Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 327)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

	2018	2017	
	HK$'000	*HK$'000*	+/(-)
RESULTS			
Revenue	**4,415,409**	3,591,080	+23.0%
Gross profit	**1,626,681**	1,457,593	+11.6%
Operating profit	**639,269**	428,023	+49.4%
Profit before income tax	**632,742**	424,540	+49.0%
Profit for the year	**515,398**	336,566	+53.1%
Profit attributable to the owners of the Company	**522,470**	407,507	+28.2%

	2018	2017	+/(-)
	HK$	*HK$*	
Earnings per share			
– Basic	**0.475**	0.367	+29.4%
– Diluted	**0.475**	0.367	+29.4%
Proposed final dividend per ordinary share	**0.04**	0.04	–

	2018	2017	
	HK$'000	*HK$'000*	+/(-)
KEY BALANCE SHEET ITEMS			
Total current assets	**5,343,736**	4,839,173	+10.4%
Total assets	**5,775,554**	5,232,216	+10.4%
Net current assets	**3,802,754**	3,521,846	+8.0%
Total equity	**4,212,608**	3,897,066	+8.1%

* *For identification purpose only*

The board of directors (the "Board") of PAX Global Technology Limited (the "Company" or "PAX") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, with comparative figures for the year ended 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is one of the global leading suppliers of electronic payment point-of-sale terminals ("E-payment Terminals") solutions, engaging in research and development ("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 industry's widest and most innovative product portfolio.

The PAX brand image has been further enhanced since the launch of the new generation innovative A-series family of Android terminals and the E-series family of all-in-one smart electronic cash register. In addition to basic payment and marketing functions, markets are pursuing more valuable customer relationship management and data analysis tools. The Group's smart terminals empower acquiring banks and payment service providers to enhance their marketing capabilities, allow their merchants to analyse consumer behavior data, enhance customer loyalty and conduct target customer campaigns through the marketplace platform. All of the A-series and E-series models have been PCI 5.x certified, the highest specification security standard in the payment industry, supporting a variety of alternative payment methods, including QR code payments such as WeChat pay, Alipay, and Near Field Communication ("NFC") contactless payment.

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.

Overseas markets

Latin America and the Commonwealth of Independent States ("LACIS")

In Latin America & CIS (the latter includes Russia and the Commonwealth of Independent States), the Group recorded remarkable revenue growth of over 50% in two consecutive years. Impressive sales were achieved in Brazil, the largest economy in Latin America, where smartphone penetration is undergoing significant growth, together with mature card usage habits of Brazilians and the government's initiatives on payment, are fueling strong demand for PAX terminals from local merchant acquiring organisations. PAX and our distributor have worked closely with prestigious banks and payment service providers in Brazil, some of which successfully launched IPOs in the United States during 2018, further strengthening the PAX brand image in the region. In addition to having solid leading position in Brazilian mobile payment terminals market, PAX's mobile traditional terminals are also highly recognised by the market. In 2018, PAX has begun deploying new generation Android smart terminals in Brazil, Mexico, Argentina and other markets in LACIS.

In Russia, the rollout of the national "Mir" payment system and the 2018 FIFA World Cup contributed to significant growth of the electronic payment sector. According to the Central Bank of Russian Federation, the number of E-payment Terminals nationwide reached 2,465,898 as of October 2018, representing an increase of 12.6% when compared with 2,189,060 units in 2017. PAX terminals played an important role in payment during the 2018 FIFA World Cup, providing fans in and around stadium locations with convenient cashless payments.

Europe, Middle East and Africa ("EMEA")

Across EMEA, the Group has further strengthened its working relationship with acquiring banks and payment service providers. In recent years, some payment terminal companies operating in Europe have shifted their businesses focus towards the merchant acquiring and transaction processing segments, which has opened up opportunities for PAX to capture the terminal market share. In 2018, PAX recorded steady sales growth in many European markets including Italy, Belgium, Germany and Poland. Meanwhile, the Group also obtained important certifications in France, Spain, Denmark, Italy and the United Kingdom. Among these, the French Carte Bancaire 5.5 certification, the Italian PagoBANCOMAT certification and Common.SECC approval in the United Kingdom, have contributed to an important strategic breakthrough for the Group's European business expansion. Driven by ongoing technology upgrade of E-payment Terminals, major acquiring banks are replacing older generation with the more recent PCI 4.x and PCI 5.x versions, PAX has been experiencing growing demand for its products in Europe. In the Middle East and North Africa, PAX maintained its market leading position. In Egypt, PAX has recorded large volume sales for the second consecutive year. The Group continues to explore more opportunities in Western Africa, where E-payment Terminals solutions are still relatively underdeveloped.

Asia Pacific Region (Except for Mainland China) ("APAC")

The Asia Pacific region provided steady growth for PAX, with further expansion through the Group's newly established subsidiaries in Japan and India. Although cash payment is still the mainstream transaction method in Japan, the 2019 Rugby World Cup, the 2020 Tokyo Olympics, as well as the promotion of the Europay, MasterCard and Visa ("EMV") migration and cashless society by the local government, will drive the significant growth of the Japanese payment market in the coming years.

Driven by Indian government's "Digital India" initiative, PAX has further partnered with numbers of the mainstream acquiring banks and payment service companies and recorded a strong sales growth during the year.

