PAX Global Technology Limited
百富環球科技有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00327)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June		
	2011	2010	
	HK$'000	*HK$'000*	+/(-)
RESULTS			
Revenue	**451,441**	267,698	69%
Gross profit	**154,946**	108,950	42%
EBITDA	**77,988**	59,892	30%
Operating profit	**76,426**	58,662	30%
Net profit	**67,239**	50,173	34%
PER SHARE DATA			
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (HK$)	**0.065**	0.068	
– Diluted (HK$)	**0.065**	0.068	
FINANCIAL RATIOS			
Gross profit margin	**34.3%**	40.7%	
EBITDA margin	**17.3%**	22.4%	
Operating profit magin	**16.9%**	21.9%	
Net profit margin	**14.9%**	18.7%	
	As at 30 June 2011	As at 31 December 2010	
	HK$'000	*HK$'000*	+/(-)
KEY BALANCE SHEET ITEMS			
Total current assets	**1,729,159**	1,493,935	16%
Total assets	**1,740,183**	1,505,360	16%
Net current assets	**1,459,178**	1,275,686	14%
Total equity	**1,470,202**	1,287,111	14%

* *For identification purposes only*

The board of directors (the "Board") of PAX Global Technology Limited (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 2011 together with the unaudited comparative figures for the corresponding period in 2010 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**451,441**	267,698
Cost of sales	*6*	**(296,495)**	(158,748)
Gross profit		**154,946**	108,950
Other income	*4*	**7,742**	4,317
Selling expenses	*6*	**(48,540)**	(29,094)
Administrative expenses	*6*	**(37,722)**	(25,511)
Operating profit/profit before income tax		**76,426**	58,662
Income tax expense	*8*	**(9,187)**	(8,489)
Profit for the period attributable to the equity holders of the Company		**67,239**	50,173
Earnings per share for profit attributable to the equity holders of the Company:			
– Basic (HK$)	*10(a)*	**0.065**	0.068
– Diluted (HK$)	*10(b)*	**0.065**	0.068

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**67,239**	50,173
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**11,007**	5,729
Total comprehensive income for the period attributable to the equity holders of the Company	**78,246**	55,902

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 30 June 2011 *HK$'000***	Audited 31 December 2010 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**10,792**	11,194
Leasehold land		**232**	231
Total non-current assets		**11,024**	11,425
Current assets			
Inventories		**226,942**	148,520
Trade and bills receivables	*11*	**431,459**	269,042
Deposits and other receivables		**6,856**	7,001
Restricted cash		**12,072**	2,846
Cash and cash equivalents		**1,051,830**	1,066,526
Total current assets		**1,729,159**	1,493,935
Total assets		**1,740,183**	1,505,360
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**103,773**	100,000
Reserves		**1,366,429**	1,187,111
Total equity		**1,470,202**	1,287,111

	Notes	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
LIABILITIES			
Current liabilities			
Trade payables	*12*	**199,089**	143,033
Other payables and accruals		**48,664**	55,735
Taxation payable		**22,228**	19,481
Total current liabilities and liabilities		**269,981**	218,249
Total equity and liabilities		**1,740,183**	1,505,360
Net current assets		**1,459,178**	1,275,686
Total assets less current liabilities		**1,470,202**	1,287,111

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Attributable to equity holders of the Company						
		Reserves					
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2011	**100,000**	**1,129,204**	**(414,978)**	**36,854**	**436,031**	**1,187,111**	**1,287,111**
Comprehensive income							
Profit for the period	–	–	–	–	**67,239**	**67,239**	**67,239**
Other comprehensive income							
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	**11,007**	–	**11,007**	**11,007**
Total comprehensive income for the period	–	–	–	**11,007**	**67,239**	**78,246**	**78,246**
Transactions with owners							
Over-allotment of shares pursuant to the Global Offering	**3,773**	**101,072**	–	–	–	**101,072**	**104,845**
Balance at 30 June 2011	**103,773**	**1,230,276**	**(414,978)**	**47,861**	**503,270**	**1,366,429**	**1,470,202**

