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PAX GLOBAL TECHNOLOGY LIMITED

百富環球科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 327)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS			
	For the six months ended 30 June		
	2021	2020	+/(–)
RESULTS (in HK\$'000)			
Revenue	3,318,671	2,540,779	+30.6%
Gross profit	1,327,165	1,056,731	+25.6%
Operating profit	592,904	436,628	+35.8%
Profit for the period	518,628	385,970	+34.4%
Profit for the period attributable to the owners of the Company	515,022	384,108	+34.1%
Research and development expenses (included in administrative expenses)	(231,521)	(195,332)	+18.5%
PER SHARE (in HK\$)			
Earnings per share for profit for the period attributable to the owners of the Company			
– Basic	0.470	0.353	+33.1%
– Diluted	0.455	0.353	+28.9%
Interim dividend per ordinary share	0.120	0.070	+71.4%
	As at 30 June 2021	As at 31 December 2020	+/(–)
KEY BALANCE SHEET ITEMS (in HK\$'000)			
Total current assets	6,967,774	6,955,116	+0.2%
Total assets	7,733,068	7,637,059	+1.3%
Net current assets	5,361,003	5,000,797	+7.2%
Total equity	6,024,632	5,573,572	+8.1%

* For identification purpose only

The board of directors (the “Directors”) (the “Board”) of PAX Global Technology Limited (“PAX” or the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with the unaudited comparative figures for the corresponding period in 2020 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	3,318,671	2,540,779
Cost of sales	6	(1,991,506)	(1,484,048)
Gross profit		1,327,165	1,056,731
Other income	4	60,218	44,853
Other gains/(losses), net	4	18,656	(3,691)
Selling expenses	6	(333,734)	(236,865)
Administrative expenses	6	(443,710)	(381,436)
Net impairment losses on financial assets	6	(35,691)	(42,964)
Operating profit		592,904	436,628
Finance costs		(3,528)	(3,826)
Share of results of investments accounted for using the equity method		908	(3,683)
Profit before income tax		590,284	429,119
Income tax expense	8	(71,656)	(43,149)
Profit for the period		518,628	385,970
Profit for the period attributable to:			
Owners of the Company		515,022	384,108
Non-controlling interests		3,606	1,862
		518,628	385,970
		HK\$	HK\$
		per share	per share
Earnings per share for profit for the period attributable to the owners of the Company:			
– Basic	9(a)	0.470	0.353
– Diluted	9(b)	0.455	0.353

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period	518,628	385,970
Other comprehensive income/(loss), net of tax		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	34,659	(58,538)
Release of exchange reserve upon disposal of a subsidiary	–	(756)
<i>Item that will not be reclassified to profit or loss</i>		
Change in value of a financial asset at fair value through other comprehensive income	(153)	(6,013)
Total comprehensive income for the period, net of tax	<u>553,134</u>	<u>320,663</u>
Total comprehensive income for the period		
attributable to:		
Owners of the Company	550,876	317,368
Non-controlling interests	<u>2,258</u>	<u>3,295</u>
	<u>553,134</u>	<u>320,663</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		186,872	129,240
Right-of-use assets		282,323	291,137
Intangible assets		36,460	39,964
Financial assets at fair value through profit or loss		142,818	130,120
Financial asset at fair value through other comprehensive income		2,314	2,467
Investments accounted for using the equity method		17,901	21,702
Loan to an investment accounted for using the equity method		5,306	4,781
Other non-current assets		18,095	4,966
Deferred income tax assets		73,205	57,566
Total non-current assets		765,294	681,943
Current assets			
Inventories		1,683,634	1,629,901
Other current assets		39,071	47,707
Other financial assets at amortised cost		33,447	22,087
Trade and bills receivables	11	1,849,588	1,434,253
Restricted cash		14,171	15,345
Short-term bank deposits		3,728	3,082
Cash and cash equivalents		3,344,135	3,802,741
Total current assets		6,967,774	6,955,116
Total assets		7,733,068	7,637,059
EQUITY			
Equity attributable to the owners of the Company			
Share capital		109,776	109,284
Reserves		5,948,256	5,492,658
		6,058,032	5,601,942
Non-controlling interests		(33,400)	(28,370)
Total equity		6,024,632	5,573,572

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		Unaudited At 30 June 2021 <i>HK\$'000</i>	Audited At 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		88,422	93,811
Deferred income tax liabilities		6,563	7,953
Other non-current liabilities		6,680	7,404
Total non-current liabilities		101,665	109,168
Current liabilities			
Trade payables	12	1,154,258	1,371,267
Other payables and accruals		366,152	485,459
Current tax liabilities		60,035	68,817
Lease liabilities		26,326	28,776
Total current liabilities		1,606,771	1,954,319
Total liabilities		1,708,436	2,063,487
Total equity and liabilities		7,733,068	7,637,059

Notes:

1 GENERAL INFORMATION

The Company is an investment holding company and the Group is principally engaged in the development and sales of electronic payment point-of-sale terminals (“E-payment Terminals”) products and the provision of maintenance and installation and payment solution services (collectively referred to as 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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 20 December 2010.