Since the acquisition of Kwang Woo Information & Communication Co., Ltd., a Korean E-payment Terminals provider in 2017, the Group has successfully expanded its global footprint to Korea and aims to further scale up its business in the coming years.

United States of America and Canada Region ("USCA")

According to the Nilson Report, an industry report, it is expected that the total consumer payment in the United States will increase from approximately US$10 trillion in 2017 to approximately US$13 trillion in 2022. The proportion of card payments will increase from 62.3% to 70.4%.

PAX's comprehensive product line and reputation of high product quality continue to be well received by merchants in North America. In view of the growing emphasis by chain store retailers on customer relationship management and data analytics, the Group increases investment in R&D, continues to innovate and launch more diversified E-payment solutions and management platform. In the past two years, PAX launched the new generation E-Series which has proven to be very popular with merchants across the region.

With increasing PAX brand recognition in the United States, the Group has successfully partnered with many new clients. Meanwhile, PAX has further strengthened the partnership with leading global merchant acquirers which have begun rolling out PAX's Android smart terminals.

China Market

In 2018, the People's Bank of China established NetsUnion Clearing Corporation to monitor third-party online payment transactions, and mandated that payment institutions should realise 100% centralised deposit of clients' pending payments by mid-January 2019. Implementation of various reform policies would facilitate stable and healthy development of Chinese payment industry. Since 2018, in particular the second half of the year, the escalating international trade disputes have created uncertainty in the Chinese economy, domestic companies have been facing unprecedented challenges. The Group will continue to closely monitor and evaluate the rapidly changing market environment, as well as credit risk status of customers. In 2018, PAX established a dedicated China Business Unit, with its own independent R&D, sales and marketing resources to strategically respond to the rapidly evolving Chinese market.

MANAGEMENT STRATEGY

The Group adheres to a corporate culture of continuous innovation and excellence, adopting a customer-centric approach to deliver remarkable payment experience for customers worldwide. Amid rapid payment industry development, the Group continues to prioritise R&D as the main focus of enterprise development, introducing more advanced secure E-payment Terminals to meet different market needs.

PAX has further increased investment in payment software and platforms to facilitate customers with sales and marketplace management, strengthening their loyalty to PAX's brand. PAXSTORE, the Group's payment service solution, has been launched in many countries worldwide.

Looking forward, PAX will continue to adopt an open and innovative approach to working with global customers and partners, exploring further strategic cooperation and synergies. PAX will also continue to invest in its product roadmap, with particular focus on the highly flexible all-in-one Android smart terminals, enabling customisation of payment solutions to meet the specific needs of different business scenarios. Meanwhile, the Group will work closely with merchant acquirers and distributors, to continue to develop more innovative software and solutions for merchants globally.

Mergers & Acquisitions

With the aim of enhancing corporate value, the Group continues to proactively pursue a variety of mergers and acquisitions investment opportunities. PAX will expand its diversified solutions, explore payment-related innovations, as well as further develop sales channels and new markets to strengthen its international business footprint. In January 2019, the Group established a joint venture with CCV Group B.V. ("CCV"), one of Europe's largest payment service and solution providers, focusing on the development of new payment technologies, specifically on the development of unattended self-service terminals for public transportation, petroleum forecourts, parking and vending machines. The cooperation will achieve synergies by collaborating with CCV's expertise in hardware specifications and development, and software integration with third party solutions while leveraging PAX's global sales network.

China is now at the forefront of the world's financial technology. The Group has further increased its investment in a Beijing based fund to Renminbi ("RMB") 85 million. Through this fund, PAX invests in high-quality emerging technology projects and start-ups to strengthen the Group's competitive advantages in financial technology to capture the huge business opportunities in China's payment industry.

FINANCIAL REVIEW

The key financial figures for the year ended 31 December 2018 are extracted as follows:

	For the year ended 31 December		
	2018	2017	
	HK$'000	*HK$'000*	+/(-)
Revenue	**4,415,409**	3,591,080	+23.0%
Gross profit	**1,626,681**	1,457,593	+11.6%
Other income	**76,929**	72,838	+5.6%
Selling expenses	**(437,809)**	(426,432)	+2.7%
Administrative expenses	**(590,819)**	(498,780)	+18.5%
Net impairment losses on financial assets	**(43,290)**	(43,220)	+0.2%
Impairment of assets (one-off in 2017)	**–**	(136,192)	N/A
Profit before income tax	**632,742**	424,540	+49.0%
Income tax expense	**(117,344)**	(87,974)	+33.4%
Profit for the year	**515,398**	336,566	+53.1%
Profit attributable to the owners of the Company	**522,470**	407,507	+28.2%
Research and development costs (included in administrative expenses)	**(332,016)**	(287,230)	+15.6%

	As at 31 December		
	2018	2017	
	HK$'000	*HK$'000*	+/(-)
Total current assets	**5,343,736**	4,839,173	+10.4%
Total non-current assets	**431,818**	393,043	+9.9%
Total assets	**5,775,554**	5,232,216	+10.4%
Total current liabilities	**1,540,982**	1,317,327	+17.0%
Total non-current liabilities	**21,964**	17,823	+23.2%
Total liabilities	**1,562,946**	1,335,150	+17.1%
Net current assets	**3,802,754**	3,521,846	+8.0%
Total equity	**4,212,608**	3,897,066	+8.1%