	Unaudited Attributable to equity holders of the Company						
		Reserves					
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2010	–	–	113,125	19,328	290,608	423,061	423,061
Comprehensive income							
Profit for the period	–	–	–	–	50,173	50,173	50,173
Other comprehensive income							
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	5,729	–	5,729	5,729
Total comprehensive income for the period	–	–	–	5,729	50,173	55,902	55,902
Balance at 30 June 2010	–	–	113,125	25,057	340,781	478,963	478,963

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Net cash outflow from operating activities	**(113,623)**	(49,513)
Net cash generated from/(used in) investing activities	**653**	(2,516)
Net cash generated from financing activities	**95,619**	858
Net decrease in cash and cash equivalents	**(17,351)**	(51,171)
Exchange gain on cash and cash equivalents	**2,655**	5,546
Cash and cash equivalents at beginning of period	**1,066,526**	242,380
Cash and cash equivalents at end of period	**1,051,830**	196,755

Notes:

1 GENERAL INFORMATION

PAX Global Technology Limited (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.

On 8 December 2010, the Company issued a prospectus and launched a global offering of 319,200,000 ordinary shares (the "Global Offering") at an offer price of HK$2.88 per share (the "Offer Price"). Upon the completion of the Global Offering, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2010 (the "Listing").

The Company is an investment holding company and together with its subsidiaries (collectively referred to as the "Group") are principally engaged in the development and sale of point-of-sale ("POS") products and provision of related services (collectively, the "POS terminal solutions business").

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

This condensed consolidated interim financial information was approved for issue on 22 August 2011.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 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 condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standards adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 January 2011.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. This is not currently applicable to the Group, as it does not have any related parties which is a government related entities.

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC) – Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

4 REVENUE AND OTHER INCOME

The Group is principally engaged in the sale of POS products and provision of related services. Revenue and other income recognised during the period were as follows:

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sales of electronic payment products	**444,959**	261,312
Provision of electronic payment services	**6,482**	6,386
	451,441	267,698
Other income		
Interest income	**1,660**	369
Value added tax refund *(Note (i))*	**5,902**	3,401
Others	**180**	547
	7,742	4,317
	459,183	272,015

Note (i): The amount represents the Group's entitlement to value added tax refund in relation to sales of self-developed software products in the People's Republic of China (the "PRC").

5 SEGMENT INFORMATION

Management reviews the Group's internal reporting in order to assess performance and allocate resource. Management has determined the operating segments based on the internal reports reviewed by the Board of Directors that are used to make strategic decisions. The Group is principally engaged in the POS terminal solutions business, management considers that the Group operates in one single business segment.

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

Management assesses the performance of the operating segments based on a measure of segment operating profit/(loss).

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

	Unaudited Six months ended 30 June 2011				
	PRC, other than Hong Kong, Macao and Taiwan *HK$'000*	**Hong Kong** *HK$'000*	**US** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**288,243**	**161,282**	**1,916**	**–**	**451,441**
Inter-segment revenue	**116,692**	**249**	**–**	**(116,941)**	**–**
Total revenue	**404,935**	**161,531**	**1,916**	**(116,941)**	**451,441**
Segmental EBITDA	**58,824**	**26,871**	**(7,568)**	**(139)**	**77,988**
Depreciation	**(1,281)**	**(19)**	**(259)**	**–**	**(1,559)**
Amortisation	**(3)**	**–**	**–**	**–**	**(3)**
Segment operating profit/(loss)/ profit/(loss) before income tax	**57,540**	**26,852**	**(7,827)**	**(139)**	**76,426**
Income tax expense					**(9,187)**
Profit for the period					**67,239**

