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PAX Global Technology Limited

百富環球科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 327)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

FINANCIAL HIGHLIGHTS	For the six months ended 30 June		
	2020	2019	+ / (-)
RESULTS (in HK\$'000)			
Revenue	2,540,779	2,366,261	+7.4%
Gross profit	1,056,731	914,439	+15.6%
Operating profit	436,628	370,544	+17.8%
Profit for the period	385,970	325,220	+18.7%
Profit for the period attributable to the owners of the Company	384,108	325,463	+18.0%
Research and development expenses (included in administrative expenses)	(195,332)	(187,608)	+4.1%
Share-based payment expenses (included in selling and administrative expenses)	(22,678)	–	N/A
PER SHARE (in HK\$)			
Earnings per share for profit for the period attributable to the owners of the Company			
– Basic	0.353	0.296	+19.3%
– Diluted	0.353	0.296	+19.3%
Proposed Interim dividend per ordinary share	0.070	0.040	+75.0%
	As at	As at	
	30 June	31 December	
	2020	2019	+ / (-)
KEY BALANCE SHEET ITEMS (in HK\$'000)			
Total current assets	6,251,023	6,196,703	+0.9%
Total assets	6,786,929	6,719,223	+1.0%
Net current assets	4,522,061	4,321,049	+4.7%
Total equity	4,950,866	4,739,352	+4.5%

* For identification purpose only

The board of directors (the “Directors”) (the “Board”) of PAX Global Technology Limited (“PAX” or the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2020 together with the unaudited comparative figures for the corresponding period in 2019 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	2,540,779	2,366,261
Cost of sales	6	(1,484,048)	(1,451,822)
Gross profit		1,056,731	914,439
Other income	4	44,853	32,196
Other (losses)/gains, net	4	(3,691)	7,718
Selling expenses	6	(236,865)	(227,040)
Administrative expenses	6	(381,436)	(326,513)
Net impairment losses on financial assets	6	(42,964)	(30,256)
Operating profit		436,628	370,544
Finance costs		(3,826)	(1,696)
Share of results of investments accounted for using the equity method		(3,683)	(1,577)
Profit before income tax		429,119	367,271
Income tax expense	8	(43,149)	(42,051)
Profit for the period		<u>385,970</u>	<u>325,220</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		384,108	325,463
Non-controlling interests		1,862	(243)
		<u>385,970</u>	<u>325,220</u>
		<i>HK\$</i>	<i>HK\$</i>
		<i>per share</i>	<i>per share</i>
Earnings per share for profit for the period attributable to the owners of the Company:			
– Basic	9(a)	<u>0.353</u>	<u>0.296</u>
– Diluted	9(b)	<u>0.353</u>	<u>0.296</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period	385,970	325,220
Other comprehensive loss, net of tax		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	(58,538)	(2,026)
Release of exchange reserve upon disposal of a subsidiary	(756)	–
<i>Item that will not be reclassified to profit or loss</i>		
Change in value of a financial asset at fair value through other comprehensive income	(6,013)	(1,535)
Total comprehensive income for the period, net of tax	320,663	321,659
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	317,368	321,708
Non-controlling interests	3,295	(49)
	320,663	321,659

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited	Audited
	At	At
	30 June	31 December
	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	75,189	69,610
Right-of-use assets	225,541	221,347
Intangible assets	38,744	55,939
Financial assets at fair value through profit or loss	117,205	104,707
Financial asset at fair value through other comprehensive income	4,420	10,433
Investments accounted for using the equity method	16,308	15,949
Loan to an investment accounted for using the equity method	4,282	4,196
Other non-current assets	4,560	4,368
Deferred income tax assets	49,657	35,971
	535,906	522,520
Total non-current assets	535,906	522,520
Current assets		
Inventories	1,282,235	1,301,459
Other current assets	22,822	17,389
Other financial assets at amortised cost	25,114	15,579
Trade and bills receivables	1,737,000	1,513,374
Restricted cash	87,798	115,877
Short-term bank deposits	112,454	3,020
Cash and cash equivalents	2,983,600	3,230,005
	6,251,023	6,196,703
Total current assets	6,251,023	6,196,703
Total assets	6,786,929	6,719,223
EQUITY		
Equity attributable to the owners of the Company		
Share capital	108,459	110,019
Reserves	4,867,666	4,655,926
	4,976,125	4,765,945
Non-controlling interests	(25,259)	(26,593)
	4,950,866	4,739,352
Total equity	4,950,866	4,739,352

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		Unaudited	Audited
		At	At
		30 June	31 December
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowing		2,187	2,254
Lease liabilities		93,373	88,213
Deferred income tax liabilities		6,620	7,240
Other non-current liabilities		4,921	6,510
		<hr/>	<hr/>
Total non-current liabilities		107,101	104,217
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	12	1,367,623	1,382,487
Other payables and accruals		314,739	299,057
Current tax liabilities		17,197	170,381
Lease liabilities		29,403	23,729
		<hr/>	<hr/>
Total current liabilities		1,728,962	1,875,654
		<hr/>	<hr/>
Total liabilities		1,836,063	1,979,871
		<hr/> <hr/>	<hr/> <hr/>
Total equity and liabilities		6,786,929	6,719,223
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Notes:

1 GENERAL INFORMATION

The Company is an investment holding company and the Group is principally engaged in the development and sales of electronic payment point-of-sale terminals (“E-payment Terminals”) products, provision of maintenance and installation services (collectively, the “E-payment Terminals solutions business”).