	For the year ended 31 December		
	2018	2017	+/(-)
PER SHARE *(IN HK$)*			
Earnings per share for the profit attributable to the owners of the Company			
– Basic	**0.475**	0.367	+29.4%
– Diluted	**0.475**	0.367	+29.4%

	For the year ended 31 December	
	2018	2017
FINANCIAL RATIOS		
Gross profit margin	36.8%	40.6%
Net profit margin	11.7%	9.4%

Revenue

Turnover increased by 23.0% or HK$824.3 million to HK$4,415.4 million for the year ended 31 December 2018 from HK$3,591.1 million for the year ended 31 December 2017. Turnover from overseas markets grew by HK$1,129.8 million to HK$3,732.3 million, representing a growth of 43.4%. Turnover from the China Market decreased by 30.9% year-on-year or HK$305.5 million to HK$683.1 million.

i) ***Sales by Geographical Region***

	For the year ended 31 December		
	2018	2017	
	HK$'000	*HK$'000*	+/(-)
Overseas markets			
– LACIS	**2,408,613**	1,479,993	+62.7%
– EMEA	**680,387**	609,284	+11.7%
– APAC	**380,990**	258,477	+47.4%
– USCA	**262,302**	254,723	+3.0%
	3,732,292	2,602,477	+43.4%
China Market	**683,117**	988,603	-30.9%
	4,415,409	3,591,080	+23.0%

Turnover generated from overseas markets increased by 43.4% to HK$3,732.3 million for the year ended 31 December 2018 from HK$2,602.5 million for the year ended 31 December 2017. Turnover generated from overseas markets accounted for 84.5% of total revenue for the year ended 31 December 2018, growing from 72.5% for the year ended 31 December 2017. All overseas business units recorded growth, especially the LACIS region.

Turnover generated from the China Market decreased by 30.9% to HK$683.1 million for the year ended 31 December 2018, from HK$988.6 million for the year ended 31 December 2017. The decrease was mainly due to the influence of the product mix shifting and the continuously keen price competition.

ii) Sales by Product Category

	For the year ended 31 December		
	2018	2017	
	HK$'000	*HK$'000*	+/(-)
E-payment Terminals	**4,331,207**	3,429,679	+26.3%
Services	**84,202**	161,401	-47.8%
Total	**4,415,409**	3,591,080	+23.0%

E-payment Terminals products

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 26.3% to HK$4,331.2 million for the year ended 31 December 2018 from HK$3,429.7 million for the year ended 31 December 2017. The growth is attributed to the increase in sales in the overseas markets during the year.

Services

Services income consists of income generated from the provision of maintenance and installation services and payment solutions services.

Turnover from services decreased by 47.8% to HK$84.2 million for the year ended 31 December 2018 from HK$161.4 million for the year ended 31 December 2017. The decrease was mainly attributable to the termination of the operation of the Group's non-wholly owned subsidiaries, Shanghai New Kashuo Information Technology Limited ("Shanghai Kashuo") and its subsidiaries (collectively, the "Kashuo Group") in 2017.

Gross Profit Margin

Gross profit margin for the year ended 31 December 2018 was 36.8%, representing a decrease in 380 basis points as compared to 40.6% for the year ended 31 December 2017. The decrease was mainly due to the incentives given to long-term customers in overseas markets and the keen price competition in China Market.

Other Income

Other income comprises primarily value-added tax refund, interest income from time deposit and subsidy income. It increased slightly by 5.6% to HK$76.9 million for the year ended 31 December 2018 from HK$72.8 million for the year ended 31 December 2017, due to the increase of interest income.

Selling Expenses

Selling expenses increased by 2.7% to HK$437.8 million for the year ended 31 December 2018, from HK$426.4 million for the year ended 31 December 2017. Excluding Kashuo Group's selling expenses incurred in prior period, the selling expenses grew generally in line with the turnover growth.

Administrative Expenses

Administrative expenses increased by 18.5% to HK$590.8 million for the year ended 31 December 2018 from HK$498.8 million for the year ended 31 December 2017. The increase was mainly due to the increase in certification expenses and R&D investment in the United States of America (the "US").

Net Impairment Losses on Financial Assets

The Group has recognised a provision for net impairment of receivables of HK$43.3 million during the year, mainly in relation to the trade receivables of certain customers in China. Detail is set out in note 9 in this announcement.

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

As a result of the foregoing, profit for the year was HK$515.4 million, representing an increase of 53.1% compared to HK$336.6 million in 2017.

In 2018, profit for the year attributable to the owners of the Company was HK$522.5 million, representing an increase of 28.2% as compared to HK$407.5 million in 2017.

Other Event

References is made to the announcement of the Company dated 16 November 2017, the disclosure in the Company's 2017 annual report and 2018 interim report concerning Kashuo Group.

In July 2018, a court of competent jurisdiction in Shanghai rendered a civil ruling in acceptance of Shanghai Kashuo's application for bankruptcy liquidation in accordance with the Enterprise Bankruptcy Law of the People's Republic of China. 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. As at 31 December 2018, the liquidation process was still underway.