	Unaudited Six months ended 30 June 2010				
	PRC, other than Hong Kong, Macao and Taiwan	Hong Kong	US	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	213,345	52,587	1,766	–	267,698
Inter-segment revenue	29,229	3,036	–	(32,265)	–
Total revenue	242,574	55,623	1,766	(32,265)	267,698
Segmental EBITDA	49,988	17,551	(7,230)	(417)	59,892
Depreciation	(1,025)	(13)	(189)	–	(1,227)
Amortisation	(3)	–	–	–	(3)
Segment operating profit/(loss) profit/(loss) before income tax	48,960	17,538	(7,419)	(417)	58,662
Income tax expense					(8,489)
Profit for the period					50,173

The segment assets and liabilities at 30 June 2011 and additions to non-current assets for the six months ended 30 June 2011 are as follows:

	Unaudited As at 30 June 2011				
	PRC, other than Hong Kong, Macao and Taiwan	**Hong Kong**	**US**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**777,524**	**2,042,949**	**6,432**	**(1,086,722)**	**1,740,183**
Segment liabilities	**224,022**	**99,312**	**40,113**	**(93,466)**	**269,981**

	Unaudited Six months ended 30 June 2011				
	PRC, other than Hong Kong, Macao and Taiwan	**Hong Kong**	**US**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Additions to non-current assets	**993**	**14**	**–**	**–**	**1,007**

The segment assets and liabilities at 31 December 2010 and additions to non-current assets for the six months ended 30 June 2010 are as follows:

	Audited As at 31 December 2010				
	PRC, other than Hong Kong, Macao and Taiwan	Hong Kong	US	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	678,637	1,857,919	7,958	(1,039,154)	1,505,360
Segment liabilities	187,201	40,971	33,812	(43,735)	218,249

	Unaudited Six months ended 30 June 2010				
	PRC, other than Hong Kong, Macao and Taiwan	Hong Kong	US	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to non-current assets	1,912	19	954	–	2,885

Segmental EBITDA represents operating profit before finance costs, income tax expense, depreciation of property, plant and equipment and amortisation of leasehold land. Segment assets consist primarily of property, plant and equipment, leasehold land, inventories, trade and bills receivables, deposits and other receivables, restricted cash and cash at bank and on hand. Segment liabilities consist primarily of trade payables, other payables and accruals and taxation payable.

Additions to non-current assets comprise additions to property, plant and equipment.

The revenues from external parties reported to the directors of the consolidated entities are measured in a manner consistent with that in the consolidated income statement.

The Group is mainly domiciled in Hong Kong, the PRC and US.

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Auditor's remuneration	**818**	321
Depreciation of property, plant and equipment	**1,559**	1,227
Amortisation of leasehold land	**3**	3
Employee benefits expense (including Directors' emoluments) *(Note 7)*	**35,091**	25,351
Costs of inventories sold	**283,433**	152,929
Operating lease rentals in respect of buildings	**3,416**	2,057
Research and development costs	**18,467**	12,827
Loss on disposal of property, plant and equipment	**–**	284
Provision for impairment of trade receivables	**–**	374

7 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Wages and salaries	**31,393**	22,963
Social security and pension costs	**3,698**	2,388
	35,091	25,351

8 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current Income tax		
– PRC enterprise income tax	**6,978**	6,763
– Hong Kong profits tax	**4,810**	3,000
Over provision in prior year	**(2,601)**	(1,274)
Income tax expense	**9,187**	8,489

Hong Kong profits tax has been provided for at the rate of 16.5% (six months ended 30 June 2010: 16.5%) on the estimated assessable profit for the six months ended 30 June 2011.

Taxation on overseas profits has been calculated on the estimated assessable profit for the six months ended 30 June 2011 at the rates of taxation prevailing in the countries in which the Group operates.

Pax Computer Technology (Shenzhen) Co., Ltd. ("Pax Computer Shenzhen") is located in the Shenzhen Special Economic Zone. Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the "CIT Law"), Pax Computer Shenzhen is subject to income tax at rates which will gradually increase from 18% in 2008 to 25% in 2012 over a 5-year transition period unless preferential rate is applicable. Pax Computer Shenzhen was qualified as a High and New Technology Enterprise in 2009 under the EIT Law and is eligible to enjoy a preferential tax rate of 15% for 3 years from 2009. As such, the applicable enterprise income tax rate of Pax Computer Shenzhen was 15% for the six months ended 30 June 2010 and 2011.