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 December 2010.

This interim condensed consolidated financial information is presented in thousands of units of Hong Kong dollar (HK\$’000), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 13 August 2020.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This interim condensed consolidation financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2019, as described in those annual consolidated financial statements, except for estimation of income tax and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 ACCOUNTING POLICIES (Continued)

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

The Group is principally engaged in the development and sales of E-payment Terminals products and the provision of maintenance and installation services. Revenue, other income and other (losses)/gains, net recognised during the period are as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Revenue		
Sales of E-payment Terminals products	2,490,441	2,322,435
Provision of services	50,338	43,826
	<u>2,540,779</u>	<u>2,366,261</u>
Other income		
Interest income (<i>note(i)</i>)	21,290	9,416
Subsidy income (<i>note(ii)</i>)	14,522	12,858
Value-added tax refund (<i>note(ii)</i>)	6,469	5,472
Others	2,572	4,450
	<u>44,853</u>	<u>32,196</u>
Other (losses)/gains, net		
Fair value (loss)/gain on a financial asset at fair value through profit or loss	(7,569)	7,718
Gain on disposal of a subsidiary	3,878	–
	<u>(3,691)</u>	<u>7,718</u>

Notes:

- (i) The amount includes HK\$91,000 interest income from a loan to a joint venture for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$60,000).
- (ii) The amount represents the Group's entitlement to value-added tax refund and government grants in relation to sales and research and development of self-developed software products in the People's Republic of China (the "PRC"). There are no unfulfilled conditions or other contingencies attaching to these grants.

5 SEGMENT INFORMATION

The management reviews the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on the internal reports reviewed by the Executive Directors to make strategic decisions. The Group is principally engaged in the E-payment Terminals solutions business, and the management considers that the Group operates in one single business segment.

The Group primarily operates in Hong Kong, the PRC (excluding Hong Kong, Macau and Taiwan), the United States of America (the "US") and Italy. The management assesses the performance of the Group from a geographic perspective based on the locations of the subsidiaries in which revenues are generated.

The management assesses the performance of the operating segments based on a measurement of segmental operating profit/(loss).

An analysis of the Group's turnover and results for the period by segment is as follows:

	Unaudited Six months ended 30 June 2020					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover from external customers	347,159	1,844,954	225,400	123,266	-	2,540,779
Inter-segment turnover	1,626,798	211,012	-	-	(1,837,810)	-
Total turnover	<u>1,973,957</u>	<u>2,055,966</u>	<u>225,400</u>	<u>123,266</u>	<u>(1,837,810)</u>	<u>2,540,779</u>
Segmental earnings/(losses) before interest expense, taxes, depreciation, amortisation and impairment of goodwill ("EBITDA"/"LBITDA")	314,403	249,736	(66,700)	8,812	(26,662)	479,589
Depreciation (<i>Note 6</i>)	(18,397)	(2,719)	(4,058)	(1,447)	-	(26,621)
Amortisation (<i>Note 6</i>)	-	(1,349)	-	(835)	-	(2,184)
Impairment of goodwill (<i>Note 6</i>)	-	-	-	(14,156)	-	(14,156)
Segmental operating profit/(loss)	296,006	245,668	(70,758)	(7,626)	(26,662)	436,628
Finance costs						(3,826)
Share of results of investments accounted for using the equity method						(3,683)
Profit before income tax						429,119
Income tax expense						(43,149)
Profit for the period						<u>385,970</u>

5 SEGMENT INFORMATION (Continued)

	Unaudited					
	Six months ended 30 June 2019					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover from external customers	474,838	1,626,861	168,083	96,479	–	2,366,261
Inter-segment turnover	1,542,599	127,375	–	–	(1,669,974)	–
Total turnover	2,017,437	1,754,236	168,083	96,479	(1,669,974)	2,366,261
Segmental EBITDA/(LBITDA)	271,436	155,143	(22,062)	4,059	(13,319)	395,257
Depreciation (<i>Note 6</i>)	(18,153)	(1,972)	(834)	(1,444)	–	(22,403)
Amortisation (<i>Note 6</i>)	–	(1,447)	–	(863)	–	(2,310)
Segmental operating profit/(loss)	253,283	151,724	(22,896)	1,752	(13,319)	370,544
Finance costs						(1,696)
Share of results of investments accounted for using the equity method						(1,577)
Profit before income tax						367,271
Income tax expense						(42,051)
Profit for the period						325,220

The segment assets and liabilities as at 30 June 2020 and additions to non-current assets for the six months ended 30 June 2020 are as follows:

	Unaudited					
	At 30 June 2020					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	4,940,214	2,919,974	390,986	124,924	(1,589,169)	6,786,929
Segment liabilities	1,846,081	834,976	575,602	65,900	(1,486,496)	1,836,063

5 SEGMENT INFORMATION (Continued)

	Unaudited					
	Six months ended 30 June 2020					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets	<u>38,200</u>	<u>498</u>	<u>1,256</u>	<u>519</u>	<u>-</u>	<u>40,473</u>

The segment assets and liabilities as at 31 December 2019 and additions to non-current assets for the six months ended 30 June 2019 were as follows:

	Audited					
	At 31 December 2019					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>4,690,411</u>	<u>2,736,147</u>	<u>307,446</u>	<u>136,852</u>	<u>(1,151,633)</u>	<u>6,719,223</u>
Segment liabilities	<u>1,913,480</u>	<u>676,292</u>	<u>423,642</u>	<u>78,772</u>	<u>(1,112,315)</u>	<u>1,979,871</u>

	Unaudited					
	Six months ended 30 June 2019					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets	<u>23,696</u>	<u>2,166</u>	<u>709</u>	<u>5,187</u>	<u>-</u>	<u>31,758</u>

Additions to non-current assets mainly comprise additions to property, plant and equipment and right-of-use assets (six months ended 30 June 2019: property, plant and equipment, right-of-use assets and other non-current assets).