Liquidity and Financial Resources

During the years of 2018 and 2017, the main source of funding to the Group was the proceeds generated from operating activities in the usual course of business of the Company. Certain financial data is summarised as follows:

	As at 31 December	
	2018	2017
Current ratio (times)	**3.5**	3.7
Quick ratio (times)	**2.7**	3.0

As at 31 December 2018, the Group had cash and cash equivalents and short-term bank deposits of HK$2,162.7 million (2017: HK$2,165.2 million) and borrowings of HK$8.2 million (2017: HK$14.4 million). As at 31 December 2018, the Group reported net current assets of HK$3,802.8 million, as compared with HK$3,521.8 million as at 31 December 2017. For the year ended 31 December 2018, net cash generated from operating activities was HK$198.3 million, as compared with HK$214.5 million for the year ended 31 December 2017. The gearing ratio (defined as total debt divided by total capital) was 0.2% as at 31 December 2018 (2017: 0.4%). 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 31 December 2018, the Group had borrowings of HK$8.2 million (2017: HK$14.4 million) and banking facilities of approximately HK$11.9 million (2017: HK$18.0 million). The borrowings were used in the operation in Korea and denominated in Korean Won ("WON"). The borrowings of HK$8.2 million (2017: HK$10.7 million) were secured by the land and buildings of a Korean subsidiary of the Company.

Approximately HK$1,385.2 million, HK$169.6 million, HK$537.4 million, HK$57.8 million and HK$10.2 million (2017: HK$1,202.7 million, HK$516.0 million, HK$396.7 million, HK$42.3 million and HK$7.6 million) of the Group's cash balances were denominated in RMB, Hong Kong dollar ("HK$"), US dollar ("US$"), European dollar ("EUR") and other currencies respectively as at 31 December 2018.

Significant Investment

The Group held no significant investment as at 31 December 2018 (2017: 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 year ended 31 December 2018 (2017: Nil).

Future Plans for Material Investments or Capital Assets

There was no specific plan for material investments or capital assets as at 31 December 2018 (2017: Nil).

Exchange Rates Exposure

The Group derives its turnover, makes purchases and incurs expenses denominated mainly in RMB, HK$, US$ and EUR. The majority of assets and liabilities are denominated in RMB, HK$, US$ and EUR 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 that 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 31 December 2018 (2017: Nil).

Human Resources and Remuneration Policies

The total number of employees of the Group as at 31 December 2018 was 1,723. The following table shows a breakdown of employees of the Group by functions as at 31 December 2018:

Management	13
Sales and after-sales services and marketing	482
Research and development	827
Quality assurance	39
Administration and human resources	46
Accounting	33
Production, procurement and inventory control	283
	1,723

The Group ensures that its remuneration packages are comprehensive and competitive from time to time. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. Share options are granted to certain employees of the Group to reward their contributions under the share option scheme of the Company, details of which are set out in the Company's 2018 annual report. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's business.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures 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.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**4,415,409**	3,591,080
Cost of sales	*5*	**(2,788,728)**	(2,133,487)
Gross profit		**1,626,681**	1,457,593
Other income	*3*	**76,929**	72,838
Other gains	*3*	**7,577**	2,216
Selling expenses	*5*	**(437,809)**	(426,432)
Administrative expenses	*5*	**(590,819)**	(498,780)
Net impairment losses on financial assets	*5*	**(43,290)**	(43,220)
Impairment of assets	*5*	**–**	(136,192)
Operating profit		**639,269**	428,023
Finance costs		**(4,768)**	(3,801)
Share of result of an investment accounted for using the equity method		**(1,759)**	318
Profit before income tax		**632,742**	424,540
Income tax expense	*6*	**(117,344)**	(87,974)
Profit for the year		**515,398**	336,566
Profit/(loss) attributable to:			
Owners of the Company		**522,470**	407,507
Non-controlling interests		**(7,072)**	(70,941)
		515,398	336,566
		HK$ per share	*HK$ per share*
Earnings per share for the profit attributable to the owners of the Company:			
– Basic	*7(a)*	**0.475**	0.367
– Diluted	*7(b)*	**0.475**	0.367

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**515,398**	336,566
Other comprehensive (loss)/income, net of tax		
Items that may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**(104,674)**	168,423
Change in values of available-for-sale financial assets	**–**	(6,145)
Items that will not be reclassified to profit or loss		
Change in value of a financial asset at fair value through other comprehensive income	**(7,269)**	–
Remeasurement of post-employment benefit obligation	**103**	(141)
Total comprehensive income for the year, net of tax	**403,558**	498,703
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**405,952**	572,058
Non-controlling interests	**(2,394)**	(73,355)
	403,558	498,703

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**72,368**	51,558
Land use rights		**76,023**	84,473
Intangible assets		**81,647**	90,259
Financial asset at fair value through profit or loss		**94,058**	–
Financial asset at fair value through other comprehensive income		**11,870**	–
Available-for-sale financial assets		**–**	74,517
Investment accounted for using the equity method		**17,974**	20,720
Other non-current assets		**46,174**	52,785
Deferred income tax assets		**31,704**	18,731
Total non-current assets		**431,818**	393,043
Current assets			
Inventories		**1,182,015**	918,452
Other current assets		**24,938**	22,991
Other financial assets at amortised cost	*9*	**5,847**	16,602
Trade and bills receivables	*9*	**1,919,408**	1,703,414
Restricted cash		**48,816**	12,490
Short-term bank deposits		**2,520**	–
Cash and cash equivalents		**2,160,192**	2,165,224
Total current assets		**5,343,736**	4,839,173
Total assets		**5,775,554**	5,232,216