Pax Technology, Inc., a subsidiary of the Company in US, was operating at a net loss position and did not have any assessable profit for the period ended 30 June 2011 (six months ended 30 June 2010: Nil).

9 DIVIDEND

No dividend on ordinary shares has been paid or declared by the Company for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the six months ended 30 June 2011 attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2011.

As the Company was incorporated on 15 February 2010 and completed the reorganisation (the "Reorganisation") and the Listing in the second half of financial year 2010, the weighted average number of ordinary shares in issue during the six months ended 30 June 2010 used in the basic earnings per share calculation is determined on the assumption that 250,000,000 shares and 490,000,000 shares with par value of HK$0.1 each issued upon the Reorganisation in November 2010 and the capitalisation issue in December 2010 respectively had been in issue prior to the incorporation of the Company.

	Unaudited	
	Six months ended 30 June	
	2011	2010
Profit attributable to the equity holders of the Company (HK$'000)	**67,239**	50,173
Weighted average number of ordinary shares in issue (thousand shares)	**1,035,227**	740,000
Basic earnings per share (HK$ per share)	**0.065**	0.068

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share, the Over-allotment Option. For the Over-allotment Option, 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 from 1 January 2011 to the date exercised Over-allotment Option) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the Over-allotment Option.

Diluted earnings per share for the six months ended 30 June 2011 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding Over-allotment Option would have anti-dilutive effect to the basic earnings per share.

Diluted earnings per share for the six months ended 30 June 2010 is the same as the basic earnings per share as there is no potential ordinary shares for the six months ended 30 June 2010.

11 TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2011	Audited 31 December 2010
	HK$'000	*HK$'000*
Trade receivables *(Note (a))*	**364,718**	215,535
Less: provision for impairment of receivables	**(1,878)**	(1,846)
Trade receivables, net	**362,840**	213,689
Bills receivables *(Note (b))*	**68,619**	55,353
Trade and bills receivables	**431,459**	269,042

(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. At 30 June 2011 and 31 December 2010, the ageing analysis of the trade receivables was as follows:

	Unaudited 30 June 2011	Audited 31 December 2010
	HK$'000	*HK$'000*
Up to 90 days	**240,473**	119,898
91 to 180 days	**48,836**	44,268
181 to 365 days	**40,534**	31,362
Over 365 days	**34,875**	20,007
	364,718	215,535

As at 30 June 2011, the trade receivables included the retention money receivables of HK$44,012,000 (31 December 2010: HK$39,480,000) with a retention period of three to five years for approximately 2% to 5% of the total contract sum granted to certain number of our customers in the PRC.

(b) Bills receivables

The balance represents bank acceptance notes with maturity dates within six months.

The maturity profile of the bills receivables of the Group is as follows:

	Unaudited 30 June 2011 ***HK$'000***	Audited 31 December 2010 *HK$'000*
Up to 90 days	**21,422**	24,443
91 days to 180 days	**47,197**	30,910
	68,619	55,353

12 TRADE PAYABLES

At 30 June 2011 and 31 December 2010, the ageing analysis of the trade payables was as follows:

	Unaudited 30 June 2011 ***HK$'000***	Audited 31 December 2010 *HK$'000*
Current to 90 days	**186,630**	134,663
91 days to 180 days	**11,770**	6,434
181 days to 365 days	**689**	329
Over 365 days	**–**	1,607
	199,089	143,033