The Group is mainly domiciled in Hong Kong, the PRC, the US and Italy (six months ended 30 June 2019: same).

5 SEGMENT INFORMATION (Continued)

The Group's non-current assets by geographical location, which is determined by the geographical location in which the assets are located, is as follows:

	Unaudited At 30 June 2020 HK\$'000	Audited At 31 December 2019 HK\$'000
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	392,846	368,433
Hong Kong and others	65,326	57,257
US	45,342	48,144
Italy	32,392	48,686
	<u>535,906</u>	<u>522,520</u>

For six months ended 30 June 2020, revenue of approximately HK\$1,101,294,000 (six months ended 30 June 2019: HK\$1,311,279,000) is derived from the largest customer, representing 43.3% (six months ended 30 June 2019: 55.4%) of the total revenue, which is attributable to the Hong Kong operating segment (six months ended 30 June 2019: same); approximately HK\$109,793,000 (six months ended 30 June 2019: HK\$206,462,000) is derived from the second largest customer, representing 4.3% (six months ended 30 June 2019: 8.7%) of the total revenue, which is attributable to the PRC operating segment (six months ended 30 June 2019: same).

Information provided to the Executive Directors is measured in a manner consistent with that of the interim condensed consolidated financial information.

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses, administrative expenses and net impairment losses on financial assets are analysed as follows:

	Unaudited Six months ended 30 June 2020 HK\$'000	2019 HK\$'000
Costs of inventories sold	1,406,619	1,404,707
Provision for obsolete inventories (<i>note (i)</i>)	48,141	24,624
Employee benefits expense (including directors' emoluments) (<i>Note 7</i>)	342,300	292,557
Research and development expenses	195,332	187,608
Depreciation of right-of-use assets	18,996	13,142
Short-term lease expenses	3,953	–
Depreciation of property, plant and equipment	7,625	7,146
Amortisation of intangible assets	2,184	2,310
Remuneration to the Company's auditor		
– Group's annual audit and other audit related services	1,200	1,000
– non-audit services	–	151
Remuneration to other auditors	282	213
Net impairment losses on financial assets (<i>note (ii)</i>)		
– on individual basis	22,835	15,062
– on collective basis	20,129	15,194
Impairment of goodwill	14,156	–

6 EXPENSES BY NATURE (Continued)

Notes:

- (i) Provision for obsolete inventories of HK\$48,141,000 has been made during the period ended 30 June 2020 (six months ended 30 June 2019: HK\$24,624,000), after considering their physical condition, market demand and historical usage of those inventories.
- (ii) The amounts were mainly attributable to the provision for the expected credit losses measured on collective basis of HK\$20,129,000 (six months ended 30 June 2019: HK\$15,194,000) and on individual basis of HK\$22,835,000 (six months ended 30 June 2019: HK\$15,062,000) related to the trade receivables of customers in the US and Asia Pacific Region after assessing the customers' business outlook, financial condition and past repayment pattern.

7 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Wages and salaries	304,426	271,849
Social security and pension costs	15,196	20,708
Share-based payment expenses	22,678	–
	<u>342,300</u>	<u>292,557</u>

8 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Current income tax on profit for the period		
– China corporate income tax	38,533	21,065
– Hong Kong profits tax	50,286	27,068
– Overseas profits tax	1,182	4,464
Tax incentives for research and development expenses available for the subsidiaries incorporated in PRC	(29,492)	(21,845)
(Over)/under provision in prior years, net	<u>(2,453)</u>	<u>4,971</u>
Total current income tax	58,056	35,723
Deferred income tax	<u>(14,907)</u>	<u>6,328</u>
Income tax expense	<u>43,149</u>	<u>42,051</u>

8 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax has been provided for at the rate of 16.5% (six months ended 30 June 2019: same) on the estimated assessable profit for the six months ended 30 June 2020.

Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “CIT Law”), companies in the PRC are subject to income tax of 25% unless preferential rate is applicable.

Pax Computer Technology (Shenzhen) Co., Ltd. (“Pax Computer Shenzhen”), a wholly-owned subsidiary of the Group, is located in the Shenzhen Special Economic Zone. Pursuant to Caishui [2016] Circular 49 jointly released by the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Industry and Information Technology of the PRC, management performed self-assessment on the eligibility for the tax incentives. Management estimated that Pax Computer Shenzhen was qualified as a National Key Software Enterprise and entitled to the preferential corporate income tax rate of 10% for the year ended 31 December 2019. As such, the applicable corporate income tax rate of Pax Computer Shenzhen is 10% for the six months ended 30 June 2020 (six months ended 30 June 2019: same).