	Notes	As at 31 December 2018 HK$'000	2017 HK$'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**110,019**	110,019
Reserves		**4,132,034**	3,812,757
		4,242,053	3,922,776
Non-controlling interests		**(29,445)**	(25,710)
Total equity		**4,212,608**	3,897,066
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**8,641**	10,123
Other non-current liabilities		**13,323**	7,700
Total non-current liabilities		**21,964**	17,823
Current liabilities			
Trade and bills payables	*10*	**1,190,447**	953,084
Other payables and accruals	*10*	**259,120**	281,585
Current tax liabilities		**83,171**	68,291
Borrowings		**8,244**	14,367
Total current liabilities		**1,540,982**	1,317,327
Total liabilities		**1,562,946**	1,335,150
Total equity and liabilities		**5,775,554**	5,232,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

PAX Global Technology Limited (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 sales of electronic funds transfer point-of-sale ("E-payment Terminals") products, provision of payment solutions services and 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.

These financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the available-for-sale financial assets ("AFS"), financial asset at fair value through other comprehensive income ("FVOCI"), financial asset at fair value through profit or loss ("FVPL"), contingent consideration payable and post-employment benefit obligation which are measured at fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 *Changes in accounting policy and disclosures*

(a) *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. Of these, the following are relevant to the Group's consolidated financial statements.

- HKFRS 9 Financial Instruments, and

- HKFRS 15 Revenue from Contracts with Customers

The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") on the Group's consolidated financial statements.

The adoption of HKFRS 15 did not have any material impact on the Group's consolidated financial statements.

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements as described below. In accordance with the transitional provisions in HKFRS 9, HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated balance sheet as at 31 December 2017, but are recognised in the opening consolidated balance sheet on 1 January 2018.

Impact of adoption

Classification and measurement of financial instruments

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

	31 December 2017, as originally presented	**Reclassify from available-for-sale financial asset to financial asset at fair value through other comprehensive income** *(note (a))*	**Reclassify from available-for-sale financial asset to financial asset at fair value through profit or loss** *(note (b))*	**1 January 2018, as restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale financial assets				
– Unlisted investment fund	55,378	–	(55,378)	–
– Unlisted equity investment	19,139	(19,139)	–	–
	74,517	(19,139)	(55,378)	–
Financial asset at fair value through profit or loss				
– Unlisted investment fund	–	–	55,378	55,378
Financial asset at fair value through other comprehensive income				
– Unlisted equity investment	–	19,139	–	19,139

	Available-for-sale revaluation reserve *HK$'000*	Financial asset at fair value through other comprehensive income reserve *HK$'000*	Retained earnings *HK$'000*
Balance at 31 December 2017, as originally presented	(6,145)	–	2,869,951
Unlisted equity investment – Reclassify from AFS to financial asset at FVOCI *(note (a))*	553	(553)	–
Unlisted investment fund – Reclassify from AFS to financial asset at FVPL *(note (b))*	5,592	–	(5,592)
Balance at 1 January 2018, as restated	–	(553)	2,864,359

Notes:

(a) Reclassification of available-for-sale financial asset to financial asset at fair value through other comprehensive income – unlisted equity investment

The Group elected to present change in the fair value of its equity investment (previously classified as AFS) in other comprehensive income as it is a long-term and strategic investment that is not expected to be sold in the short to medium term. As a result, the AFS with fair value of HK$19,139,000 as at 1 January 2018 was reclassified to financial asset at FVOCI and the related cumulative fair value loss of HK$553,000 was reclassified from available-for-sale revaluation reserve to financial asset at FVOCI reserve on 1 January 2018.

(b) Reclassification of available-for-sale financial asset to financial asset at fair value through profit or loss – unlisted investment fund

The unlisted investment fund of the Group with fair value of HK$55,378,000 as at 1 January 2018 was reclassified from AFS to financial asset at FVPL. It does not meet the HKFRS 9 criteria for classification at amortised cost and FVOCI, as its cash flows do not represent solely payments of principal and interest and the unlisted investment fund has a definite life.

Related cumulative fair value loss of HK$5,592,000 were transferred from the available-for-sale revaluation reserve to retained earnings on 1 January 2018. During the year ended 31 December 2018, fair value gain of HK$2,888,000 relating to the investment was recognised in the consolidated income statement.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities.

Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade and bills receivables
- other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While restricted cash, short-term bank deposits and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade and bills receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade and bills receivables. To measure the expected credit losses, receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected credit loss rates are determined based on historical credit losses experienced from the past 3 years and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

Management has closely monitored the credit qualities and the collectability of the trade and bills receivables. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade and bills receivables as at 1 January 2018.

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(b) *Impact of standards issued but not yet applied by the Group*

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$35,986,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the entity's consolidated financial statements.