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

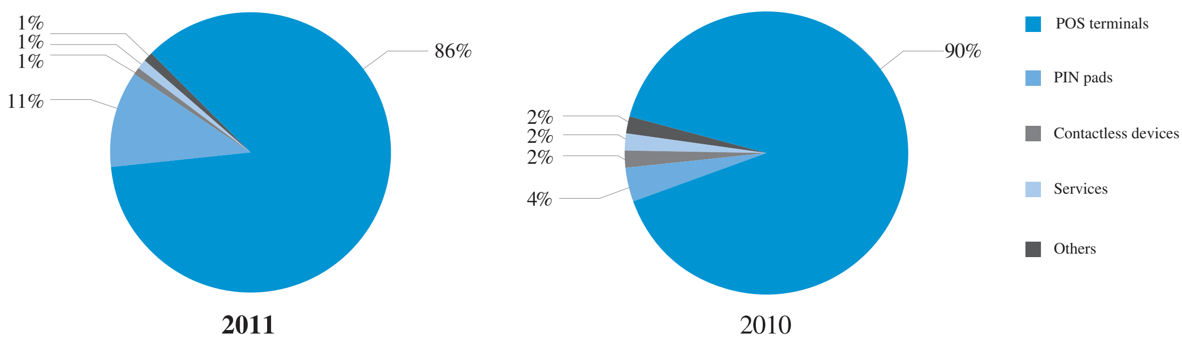
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Revenue

Revenue increased by 69% to HK$451.4 million for the six months ended 30 June 2011 from HK$267.7 million for the six months ended 30 June 2010. Revenue growth has been greatly driven by accelerated growth in overseas sales which marked the achievements resulted from the proactive and aggressive marketing campaign and strategy of the Group. Revenue generated from the overseas market for the six months ended 30 June 2011 is 3 times of that of six months ended 30 June 2010.

Sales by product category



	For the six months ended 30 June		
	2011	2010	
	HK$'000	*HK$'000*	+/(-)
POS terminals	**388,863**	241,052	61%
PIN pads	**49,378**	10,748	359%
Contactless readers	**4,143**	4,620	(10%)
Services	**6,482**	6,386	2%
Others	**2,575**	4,892	(47%)
	451,441	267,698	69%

POS terminals

Revenue from sales of POS terminals increased by 61% to HK$388.9 million for the six months ended 30 June 2011 from HK$241.1 million for the six months ended 30 June 2010.

Revenue growth has been greatly driven by increase in overseas sales during the six months ended 30 June 2011. The growth was mainly attributable to increased sales to Europe, the Middle East and Africa ("EMEA") and Latin America and Commonwealth of Independent States ("LACIS") regions.

In China, with the improvement of bank card acceptance environment and the increased consumer spending by bank cards, the demand for POS terminals increased constantly, especially by the major merchant service providers and financial institutions in China.

PIN pads

Revenue from sales of PIN pads increased by 359% to HK$49.4 million for the six months ended 30 June 2011 from HK$10.7 million for the six months ended 30 June 2010.

Due to the continuous growth in demand for one of our product models which supports magnetic card reader, IC card reader, additional built-in contactless card reader functions, sales of PIN pads experienced significant growth.

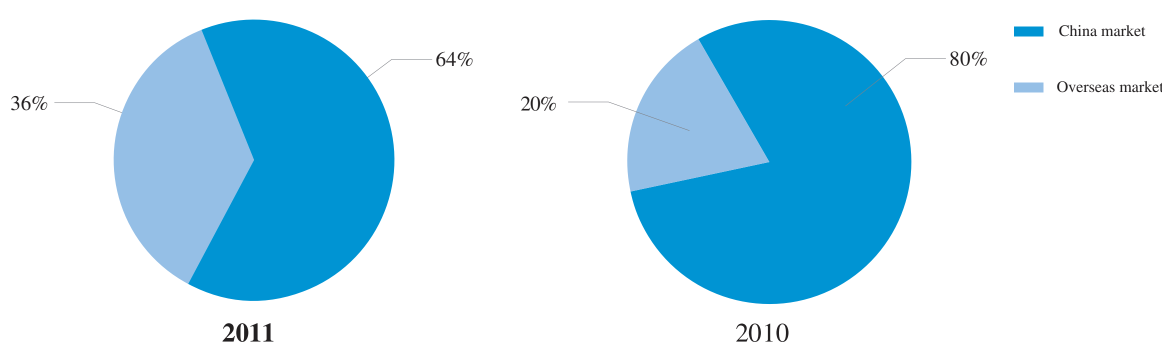
Contactless readers

Revenue from sales of contactless readers decreased by 10% to HK$4.1 million for the six months ended 30 June 2011 from HK$4.6 million for the six months ended 30 June 2010. As sales of one of the PIN pads models which supports additional built-in contactless reader functions increased significantly during the period, sales of contactless readers dropped slightly during the six months ended 30 June 2011.