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2020	2019
Profit for the period attributable to the owners of the Company (<i>HK\$'000</i>)	<u>384,108</u>	<u>325,463</u>
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	<u>1,087,794</u>	<u>1,100,194</u>
Basic earnings per share attributable to the owners of the Company (<i>HK\$ per share</i>)	<u>0.353</u>	<u>0.296</u>

9 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2020, the share options issued were not assumed to be exercised as they would have an antidilutive impact to the basic earnings per share (six months ended 30 June 2019: same).

10 DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.07 per ordinary share for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$0.04 per ordinary share), totaling to approximately HK\$75,748,000 (six months ended 30 June 2019: HK\$44,008,000) (assuming no change in the number of shares in issue on or before the record date for determining the entitlement of interim dividend), payable on 10 September 2020 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 27 August 2020. The amount of interim dividend declared was calculated based on the number of ordinary shares in issue at the date of approval of the interim condensed consolidated financial information.

11 TRADE AND BILLS RECEIVABLES

	Unaudited	Audited
	At 30 June	At 31 December
	2020	2019
	HK\$'000	HK\$'000
Trade receivables (<i>Note (a)</i>)	1,830,947	1,592,985
Amounts due from related parties (<i>Note (a)</i>)	10,549	5,454
<i>Less:</i> provision for impairment of trade receivables	(123,313)	(93,574)
	<hr/>	<hr/>
Trade receivables, net	1,718,183	1,504,865
Bills receivables (<i>Note (b)</i>)	18,817	8,509
	<hr/>	<hr/>
Trade and bills receivables	<u>1,737,000</u>	<u>1,513,374</u>

11 TRADE AND BILLS RECEIVABLES (Continued)

(a) Trade receivables

The Group's credit terms to trade debtors range generally from 0 to 180 days. However, credit terms of more than 180 days may be granted to customers on a case-by-case basis upon negotiation. As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade receivables and amounts due from related parties based on invoice date is as follows:

	Unaudited At 30 June 2020 HK\$'000	Audited At 31 December 2019 HK\$'000
Up to 90 days	1,207,024	1,059,623
91 to 180 days	263,995	254,277
181 to 365 days	153,439	62,738
Over 365 days	217,038	221,801
	<u>1,841,496</u>	<u>1,598,439</u>

As at 30 June 2020, trade receivables includes retention money receivables of HK\$66,004,000 (31 December 2019: HK\$67,548,000) which represents approximately 2% to 5% (31 December 2019: same) of the relevant contract sum granted to certain number of the customers in the PRC that has a retention period of three to five years (31 December 2019: same). As at 30 June 2020, retention money receivables aged over 365 days amounts to HK\$56,268,000 (31 December 2019: HK\$59,437,000).

(b) Bills receivables

The balance represents bank acceptance notes with the maturity profile as follows:

	Unaudited At 30 June 2020 HK\$'000	Audited At 31 December 2019 HK\$'000
Up to 90 days	6,663	2,065
91 to 180 days	12,154	6,444
	<u>18,817</u>	<u>8,509</u>

12 TRADE AND BILLS PAYABLES

	Unaudited At 30 June 2020 <i>HK\$'000</i>	Audited At 31 December 2019 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	1,098,869	1,114,648
Amount due to a related party (<i>Note (a)</i>)	<u>24,156</u>	<u>19,799</u>
Trade payables	1,123,025	1,134,447
Bills payables (<i>Note (b)</i>)	<u>244,598</u>	<u>248,040</u>
Trade and bills payables	<u><u>1,367,623</u></u>	<u><u>1,382,487</u></u>

(a) Trade payables

As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade payables (including amount due to a related party of trading in nature) based on invoice date is as follows:

	Unaudited At 30 June 2020 <i>HK\$'000</i>	Audited At 31 December 2019 <i>HK\$'000</i>
Up to 90 days	894,680	964,713
91 to 180 days	212,224	150,861
181 to 365 days	1,415	88
Over 365 days	<u>14,706</u>	<u>18,785</u>
	<u><u>1,123,025</u></u>	<u><u>1,134,447</u></u>

The average credit period granted by the Group's suppliers ranges from 0 to 180 days.

(b) Bills payables

The balance represents bank acceptance notes:

	Unaudited At 30 June 2020 <i>HK\$'000</i>	Audited At 31 December 2019 <i>HK\$'000</i>
Due within 90 days	<u><u>244,598</u></u>	<u><u>248,040</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Revenue

Turnover increased by 7.4% or HK\$174.5 million to HK\$2,540.8 million for the six months ended 30 June 2020 from HK\$2,366.3 million for the six months ended 30 June 2019 mainly due to the increase in turnover generated from overseas markets.

i) Sales by Geographical Region

	For the six months ended 30 June		
	2020	2019	+ / (-)
	HK\$'000	HK\$'000	
Overseas markets			
– Latin America and the Commonwealth of Independent States (“LACIS”)	1,265,327	1,338,855	-5.5%
– Europe, Middle East and Africa (“EMEA”)	539,781	462,101	+16.8%
– Asia Pacific Region (except for Mainland China) (“APAC”)	350,703	239,172	+46.6%
– United States of America and Canada Region (“USCA”)	225,400	166,763	+35.2%
	<u>2,381,211</u>	<u>2,206,891</u>	<u>+7.9%</u>
China Market	<u>159,568</u>	<u>159,370</u>	<u>+0.1%</u>
Total	<u><u>2,540,779</u></u>	<u><u>2,366,261</u></u>	<u><u>+7.4%</u></u>

* Overseas markets and China Market turnover classification is according to locality of customers.