3 REVENUE, OTHER INCOME AND OTHER GAINS

The Group is principally engaged in the sales of E-payment Terminals products, the provision of payment solutions services and maintenance and installation services. Revenue, other income and other gains recognised during the year are as follows:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of E-payment Terminals products	**4,331,207**	3,429,679
Provision of payment solutions services and maintenance and installation services	**84,202**	161,401
	4,415,409	3,591,080
Other income		
Interest income	**22,321**	20,847
Value-added tax refund *(note (i))*	**34,770**	35,182
Subsidy income	**8,891**	12,286
Others	**10,947**	4,523
	76,929	72,838
Other gains		
Fair value gain on a financial liability at fair value through profit or loss	**4,689**	2,216
Fair value gain on a financial asset at fair value through profit or loss	**2,888**	–
	7,577	2,216

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

4 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 year by segment is as follows:

	Year ended 31 December 2018					
	PRC, excluding Hong Kong, Macau and Taiwan *HK$'000*	**Hong Kong and others** *HK$'000*	**US** *HK$'000*	**Italy** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Turnover from external customers	**1,093,308**	**2,909,271**	**261,804**	**151,026**	**–**	**4,415,409**
Inter-segment turnover	**2,156,272**	**281,875**	**–**	**–**	**(2,438,147)**	**–**
Total turnover	**3,249,580**	**3,191,146**	**261,804**	**151,026**	**(2,438,147)**	**4,415,409**
Segmental (losses)/earnings before interest expense, taxes, depreciation and amortisation ("(LBITDA)"/"EBITDA")	**(78,994)**	**813,512**	**(23,360)**	**592**	**(52,142)**	**659,608**
Depreciation *(Note 5)*	**(7,384)**	**(1,807)**	**(509)**	**(1,478)**	**–**	**(11,178)**
Amortisation *(Note 5)*	**(4,321)**	**(3,037)**	**–**	**(1,803)**	**–**	**(9,161)**
Segmental operating (loss)/profit	**(90,699)**	**808,668**	**(23,869)**	**(2,689)**	**(52,142)**	**639,269**
Finance costs						**(4,768)**
Share of result of an investment accounted for using the equity method						**(1,759)**
Profit before income tax						**632,742**
Income tax expense						**(117,344)**
Profit for the year						**515,398**

	Year ended 31 December 2017					
	PRC, excluding Hong Kong, Macau and Taiwan *HK$'000*	Hong Kong and others *HK$'000*	US *HK$'000*	Italy *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Turnover from external customers	1,417,336	1,811,570	254,723	107,451	–	3,591,080
Inter-segment turnover	1,368,869	130,505	–	123	(1,499,497)	–
Total turnover	2,786,205	1,942,075	254,723	107,574	(1,499,497)	3,591,080
Segmental EBITDA, excluding impairment of assets	87,600	494,079	3,659	2,110	7,774	595,222
Depreciation *(Note 5)*	(21,023)	(567)	(170)	(1,066)	–	(22,826)
Amortisation *(Note 5)*	(6,227)	(500)	–	(1,454)	–	(8,181)
Impairment of assets *(Note 5)*	(136,192)	–	–	–	–	(136,192)
Segmental operating (loss)/profit	(75,842)	493,012	3,489	(410)	7,774	428,023
Finance costs						(3,801)
Share of result of an investment accounted for using the equity method						318
Profit before income tax						424,540
Income tax expense						(87,974)
Profit for the year						336,566

The segment assets and liabilities as at 31 December 2018 and additions to non-current assets for the year ended 31 December 2018 are as follows:

	As at 31 December 2018					
	PRC, excluding Hong Kong, Macau and Taiwan	**Hong Kong and others**	**US**	**Italy**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**3,935,394**	**2,263,502**	**264,424**	**99,399**	**(787,165)**	**5,775,554**
Segment liabilities	**1,713,857**	**291,512**	**331,233**	**47,791**	**(821,447)**	**1,562,946**

	Year ended 31 December 2018					
	PRC, excluding Hong Kong, Macau and Taiwan	**Hong Kong and others**	**US**	**Italy**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Additions to non-current assets	**37,360**	**82**	**463**	**3,575**	**–**	**41,480**

The segment assets and liabilities as at 31 December 2017 and additions to non-current assets for the year ended 31 December 2017 are as follows:

	As at 31 December 2017					
	PRC, excluding Hong Kong, Macau and Taiwan	Hong Kong and others	US	Italy	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	3,728,617	1,877,835	193,693	99,475	(667,404)	5,232,216
Segment liabilities	1,484,612	319,254	230,166	50,835	(749,717)	1,335,150

	Year ended 31 December 2017					
	PRC, excluding Hong Kong, Macau and Taiwan	Hong Kong and others	US	Italy	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to non-current assets	112,194	66,981	608	33,888	–	213,671

Additions to non-current assets mainly comprise additions to property, plant and equipment and other non-current assets (2017: additions to property, plant and equipment, prepayments for land use rights, intangible assets and other non-current assets including additions resulting from acquisitions through business combinations).

In 2018, revenue of approximately HK$2,026,649,000 (2017: HK$1,163,702,000) is derived from the largest customer, representing 45.9% (2017: 32.4%) of the total revenue, which is attributable to the HK operating segment; HK$195,099,000 (2017: HK$259,617,000) is derived from the second largest customer, representing 4.4% (2017: 7.2%) of the total revenue, which is attributable to the PRC operating segment (2017: same).