Services

Income from maintenance service is mainly generated in Hong Kong. Revenue from provision of services increased by 2% to HK$6.5 million for the six months ended 30 June 2011 from HK$6.4 million for the six months ended 30 June 2010. Revenue increased gradually with the increase in aggregate deployment of POS terminals during the six months ended 30 June 2011.

Sales by geographical region



	For the six months ended		
	2011	2010	
	HK$'000	*HK$'000*	+/(-)
China market	**288,243**	213,345	35%
Overseas market	**163,198**	54,353	200%
	451,441	267,698	69%

Revenue generated from the China market increased by 35% to HK$288.2 million for the six months ended 30 June 2011 from HK$213.3 million for the six months ended 30 June 2010. With increase in consumer consumption with bank cards, major merchant service providers and financial institutions in China continue to expand their investment in POS terminals and related products to compete for market share in bank card payment industry.

Revenue generated from the overseas market increased by 200% to HK$163.2 million for the six months ended 30 June 2011 from HK$54.4 million for the six months ended 30 June 2010. Percentage of revenue generated from the overseas market increased to 36.2% of total revenue for the six months ended 30 June 2011 from 20.3% for the six months ended 30 June 2010. The increase was mainly attributable to increased sales to EMEA and LACIS regions.

The Group has continuously extended its international market coverage to new markets including Canada and Dominica in America, Latvia, Georgia, Uzbekistan, Kazakhstan and Tajikistan in Europe, Kuwait and Turkey in Middle East, as well as Japan and New Zealand in Asia Pacific.

Gross Profit Margin

Gross profit margin was 34.3% for the six months ended 30 June 2011 as compared with 40.7% for the six months ended 30 June 2010. The Group has taken strategic moves to reaffirm the leading position in the POS terminal solutions market of China. In overseas market, the proactive and aggressive marketing campaign and strategy of the Group in emerging markets was a great success. During the period, the gross profit margin dropped with the reduction in average selling price.

Other Income

Other income primarily included value added tax refund and interest income. Other income increased by 79% to HK$7.7 million for the six months ended 30 June 2011 from HK$4.3 million for the six months ended 30 June 2010, primarily reflecting the increase in value added tax refund received during the six months ended 30 June 2011.

Selling Expenses

Selling expenses increased by 67% to HK$48.5 million for the six months ended 30 June 2011 from HK$29.1 million for the six months ended 30 June 2010, primarily reflecting increase of (i) maintenance service expenses; (ii) employee benefit expenses associated with the increase in wage and the number of sales staff; and (iii) advertising and promotional expenses and (iv) travelling expenses.

Administrative Expenses

Administrative expenses increased by 48% to HK$37.7 million for the six months ended 30 June 2011 from HK$25.5 million for the six months ended 30 June 2010 primarily reflecting increase in research and development costs and corporate office expenses.

Net Profit and Net Profit Margin

As a result of the foregoing, the profit for the period attributable to the equity holders of the Company increased by 34% to HK$67.2 million for the six months ended 30 June 2011 from HK$50.2 million for the six months ended 30 June 2010.

The net profit margin decreased to 14.9% for the six months ended 30 June 2011 from 18.7% for the six months ended 30 June 2010. Decline in net profit margin was mainly due to decrease in gross profit margin; partially offset by reduction in administrative expenses as a percentage of revenue and decrease in effective tax rate.