Turnover generated from overseas markets increased by 7.9% to HK\$2,381.2 million for the six months ended 30 June 2020 from HK\$2,206.9 million for the six months ended 30 June 2019. Overseas markets turnover contributed to 93.7% of total revenue for the six months ended 30 June 2020 compared with 93.3% for the six months ended 30 June 2019. Most overseas business units recorded notable growth especially in the APAC and USCA. The increase was mainly driven by the increase in sales of Android terminals. Turnover generated from the China Market slightly increased by 0.1% to HK\$159.6 million for the six months ended 30 June 2020, from HK\$159.4 million for the six months ended 30 June 2019.

ii) Sales by Product Category

	For the six months ended 30 June		
	2020	2019	+ / (-)
	HK\$'000	HK\$'000	
E-payment Terminals products	2,490,441	2,322,435	+7.2%
Services	50,338	43,826	+14.9%
Total	<u>2,540,779</u>	<u>2,366,261</u>	<u>+7.4%</u>

E-payment Terminals products

Electronic payment point-of-sales terminals (“E-payment Terminals”) products include smart E-payment Terminals, all-in-one smart electronic cash register solution, traditional E-payment Terminals, mobile E-payment Terminals, QR code E-payment Terminals and other accessory items.

Turnover from the sales of E-payment Terminals products increased by 7.2% to HK\$2,490.4 million for the six months ended 30 June 2020 from HK\$2,322.4 million for the six months ended 30 June 2019. The increase was mainly due to the increase in sales in the overseas markets during the period.

Services

Services income mainly consists of income generated from the provision of maintenance and installation services and the platform solution services. Turnover from services increased by 14.9% to HK\$50.3 million for the six months ended 30 June 2020 as compared to HK\$43.8 million for the six months ended 30 June 2019. Maintenance and installation services income was generated in Hong Kong and Italy. The increase in services income was mainly due to the growth in platform solution services income.

Gross Profit Margin

Gross profit margin for the six months ended 30 June 2020 was 41.6%, representing an increase in 300 basis points compared to 38.6% for the six months ended 30 June 2019. This was mainly driven by the increase in sales proportion of Android products and the depreciation of Renminbi (“RMB”).

Other Income

Other income comprises primarily interest income and subsidy income. It increased by 39.4% to HK\$44.9 million for the six months ended 30 June 2020 from HK\$32.2 million for the six months ended 30 June 2019, mainly due to the increase in interest income.

Selling Expenses

Selling expenses increased by 4.4% to HK\$236.9 million for the six months ended 30 June 2020, from HK\$227.0 million for the six months ended 30 June 2019. Selling expenses grew generally in line with the turnover growth.

Administrative Expenses

Administrative expenses increased by 16.8% to HK\$381.4 million for the six months ended 30 June 2020 from HK\$326.5 million for the six months ended 30 June 2019. The increase was mainly due to the recognition of share-based payment expenses and the impairment of goodwill during the period, as well as the increase in research and development (“R&D”) expenses.

Net Impairment Losses on Financial Assets

The Group recognised a provision for net impairment of receivables of HK\$42.9 million and HK\$30.3 million during the six months ended 30 June 2020 and 2019 respectively. The amount recognised during the period consisted of the provision for the expected credit losses measured on collective basis of HK\$20.1 million and on individual basis of HK\$22.8 million related to the trade receivables of customers in the USCA and APAC regions.

Profit for the Period and Profit for the Period Attributable to the Owners of the Company

As a result of the foregoing, profit for the period was HK\$386.0 million, representing an increase of 18.7% compared to HK\$325.2 million for the six months ended 30 June 2019. Profit for the period excluding share-based payment expenses was HK\$408.7 million, while no share-based payment expense was recognised for the corresponding period in 2019.

Profit for the period attributable to the owners of the Company increased by 18.0% to HK\$384.1 million for the six months ended 30 June 2020 from HK\$325.5 million for the six months ended 30 June 2019. Profit for the period attributable to the owners of the Company excluding share-based payment expense was HK\$406.8 million, while no share-based payment expense was recognised for the corresponding period in 2019.

Other Event

Reference is made to the announcement of the Company dated 16 November 2017 and the relevant disclosure in the 2017, 2018 and 2019 annual reports concerning Shanghai New Kashuo Information Technology Company Limited (“Shanghai Kashuo”) and its subsidiaries.

As at 30 June 2020, the liquidation process of Shanghai Kashuo was still underway. Should Shanghai Kashuo liquidate, the Group is expected to recognise a potential gain of up to approximately HK\$60 million in reversal of its existing liabilities.

OVERVIEW

The Group is one of the global leading suppliers of E-payment Terminals solutions, engaging in the R&D and sales of point-of-sale hardware and related software applications, as well as a series of services such as terminal deployments, repair and maintenance (collectively referred to as the “E-payment Terminals solutions business”). The Group is renowned for its cutting-edge R&D capabilities, best-in-class product quality and the most comprehensive and innovative product portfolio in the global payment industry.

The Group has established a strong global presence and continues to take lead in the global market, delivering products and services to a large customer base in over 100 countries, serving through an extensive network of local sales offices, channel partners and reputable payment system integrators.