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

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 12 August 2021.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This interim condensed consolidation financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2020, as described in those annual consolidated financial statements, except for estimation of income tax and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 New and amended standards adopted by the Group

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

3 ACCOUNTING POLICIES (Continued)

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

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. The Group is in the process of assessing the impact of adopting these new accounting standards and interpretations on its current or future reporting periods and on foreseeable future transactions.

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

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Revenue		
Sales of E-payment Terminals products	3,232,872	2,490,441
Provision of services	85,799	50,338
	3,318,671	2,540,779
Other income		
Interest income (<i>note(i)</i>)	13,300	21,290
Government subsidies (<i>note(ii)</i>)	31,923	14,522
Value-added tax refund (<i>note(ii)</i>)	6,520	6,469
Others (<i>note(iii)</i>)	8,475	2,572
	60,218	44,853
Other gains/(losses), net		
Fair value gain/(loss) on a financial asset at fair value through profit or loss	11,647	(7,569)
Gain on disposal of an investment accounted for using the equity method	7,009	–
Gain on disposal of a subsidiary	–	3,878
	18,656	(3,691)

Notes:

- (i) The amount includes HK\$109,000 interest income from a loan to a joint venture for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$91,000).
- (ii) The amounts represent the Group's entitlement to value-added tax refund and government grants in relation to sales and research and development of self-developed software products in the People's Republic of China (the "PRC"). There are no unfulfilled conditions or other contingencies attaching to these grants.
- (iii) The amount includes HK\$6,125,000 service income from a joint venture (six months ended 30 June 2020: Nil).

5 SEGMENT INFORMATION

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

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

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

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

	Unaudited Six months ended 30 June 2021					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover from external customers	349,986	2,423,425	386,916	158,344	–	3,318,671
Inter-segment turnover	2,159,441	245,849	–	–	(2,405,290)	–
Total turnover	<u>2,509,427</u>	<u>2,669,274</u>	<u>386,916</u>	<u>158,344</u>	<u>(2,405,290)</u>	<u>3,318,671</u>
Segmental earnings/(losses) before interest expense, taxes, depreciation and amortisation ("EBITDA"/"LBITDA")	300,512	307,570	(21,204)	19,236	21,147	627,261
Depreciation (<i>Note 6</i>)	(22,698)	(3,547)	(4,125)	(1,664)	–	(32,034)
Amortisation (<i>Note 6</i>)	–	(1,431)	–	(892)	–	(2,323)
Segmental operating profit/(loss)	277,814	302,592	(25,329)	16,680	21,147	592,904
Finance costs						(3,528)
Share of results of investments accounted for using the equity method						908
Profit before income tax						590,284
Income tax expense						(71,656)
Profit for the period						<u>518,628</u>

5 SEGMENT INFORMATION (Continued)

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

The segment assets and liabilities as at 30 June 2021 and additions to non-current assets for the six months ended 30 June 2021 are as follows:

Unaudited At 30 June 2021						
	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
Segment assets	<u>5,638,456</u>	<u>3,131,622</u>	<u>461,095</u>	<u>173,284</u>	<u>(1,671,389)</u>	<u>7,733,068</u>
Segment liabilities	<u>1,734,928</u>	<u>717,814</u>	<u>742,677</u>	<u>107,572</u>	<u>(1,594,555)</u>	<u>1,708,436</u>

5 SEGMENT INFORMATION (Continued)

Unaudited Six months ended 30 June 2021						
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	
Additions to non-current assets	73,616	793	2,198	1,834	–	78,441

The segment assets and liabilities as at 31 December 2020 and additions to non-current assets for the six months ended 30 June 2020 were as follows:

Audited At 31 December 2020						
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	
Segment assets	5,642,056	3,141,544	435,042	148,861	(1,730,444)	7,637,059
Segment liabilities	2,070,041	874,419	711,746	80,363	(1,673,082)	2,063,487

Unaudited Six months ended 30 June 2020						
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	
Additions to non-current assets	38,200	498	1,256	519	–	40,473

The Group is mainly domiciled in Hong Kong, the PRC, the US and Italy (six months ended 30 June 2020: same).