Outlook

Currently, PAX is one of the dominant market leaders in POS terminals solutions market in China. The largest customers of PAX include major merchant services providers and financial institutions in China. We have also become one of the suppliers of China Mobile. PAX has positioned itself as a global POS terminal solutions provider since its establishment in 2000, with our persistent effort in expanding presence and increasing market shares in international market, our POS products have been sold to more than 60 overseas countries and regions including the United States, Singapore, Taiwan, Japan, South Korea, New Zealand, France, Finland, Saudi Arabia, South Africa and Russia.

China is of one of the world's fastest growing economies with huge commercial business potential. With a relatively low POS terminals penetration rate compared with most developed countries, robust growth in card payment transactions and gradual development of consumer spending habit of using bank cards, have formed a concrete foundation for POS terminal solutions industry in China. Further increase in the penetration of electronic payment stimulated by PRC government's continuous support to modernize the country's electronic payment infrastructure, is expected to drive the demand for POS terminal solutions products in China.

Riding the high tide of growth in electronic payment industry in China, PAX continuously seeks new business opportunities and revenue sources. We are also well prepared for grasping the growth opportunities of the third party payment markets in China.

With the continous global market consolidation, demand for POS terminals in both mature and emerging markets will provide many opportunities for PAX. PAX has accumulated well-established sales and distribution channels in various major markets through its continuous expansion throughout the world. In addition to the extensive coverage in its existing markets, PAX has attained important breakthroughs in Middle East, New Zealand, North Europe, Japan, the United States and Canada, which laid a solid foundation for our growth in these markets. The management is confident that overseas sales will maintain its rapid growth in coming future.

Looking forward, PAX will focus on several major areas including: (i) to maintain and enhance our leading position in China through continuous development of innovative products that meet the customers' demand; (ii) to further improve our research capability; (iii) to expand and optimize our sales and after-sales service networks and enlarge the scope of business and our market share in major international markets; and (iv) to seek potential merger and acquisition opportunities.

Leveraging our leading position in POS terminal solutions market in China, we believe that we will manage to capture the rapid development of the market. Coupled with the splendid opportunity emerging in the global market, all these will lay a solid foundation for our future development, leading us towards our goals – "To become one of the leading players in the global market".

Liquidity and financial resources

As at 30 June 2011, the Group had cash and short-term bank deposit of HK$1,051.8 million (31 December 2010: HK$1,066.5 million). As at 30 June 2011, the Group reported net current assets of HK$1,459.2 million, as compared with HK$1,275.7 million as at 31 December 2010. For the six months ended 30 June 2011, net cash used in operating activities was HK$113.6 million, as compared with HK$49.5 million for the six months ended 30 June 2010.

Capital structure and details of charges

As at 30 June 2011, the Group did not have any borrowings (31 December 2010: Nil).

Approximately HK$72.3 million, HK$847.7 million, HK$130.8 million and HK$0.9 million (31 December 2010: HK$229.0 million, HK$746.7 million, HK$89.8 million and HK$1.0 million) of the Group's cash balances were denominated in Renminbi ("RMB"), Hong Kong dollar ("HK$"), US dollar ("US$") and Euro respectively as at 30 June 2011.

Significant investment

Save as disclosed in this announcement, the Group has no significant investment held as at 30 June 2011.

Material acquisition and disposal of subsidiaries

Save as disclosed in this announcement, the Group does not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2011.

Use of Proceeds

The net proceeds raised from the Global Offering received by the Company was approximately HK$805.9 million. The net proceeds from the Global Offering was intended to be utilised over the three years from 2011 to 2013.

The planned and utilised amount of usage of total net proceeds are as follows:

	Net IPO Proceeds	
	Planned amount	**Utilised amount**
	HK$ million	*HK$ million*
Enhancing research and development effort	322.4	19.8
Expanding distribution network	120.8	8.4
Potential merger and acquisition	282.1	–
General working capital	80.6	80.6
	805.9	108.8

The remaining net proceeds have been placed on deposits with banks in Hong Kong.

Exchange rates exposure

The Group derives its revenue, makes purchases and incurs expenses denominated mainly in RMB, HK$ and US$. The majority of assets and liabilities are denominated in RMB, HK$ and US$, and there are no significant assets and liabilities denominated in other currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK$ 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 exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. 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 2011.

