+20.3%
Gross profit	581.6	459.3	+26.6%
Gross profit margin	43.6%	41.5%	+2.1 pts
R&D expenses	62.1	53.8	+15.3%
Operating profit	354.8	297.6	+19.2%
Profit attributable to owners of the Company	310.6	309.0	+0.5%
Basic earnings per share (HK\$)	0.279	0.279	±0%
Interim Dividend (HK\$)	0.04	0.02	+100%

During the Period, the revenue of the Group surged 20.3% to HK\$1,332.7 million, and operating profit rose 19.2% to HK\$354.8 million. The profit attributable to owners of the Company increased by 0.5% to HK\$310.6 million with basic earnings per share at 27.9 HK cents (1H 2015: 27.9 HK cents). Revenue from overseas markets increased by HK\$182.9 million to HK\$738.3 million, representing a gain of 32.9%. The Board of Directors of the Company resolved to declare an interim dividend of HK\$0.04 per ordinary share, which surged 100% (1H 2015: HK\$0.02 per ordinary share). Revenue from the People's Republic of China ("PRC") excluding Hong Kong, Macau and Taiwan ("China Market") increased by 7.6% year-on-year or HK\$42.2 million to HK\$594.4 million. Gross profit margin for the period was 43.6%, representing a rise of 2.1 percentage points as compared to 41.5% for the six months ended 30 June 2015. This was mainly due to an increase of contribution from overseas sales and successful cost reduction. In addition, PAX Computer Technology (Shenzhen) Co. Ltd., a wholly owned subsidiary of PAX, was recognized as a High and New Technology Enterprise under the Corporate Income Tax Law of PRC and is eligible to enjoy a preferential tax rate of 15% for 3 years from 2015 to 2017.

During the Period, the sales of E-payment Terminal generated the majority of the Group's revenue. Total sales revenue of E-payment Terminals rose 12.5% year-on-year to HK\$1,181.7 million. The sales volume of E-payment Terminals recorded during the period was close to 1.7 million units. The number of distributors and partners increased to nearly 90 from approximately 30 in 2012. PAX has been recognized as one of the three major international mainstream brands. According to The Nilson Report

issued in July 2015, PAX is the third largest E-payment Terminal supplier in the world in 2014. In 2015, PAX's terminal shipments exceeded 4 million units, surging by 46.4% as compared with 2014 which represents the highest growth rate among the top three suppliers in the world and shows the sustained and steady growth of PAX.

Due to the reduction in other income and the increase in effective tax rate, the net profit margin in the Period dropped 4.6 percentage points to 23.3% (Net Profit: HK\$310.6 million), as compared with 27.9% (Net Profit: HK\$309.0 million) for the six months ended 30 June 2015. Other income was comprised primarily of value added tax refunds and interest income, which dropped 28.9% to HK\$31.9 million (1H 2015: HK\$44.9 million), mainly due to the decrease of value added tax refund, government grant and subsidy. During the Period, the effective tax rate significantly rose to 11.6% (1H 2015: 0%), the income tax expense surged to HK\$ 40.2 million (the income tax credit for 1H 2015: HK\$11.4 million); The profit before income tax in the Period increased by 16.7% to HK\$347.4 million (1H 2015: HK\$297.6 million). As of 30 June 2016, the Group maintained strong financial position with cash and short-term bank deposits of HK\$2,019.9 million and zero borrowing.

Revenue from overseas markets was HK\$738.3 million during the Period, representing an increase of 32.9% as compared with HK\$555.4 million for the six months ended 30 June 2015. Most overseas business units recorded notable growth especially in the United States of America and Canada Region ("USCA") and Asia Pacific Region ("APAC") business units. Central and South Europe, Middle East and India and Indonesia have become new focal points for the business growth of PAX. Leveraging the experience of continuous overseas markets expansion in the past 15 years and the well-developed sales channels, PAX's branding, product techniques, quality and its good reputation have been affirmed in the international markets. PAX has become the only Asian listed company in the league with other top competitors around the globe. Subsequent to the encouraging results achieved in Brazil and USCA during the Period, the overseas sales revenue of PAX surpassed China and accounted for 55.4% of the total revenue (1H 2015: 50.1%).

During the Period, revenue from the China Market increased by 7.6% to HK\$594.4 million (1H 2015: HK\$552.2 million). The growth in the China Market is within our expectation in the first half of 2016, and is expected to slow down in the second half. The China Market revenue contributed 44.6% of total revenue (1H 2015: 49.9%). The growth was mainly attributable to the increase of shipment volume to UMS and the Third Party Operators, but part of the revenue's growth has been offset by Renminbi depreciation, which the Group's revenue as denominated in Hong Kong dollars has been affected.

Mr. Jack Lu, Chief Executive Officer of PAX, said: "The overseas markets are sizeable, accounting for over 85% of the global E-payment Terminal sales. While extending its reach to the international markets has always been the goal of PAX since its establishment. In the coming years, counting on the Research and Development team, and leveraging on the strong branding influence and sales channels, PAX will capture the thriving payment industry development trend, and continue to become the forerunner in the global market."

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About PAX Global Technology Limited

PAX Global Technology Limited (Stock Code: 00327.HK) is an innovative global provider of E-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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