Information provided to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

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

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

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	**301,909**	244,700
Hong Kong and others	**81,877**	96,718
US	**516**	562
Italy	**47,516**	51,063
	431,818	393,043

5 EXPENSES BY NATURE

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Remuneration to the Company's auditor		
– Group's annual audit services	**1,720**	1,770
– audit services for subsidiaries of the Group	**333**	290
– non-audit services	**780**	1,209
Remuneration to other auditor	**225**	435
Depreciation of property, plant and equipment	**11,178**	22,826
Amortisation of land use rights	**4,321**	3,173
Amortisation of intangible assets	**4,840**	5,008
Employee benefit expenses (including Directors' emoluments)	**527,433**	482,845
Costs of inventories sold	**2,709,172**	2,098,181
Operating lease rentals in respect of office premises	**30,655**	32,429
Research and development costs	**332,016**	287,230
Sales commission	**28,196**	25,509
Losses on disposals of property, plant and equipment	**1,786**	30
Provision/(reversal of provision) for obsolete inventories	**43,071**	(1,824)
Net impairment losses on financial assets *(note a)*	**43,290**	43,220
Impairment of assets *(note a)*	**–**	136,192

Note a:

In 2017, due to the unexpected market competition and increasing uncertainties in the China Market, the Group decided not to further the business of Kashuo Group and to scale down the expansion plan of Suzhou Ieasy Information Technology Co. Ltd ("Suzhou Ieasy"). As a result, the Group recognised an impairment of assets relating to the operation of Kashuo Group amounting to HK$118,679,000 and Suzhou Ieasy amounting to HK$17,513,000 for the year ended 31 December 2017. The total amount of HK$136,192,000 excludes the impairment of trade receivables of Kashuo Group of HK$40,279,000 which had been included as part of the net impairment losses on financial assets for the year ended 31 December 2017.

6 INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current income tax on profit for the year		
– China corporate income tax	**6,466**	15,277
– Hong Kong profits tax	**136,764**	82,228
– Overseas profits tax	**1,172**	13
Tax incentives for research and development expenses available for subsidiaries incorporated in the PRC	**(13,100)**	(8,364)
Under/(over) provision in prior year, net	**1,565**	(1,147)
Total current income tax	**132,867**	88,007
Deferred income tax	**(15,523)**	(33)
Income tax expense	**117,344**	87,974

Hong Kong profits tax has been provided for at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year ended 31 December 2018.

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 Company, 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 2018 (2017: same).

- Wonder Pax Technology (Shenzhen) Co. Ltd. ("Wonder Pax"), a wholly owned subsidiary of the Company, obtained the approval from the relevant applicable tax authorities in April 2015 for a preferential tax treatment and is fully exempted from corporate income tax for two years, starting from 2014, followed by a 50% tax exemption for the ensuing three years. As such, the applicable corporate income tax rate of Wonder Pax is 12.5% for the year ended 31 December 2018 (2017: same).

7 EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2018	2017
Profit attributable to the owners of the Company *(HK$'000)*	**522,470**	407,507
Weighted average number of ordinary shares in issue *(thousand shares)*	**1,100,194**	1,109,277
Basic earnings per share attributable to owners of the Company *(HK$ per share)*	**0.475**	0.367

(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 year ended 31 December 2018, the share options issued were not assumed to be exercised as they would have an antidilutive impact to the basic earnings per share. For the year ended 31 December 2018 and 2017, the calculation of diluted earnings per share was based on the profit attributable to owners of the Company and the adjusted weighted average number of ordinary shares outstanding assuming the conversion of all potential dilutive ordinary shares, which was calculated as follows:

	Year ended 31 December	
	2018	2017
Profit attributable to the owners of the Company *(HK$'000)*	**522,470**	407,507
Weighted average number of ordinary shares in issue *(thousand shares)*	**1,100,194**	1,109,277
Adjustments for share options *(thousand shares)*	**N/A**	2,236
Weighted average number of ordinary shares for diluted earnings per share *(thousand shares)*	**1,100,194**	1,111,513
Diluted earnings per share attributable to owners of the Company *(HK$ per share)*	**0.475**	0.367

8 DIVIDENDS

In 2018, an interim dividend of HK$0.04 per ordinary share (2017: HK$0.04 per ordinary share) was paid, amounting to approximately HK$44,008,000 (2017: HK$44,528,000). A final dividend of HK$0.04 per ordinary share for the year ended 31 December 2018 (2017: HK$0.04 per ordinary share), amounting to HK$44,008,000 (2017: HK$44,008,000), is to be proposed at the annual general meeting on 2 May 2019. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.04 (2017: HK$0.04) per ordinary share	**44,008**	44,528
Proposed final dividend of HK$0.04 (2017: HK$0.04) per ordinary share	**44,008**	44,008
	88,016	88,536

9 TRADE AND BILLS RECEIVABLES AND OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(note (a))*	**1,892,275**	1,695,406
Amount due from a related party *(note (a))*	**90,389**	32,453
Less: provision for impairment of receivables *(note (c))*	**(84,169)**	(49,163)
Trade receivables, net	**1,898,495**	1,678,696
Bills receivables *(note (b))*	**20,913**	24,718
Trade and bills receivables	**1,919,408**	1,703,414
Other financial assets at amortised cost	**5,847**	16,602
	1,925,255	1,720,016

The fair values of trade and bills receivables and other financial assets at amortised cost approximate their carrying values as at 31 December 2018 and 2017.