MARKET ANALYSIS AND INDUSTRY TRENDS

In the first half of 2020, the COVID-19 pandemic swept across the globe and brought unprecedented economic impact and challenges to practically every country in the world. In the midst of the COVID-19 pandemic, social consumption habits and consumer payment preferences are radically reshaping at an accelerating pace, with consumers swiftly shifting to card and electronic payments for even small daily purchases. Alongside the strict pandemic prevention measures implemented worldwide and the uplift of transaction amount limit for contactless payment by numerous government authorities, electronic payments have gradually become an inevitable trend. Banks, payment service providers and E-payment terminal vendors play a key role in delivering secure and convenient in-store electronic payment services to the public.

Android smart payment terminals not only support NFC contactless payment, the inbuilt camera technology also encourages uptake of alternative payment methods such as QR code payments. These technologies are playing an important role in minimizing physical contact and serving as a COVID-19 pandemic preventive measure. Driven by the increase of the contactless payment limits, Visa and Mastercard have both reported significant increase in the use of NFC contactless payments globally, which in turn contributes to a surging demand for new-generation contactless payment terminals.

PAX experts the COVID-19 pandemic is accelerating the widespread adoption of electronic payments and enabling faster transition towards a global cashless society. Global electronic payment terminals industry will usher in exciting development opportunities, especially in countries where cash still has a dominant position. As one of the world’s leading payment terminal solution companies, PAX is strengthening the partnership with an increasing number of banks and payment service providers around the world, striving to satisfy their merchants’ demand for secure and convenient payment solutions, whereas PAX’s latest generation of smart terminals are also bringing unprecedented payment experience to customers.

Notwithstanding the uncertainties of the global economy remain amidst these difficult times, PAX has maintained solid business momentum worldwide, thanks to its well-established sales network and cutting-edge payment products. In the first half of 2020, PAX's revenue grew by 7.4% to HK\$2,540.8 million, a record high interim performance compared to previous years, proving PAX's strong core competitiveness and risk-resistance capability. Thanks to PAX's global footprint, turnover generated from overseas markets currently accounts for more than 90% of the Group's total revenue. Driven by the increase in sales proportion of Android products and depreciation of RMB, PAX's gross profit margin increased from 38.6% in the corresponding period of last year to 41.6%.

The Group's SaaS cloud-based application platform, PAXSTORE, continues to be an exciting driving force backing the overall success of PAX's wide portfolio of smart payment terminal products. PAXSTORE offers terminal estate management solutions to acquiring banks and payment service providers, whilst provides merchants with innovative value-added applications, cutting-edge terminal management system functionalities, customer relationship management (CRM) and data analysis tools. Now, PAXSTORE reaches out to over 100 marketplaces across the globe.

Overseas markets

LACIS

In Latin America and the CIS countries (the latter including Russia and the Commonwealth of Independent States), Brazil continues to be the key market for PAX in this region. The acquiring business of local merchant acquirers continues to boom, driving the demand for electronic terminals. PAX has entered into strategic partnerships with growing numbers of acquiring institutions. In view of the robust growth of the Brazilian fintech industry in the past few years, PAX is cautiously optimistic about the payment terminal industry prospects in Brazil.

In the first half of the year, PAX launched more new-generation Android smart payment terminal models in the region, recording significant sales of models like the A50 Smart MiniPOS and the A930 SmartPOS. High compatibility feature of PAX's Android series enables perfect integration with merchants' diverse business applications, expands functions and services beyond payment, bringing unprecedented payment experience to merchants and consumers.

EMEA

In Europe, the Middle East and Africa, the Group continues to win new customers and expand market share in diversified merchant segments. PAX's A-series, E-series, IM-series and SK-series products are in high demand, driven by the advantages offered by the connectivity of the Group's PAXSTORE SaaS cloud-based platform. PAXSTORE is running in approximately 100 marketplaces worldwide, with over 40 marketplaces in the EMEA region alone. Investments in Europe are paying off handsomely with important breakthroughs. Many payment service providers and acquiring banks across Europe are now engaged with PAX in current and planned rollouts of the new-generation Android-based SmartPOS, SmartECR and SmartKiosk solutions.

In order to meet the payment needs of diverse business and consumer communities, PAX has devoted more resources to accelerate product certifications. During the period, PAX obtained the ATEX (ATmospheres EXplosible) certification of the European Union for the Android-based unattended payment terminal, IM30, for adoption in high-risk environments like petroleum forecourts. The Royal National Institute of Blind People (RNIB) in the United Kingdom certified the A920 SmartPOS and the SmartECR models. These devices are equipped with special 'Accessibility Mode' software to provide the blind and visually impaired with seamless electronic payment experience.

Across Africa and the Middle East, efforts by governments to develop electronic payment infrastructure, together with the shift of acquiring banks offering more modern Android terminal solutions for merchants, have continued to drive the demand for PAX's solutions.

APAC

The electronic payment market in the Asia Pacific region is flourishing, driven by the ongoing economic growth, the rise of emerging markets, and the efforts of payment institutions in promoting cashless economies. Amidst the COVID-19 pandemic, PAX maintained strong growth momentum across Asia Pacific and achieved an overall sales growth of 46.6% as compared to the corresponding period in 2019.

Digital transformation is accelerating across the retail, catering and other merchant segments in Asia Pacific, with rising market demand for PAX's Android payment terminals, which play an indispensable role in the provision of the latest payment technology and a suite of innovative value-added applications.