Human Resources and Remuneration Policies

The total number of employees of the Group as at 30 June 2011 was 452. The following table shows a breakdown of employees of the Group by function as at 30 June 2011:

Management	11
Sales and after-sales services and marketing	157
Research and development	226
Quality assurance	13
Administration and human resources	13
Accounting	12
Production, procurement and inventory control	20
	452

The Group ensures that its remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. 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 EBITDA, 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 current financial performance. Additionally because 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.

SHARE CAPITAL

(a) Authorised and Issued share capital of the Company

	Number of ordinary shares	Ordinary shares of HK$0.1 each
	thousand shares	*HK$'000*
Authorised		
On 15 February 2010, date of incorporation	–	–
Initial authorised share capital	1,000	100
At 30 June 2010	1,000	100
At 1 January 2011 and 30 June 2011	2,000,000	200,000
Issued and fully paid		
On 15 February 2010, date of incorporation and at 30 June 2010	–	–
At 1 January 2011	1,000,000	100,000
Shares issued for over-allotment option in connection with the Global Offering	37,728	3,773
	1,037,728	103,773

(b) Over-allotment Option

In connection with the Global Offering, the Company granted the over-allotment option ("Over-allotment Option") to the international underwriters of the Global Offering ("International Underwriters"), exercisable by the global coordinator of the Global Offering or their agent on behalf of the International Underwriters at any time from the listing date of the Company up to (and including) the date which is the 30th day after the last date for the lodging of application forms under the public offer and preferential offer. Pursuant to the Over-allotment Option, the global coordinator or their agent had the right to require the Company to allot and issue up to an aggregate of 47,880,000 additional new shares of the Company, representing in aggregate 15% of the offer shares initially available under the Global Offering and that these shares were issued at the Offer Price.

On 12 January 2011, the Over-allotment Option was partially exercised and the Company issued an aggregate of 37,728,000 additional shares at the Offer Price of HK$2.88 per share. Gross proceeds in relation to the over-allotment amounted to HK$108,657,000 was received by the Company on 17 January 2011. The excess of issue price over the par value of the ordinary shares were credit to share premium, after deducted the share issuance cost of HK$3,812,000. The remaining Over-allotment Option not yet exercised was expired on 13 January 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Specific enquiry had been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2011.

The Company has also established written guidelines with exact terms as set out in Appendix 10 to the Listing Rules for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles (the "Principles") and code provisions (the "Code Provisions") as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has applied in formulating its corporate governance practices the Principles and complied with all of the Code Provisions for the six months ended 30 June 2011.

The Company periodically reviews its organisational structure to ensure that operations are conducted in accordance with the standards of the CG Code.

AUDIT COMMITTEE

The Audit Committee comprises three independent non- executive Directors, namely Mr. Yip Wai Ming, Dr. Wu Min and Mr. Man Kwok Kuen, Charles. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2011 with the Directors.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors of the Company have an interest in any business constituting a competing business to the Group.

PENSION SCHEME

The subsidiaries operating in Hong Kong are required to participate in a defined contribution retirement scheme of the Group or Company set up in accordance with the Hong Kong Mandatory Provident Fund Ordinance. Under the scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK$1,000 (the "Mandatory Contributions"). The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65 years old, death or total incapacity.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 7% to 20% of the wages for the year of those workers in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those workers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained the amount of public float as required under the Listing Rules throughout the six months ended 30 June 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2011 interim results announcement is published on the Company's website at www.paxglobal.com.hk and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. The 2011 interim report will be available on the websites of The Stock Exchange of Hong Kong Limited and the Company and will be despatched to all shareholders in due course.

The 2011 interim financial information set out above does not constitute the Group's statutory financial statements for the six months ended 30 June 2011. Instead, it has been derived from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2011, which will be included in the Company's 2011 interim report.

By Order of the Board
Li Wenjin
Executive Director

Hong Kong, 22 August 2011

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