Notes

(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 31 December 2018 and 2017, the ageing analysis of the trade receivables and amount due from a related party based on invoice date is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Up to 90 days	**1,040,516**	1,213,758
91 to 180 days	**614,992**	242,795
181 to 365 days	**84,754**	128,667
Over 365 days	**242,402**	142,639
	1,982,664	1,727,859

(b) Bills receivables

The balance represents bank acceptance notes with maturity periods of within six months. The maturity profile of the bills receivables of the Group is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Up to 90 days	**20,625**	11,703
91 to 180 days	**288**	13,015
	20,913	24,718

(c) Provision for impairment of receivables

The movement on the provision for impairment of receivables is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
At beginning of the year	**49,163**	4,067
Provision for impairment losses for the year *(Note 5)*	**44,713**	43,220
Reversal of provision *(Note 5)*	**(1,423)**	–
Written off	**(4,479)**	–
Exchange realignment	**(3,805)**	1,876
At end of the year	**84,169**	49,163

The rising tension in international trade dispute and tighter lending conditions in China Market in the second half of 2018 increased the challenges for the operation of certain domestic companies. Based on the assessment of the expected credit losses, the Group has made a provision for impairment of the trade receivables of HK$44,713,000 during the year ended 31 December 2018.

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivables mentioned above. The Group did not hold any collateral as security for these receivables as at 31 December 2018 (2017: same).

10 TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade and bills payables		
Trade payables	**1,114,598**	937,093
Amount due to a related party	**11,684**	15,991
Trade payables *(note (a))*	**1,126,282**	953,084
Bills payables *(note (b))*	**64,165**	–
	1,190,447	953,084
Other payables and accruals		
Receipt in advance from customers *(note (c))*	**61,246**	70,519
Other tax payables	**56,792**	95,991
Other accrued expenses and payables	**141,082**	115,075
	259,120	281,585

Notes

(a) Trade payables

The ageing analysis of trade payables (including amount due to a related party of trading in nature) based on invoice date is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Up to 90 days	**802,365**	808,948
91 to 180 days	**317,992**	137,140
181 to 365 days	**1,109**	4,175
Over 365 days	**4,816**	2,821
	1,126,282	953,084

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:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Due within 90 days	**20,494**	–
Due within 91 to 180 days	**43,671**	–
	64,165	–

(c) Receipt in advance from customers

Revenue recognised during the year ended 31 December 2018 that was included in the contract liability balance at the beginning of the year amounted to HK$36,842,000 (2017: HK$84,998,000). The Group expects to deliver the goods to satisfy the remaining performance obligations of these contract liabilities within one year or less.

11 EVENT AFTER THE BALANCE SHEET DATE

On 7 September 2018, the Group and CCV Group B.V., entered into an agreement (the "Agreement") to set up a jointly controlled entity ("JV entity") in Germany. Pursuant to the Agreement, the Group agreed to invest with an investment cost of EUR762,500 (equivalent to approximately HK$6,833,000) in and grant a shareholder loan of EUR462,500 (equivalent to approximately HK$4,143,000) to the JV entity. During the year ended 31 December 2018, a prepayment for a portion of the investment cost amounted to EUR12,500 (equivalent to approximately HK$114,000) was paid by the Group and the JV entity was subsequently incorporated in January 2019.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2018.

DIVIDEND

During the year, a final dividend of HK$0.04 per ordinary share for the year ended 31 December 2017 and an interim dividend of HK$0.04 per ordinary share for the six months ended 30 June 2018, each amounting to approximately HK$44.0 million were paid to the shareholders of the Company.

The Board has recommended a payment of final dividend of HK$0.04 per ordinary share for the year ended 31 December 2018 (year ended 31 December 2017: HK$0.04 per ordinary share) to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 14 May 2019, subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company which will be held on Thursday, 2 May 2019, and if passed, the final dividend will be paid to the shareholders of the Company on Wednesday, 29 May 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 10 May 2019 to Tuesday, 14 May 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 9 May 2019. Together with the interim dividend of HK$0.04 per ordinary share (six months ended 30 June 2017: HK$0.04 per ordinary share), the total dividend per ordinary share for the year was HK$0.08 (2017: HK$0.08).

RECORD DATE FOR DETERMINING ELIGIBILITY TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

Record date (being the last date for registration of any share transfer given there will be no book closure) for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Thursday, 25 April 2019. 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 25 April 2019.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted a code regulating the securities transaction of Directors and executive officers named in the Company's 2018 annual report, on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Specific enquiry has been made to all Directors and they have confirmed that they had complied with the Model Code throughout the year and up to the date of this announcement.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

In formulating its corporate governance practices, the Company has applied the Principles and complied with all applicable Code Provisions for the year.

The Board periodically reviews and monitors the Company's policies and practices on corporate governance or compliance with legal and regulatory requirements and employees' compliance manual. The Board also reviews the Group's employee handbook, training and continuous professional development of the Directors and the senior management to ensure that the Group's operations are conducted in accordance with the standards of the CG Code and applicable disclosure requirements.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2018.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Directors confirm that the Company has maintained at all times during the year sufficient public float as prescribed by the Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 2018 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

The financial information set out above does not constitute the Group's statutory financial statements for the financial year ended 31 December 2018. Instead, it has been derived from the Group's audited consolidated financial statements for the financial year ended 31 December 2018, which will be included in the Company's 2018 annual report.

By Order of the Board
PAX Global Technology Limited
Li Wenjin
Executive Director

Hong Kong, 6 March 2019

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, Mr. Man Kwok Kuen, Charles.