Since the establishment of subsidiaries in Japan (2017) and India (2018), PAX succeeded in expanding rapidly in both countries thanks to strategic cooperation with leading acquiring banks and payment service providers. Positioned as one of the main Android terminal suppliers for acquiring institutions, e-wallet companies and value-added services providers in Asia Pacific, the Group continues to strengthen its business in potential Southeast Asian countries by working with mainstream acquiring banks and institutions in markets like Indonesia, Malaysia, Thailand and the Philippines, to speed up the deployment of integrated Android smart payment solutions among merchants such as quick service restaurants, convenience stores, supermarkets and retail chains. The Group believes that emerging markets will continue to be the primary driving force of sales growth in Asia Pacific over the coming years.

USCA

As the leading provider of smart Android terminal solutions in the United States, the Group has successfully entered into strategic partnerships with mainstream payment processing companies in the United States to deploy PAX's innovative Android products through an extensive network of independent sales organizations. PAX's Android smart terminals enable merchants to operate business and manage payments in a smarter and more efficient manner, and the advantages continue to gain traction among North American merchants.

In response to the ongoing COVID-19 pandemic, PAX partnered with AxiaMed, the industry leader in healthcare payment technology, to provide healthcare institutions with Android payment terminal solutions that support NFC contactless payment to handle patient payment in a more hygienic and convenient way. During the first half of 2020, PAX's Android terminals also won the "2020 Visa U.S. Qualified Tap to Pay Point of Sale Program Award". Products and security specifications are further recognised by Visa, providing consumers with secure, convenient and simple contactless payment experience.

China market

Since early 2019, the Group has undertaken strategic and structural changes to its business in China, with increasing focus on serving reputable and strong customers. This initiative has revealed positive results in terms of strengthened risk assessment and management processes within the Group's China market business, as well as enhanced operational cost-effectiveness. In the first half of 2020, the Group's business in China stabilised, where reputable acquiring banks and payment service providers continued to deploy PAX's Android smart products. This strategic adjustment initiative has proven to be beneficial to the Group in maintaining its competitive advantage in the China market in the long run and bringing new impetus to the sustainable development of the China business.

MANAGEMENT STRATEGY

During the first half of 2020, the COVID-19 pandemic raged across the world, forcefully impacting on the global economy and people's everyday lives. The Group is working closely with acquiring institutions and payment service providers worldwide, facilitating contactless and more efficient electronic payment transactions for merchants and customers. However, global market uncertainties still remain as the COVID-19 pandemic is not yet fully under control, which are considered as a litmus test of the Group's capabilities. Thanks to PAX's solid business foundation and financials, PAX demonstrates an enterprise-wide resilience in response to these challenges. The PAX community of customers, channel partners, suppliers and staff are immensely confident about the Group's prospects.

The Group will continue to keep an eye on the development of the COVID-19 pandemic, maintain close communication with customers and suppliers, as well as review and timely adjust the Group's strategies. Notwithstanding the temporary interruption of production lines during the first half of 2020, PAX has continued to satisfy the global customer demand as the production lines managed to resume to full capacity within weeks. In addition to serving our customers, employees' health and well-being is also the Group's top priority. During the initial outbreak of the COVID-19 pandemic, PAX quickly established a pandemic prevention and control team to safeguard employees' health and safety, introducing flexible remote working arrangement and implementing efficient social distancing measures across all our offices globally.

Looking ahead, as the COVID-19 pandemic began shaping new lifestyle in respect of social and consumption habits, new opportunities have emerged for the move towards cashless societies. PAX's payment terminals support mobile payments such as NFC contactless and QR code, providing consumers and merchants with a safer and more convenient payment experience. We believe that market demand for terminal solutions will continue to blossom beyond the pandemic, which will further boost the popularity of mobile payments. The Group is optimistic about the future of the global electronic payment terminal industry.

Adhering to the corporate culture of the pursuit of excellence and innovation, PAX will continue to invest in R&D, enhancing Android based payment acceptance products, while continuing to improve the functions of the powerful PAXSTORE SaaS cloud-based platform. As the portfolio of PAX's smart payment terminals and PAXSTORE are gaining traction, more and more leading acquiring banks and payment service providers worldwide are working and engaging with PAX to deploy our solutions for their merchants.

The Group also believes that self-service payments will become one of the "new normal" in the wake of the COVID-19 pandemic. PAX's range of SmartKiosks allow consumers to purchase and transact directly on large touchscreen display, enhancing the overall shopping experience as well as the operating efficiency of merchants. PAX's SmartKiosk offers integrated payment capabilities for self-service ordering, ticketing and payment at quick service restaurant chains, cinemas and government offices.

PAX will continue to strengthen its cooperation with channel partners, acquiring banks, payment service providers and merchants all around the world, with an aim to expanding our global sales reach and exploring new potential markets. The Group is actively exploring potential M&A and investment opportunities along the payment industry value chain, expanding into diversified solutions, and keeping track of innovative payment-related technologies. By tapping into the global PAX community, the Group will continue to devote itself to the provision of secure and efficient payment solutions.

Liquidity and Financial Resources

As at 30 June 2020, the Group had cash and cash equivalents and short-term bank deposits of HK\$3,096.1 million (31 December 2019: HK\$3,233.0 million) and borrowing of HK\$2.2 million (31 December 2019: HK\$2.3 million). As at 30 June 2020, the Group reported net current assets of HK\$4,522.1 million, as compared with HK\$4,321.0 million as at 31 December 2019. For the six months ended 30 June 2020, net cash generated from operating activities was HK\$75.3 million, as compared with HK\$486.4 million for the six months ended 30 June 2019. The gearing ratio (defined as total debt divided by total capital) was 0.04% as at 30 June 2020 (31 December 2019: 0.05%). The gearing ratio is considered healthy and suitable for the continuous growth of the Group's business.

Capital Structure and Details of Charges

As at 30 June 2020, the Group had borrowing of HK\$2.2 million (31 December 2019: HK\$2.3 million) and no banking facility (31 December 2019: same). The borrowings were used in the operation in Korea and denominated in Korean Won. All borrowings were unsecured (31 December 2019: same).

Approximately HK\$2,017.1 million, HK\$103.0 million, HK\$712.2 million, HK\$83.1 million, HK\$23.4 million and HK\$44.8 million (31 December 2019: HK\$2,095.4 million, HK\$34.4 million, HK\$973.7 million, HK\$73.0 million, HK\$23.7 million and HK\$29.8 million) of the Group's cash balances were denominated in RMB, HK\$, US\$, European dollar ("EUR"), Indian Rupee ("INR") and other currencies respectively as at 30 June 2020.

Significant Investment

The Group had no significant investment held as at 30 June 2020 (31 December 2019: Nil).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2020 (31 December 2019: Nil).

Future Plans for Material Investments or Capital Assets

There was no specific plan for material investments or capital assets as at 30 June 2020 (31 December 2019: Nil).

Exchange Rates Exposure

The Group derives its revenue, makes purchases and incurs expenses denominated mainly in RMB, HK\$, US\$, EUR and INR. The majority of assets and liabilities are denominated in RMB, HK\$, US\$, EUR and INR and there are no significant assets and liabilities denominated in other currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or RMB may have an impact on the operating results of the Group.

The management considers the foreign exchange risk with respect to US\$ is not significant as HK\$ is pegged to US\$ and transactions denominated in US\$ are mainly carried out by entities with the same functional currency. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

Human Resources and Remuneration Policies

The total number of employees of the Group as at 30 June 2020 was 1,641. The following table shows a breakdown of employees of the Group by function as at 30 June 2020:

Management	12
Sales and after-sales services and marketing	357
R&D	827
Quality assurance	63
Administration and human resources	44
Accounting	43
Production, procurement and inventory control	295
	<hr/>
	1,641
	<hr/> <hr/>

The Group ensures that its remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. Share options are granted to eligible participants under the share option schemes of the Company, details of which will be set out in the Company's 2020 interim report. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's businesses.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as key financial information excluding share-based payment expenses, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally as the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

INTERIM DIVIDEND

The board of directors (“Directors”) of the Company (the “Board”) has resolved to declare an interim dividend of HK\$0.07 per ordinary share for the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$0.04 per ordinary share) payable on 10 September 2020 (Thursday) to shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company (the “Register of Members”) at the close of business on 27 August 2020 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to interim dividend, the Register of Members will be closed from 24 August 2020 (Monday) to 27 August 2020 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 August 2020 (Friday).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2020, the Company repurchased an aggregate of 17,283,000 ordinary shares for a total consideration of approximately HK\$64,584,900. All of the 17,283,000 ordinary shares were purchased on the Stock Exchange as follows:

Date of Repurchase	No. of Shares Repurchased	Consideration per Share		Total Consideration Paid
		Highest HK\$	Lowest HK\$	
7 January 2020	7,198,000	3.90	3.78	28,023,790
8 January 2020	789,000	3.90	3.88	3,070,910
5 February 2020	1,439,000	3.80	3.68	5,420,020
10 February 2020	175,000	3.92	3.88	680,900
27 February 2020	3,000,000	4.18	3.93	12,168,560
24 April 2020	3,000,000	3.27	3.09	9,518,880
27 May 2020	882,000	3.19	3.10	2,781,900
24 June 2020	<u>800,000</u>	3.68	3.61	<u>2,919,940</u>
Total	<u><u>17,283,000</u></u>			<u><u>64,584,900</u></u>

The Board believes that the share repurchases are in the best interests of the Company and its shareholders and would lead to an enhancement of the net assets value per share and/or earnings per share of the Company. As at the date of this announcement, all of the above repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly and the balance of consideration was charged against the share premium account.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a written code regulating the securities transactions of Directors and executive officers named in the Company's annual report, on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Specific enquiry were made to the Directors and each of them has confirmed compliance with the Model Code and the Group's code regarding securities transactions throughout the six months ended 30 June 2020.

The Company has also established written guidelines regulating the transactions of securities of the Company by senior management and employees who are, or likely to be, in possession of any inside information of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles (the "Principles") and code provisions (the "Code Provisions") in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

In formulating and implementing its corporate governance practices, the Company has applied the Principles and complied with all applicable Code Provisions for the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee together with the management has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 with the Directors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.paxglobal.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The Company's 2020 interim report will be despatched to all shareholders and available on the above websites in due course.

The interim financial information set out above does not constitute the Group's statutory financial statements for the six months ended 30 June 2020. Instead, it has been derived from the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2020, which will be included in the Company's 2020 interim report.

By Order of the Board
PAX Global Technology Limited
Cheung Shi Yeung
Company Secretary

Hong Kong, 13 August 2020

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Nie Guoming, Mr. Lu Jie and Mr. Li Wenjin and three Independent Non-Executive Directors, namely Mr. Yip Wai Ming, Dr. Wu Min and Mr. Man Kwok Kuen, Charles.