5 SEGMENT INFORMATION (Continued)

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

	Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	626,425	529,418
Hong Kong and others	66,824	76,791
US	40,181	42,109
Italy	31,864	33,625
	<u>765,294</u>	<u>681,943</u>

For six months ended 30 June 2021, revenue of approximately HK\$1,168,898,000 (six months ended 30 June 2020: HK\$1,101,294,000) is derived from the largest customer, representing 35.2% (six months ended 30 June 2020: 43.3%) of the total revenue, which is attributable to the Hong Kong operating segment (six months ended 30 June 2020: same); approximately HK\$172,444,000 (six months ended 30 June 2020: HK\$109,793,000) is derived from the second largest customer, representing 5.2% (six months ended 30 June 2020: 4.3%) of the total revenue, which is attributable to the US operating segment (six months ended 30 June 2020: the PRC operating segment).

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

6 EXPENSES BY NATURE

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

	Unaudited Six months ended 30 June 2021 HK\$'000	2020 HK\$'000
Costs of inventories sold	1,956,237	1,406,619
(Reversal of)/provision for obsolete inventories	(1,435)	48,141
Employee benefits expense (including directors' emoluments) (Note 7)	399,210	342,300
Research and development expenses	231,521	195,332
Depreciation of right-of-use assets	22,364	18,996
Short-term lease expenses	5,576	3,953
Depreciation of property, plant and equipment	9,670	7,625
Amortisation of intangible assets	2,323	2,184
Remuneration to the Company's auditor		
– Group's annual audit and other audit related services	1,200	1,200
Remuneration to other auditors	301	282
Net impairment losses on financial assets		
– on individual basis	–	22,835
– on collective basis	35,691	20,129
Impairment of goodwill	–	14,156

7 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Wages and salaries	366,158	304,426
Social security and pension costs	24,023	15,196
Share-based payment expenses	9,029	22,678
	399,210	342,300

8 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current income tax on profit for the period		
– China corporate income tax	46,346	38,533
– Hong Kong profits tax	49,617	50,286
– Overseas profits tax	11,790	1,182
Tax incentives for research and development expenses available for the subsidiaries incorporated in PRC	(44,203)	(29,492)
Under/(over) provision in prior years, net (<i>note</i>)	24,539	(2,453)
Total current income tax	88,089	58,056
Deferred income tax	(16,433)	(14,907)
Income tax expense	71,656	43,149

Hong Kong profits tax has been provided for at the rate of 16.5% (six months ended 30 June 2020: same) on the estimated assessable profit for the six months ended 30 June 2021.

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.

8 INCOME TAX EXPENSE (Continued)

Note:

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.

For the six months ended 30 June 2020, 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 for Pax Computer Technology (Shenzhen) Co., Ltd. (“Pax Computer Shenzhen”), a wholly-owned subsidiary of the Group located in the Shenzhen Special Economic Zone, 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%. As such, the applicable corporate income tax rate of Pax Computer Shenzhen was 10% for the six months ended 30 June 2020.

During the period ended 30 June 2021, the National Development and Reform Commission amended the relevant tax rules and the requirements of the eligibilities for the tax incentives on 29 March 2021. The amendment is effective retrospectively from the year ended 31 December 2020 onwards. Management is of the opinion that Pax Computer Shenzhen is not able to enjoy the 10% preferential corporate tax rate. As a result, an under provision of HK\$26,068,000 for the year ended 31 December 2020 was recognised in the interim condensed consolidated income statement for the period ended 30 June 2021. Pax Computer Shenzhen was accredited as High and New Technology Enterprises (“HNTE”) and is entitled to a preferential tax rate of 15%. As such, the applicable corporate income tax rate of Pax Computer Shenzhen was 15% for the six months ended 30 June 2021.

9 EARNINGS PER SHARE

(a) Basic

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
Profit for the period attributable to the owners of the Company (<i>HK\$'000</i>)	515,022	384,108
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	1,095,629	1,087,794
Basic earnings per share attributable to the owners of the Company (<i>HK\$ per share</i>)	0.470	0.353

9 EARNINGS PER SHARE (Continued)

(b) Diluted

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

For the six months ended 30 June 2021, 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 potentially dilutive ordinary shares, which was calculated as follows:

	Unaudited Six months ended 30 June 2021
Profit attributable to the owners of the Company (<i>HK\$'000</i>)	<u>515,022</u>
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	1,095,629
Adjustments for share options (<i>thousand shares</i>)	<u>37,261</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>thousand shares</i>)	<u>1,132,890</u>
Diluted earnings per share attributable to owners of the Company (<i>HK\$ per share</i>)	<u><u>0.455</u></u>

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

10 DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.12 per ordinary share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$0.07 per ordinary share), totaling to approximately HK\$131,636,000 (six months ended 30 June 2020: HK\$75,748,000) (assuming no change in the number of shares in issue on or before the record date for determining the entitlement of interim dividend) payable on 16 September 2021 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 1 September 2021. The amount of interim dividend declared was calculated based on the number of ordinary shares in issue at the date of approval of the interim condensed consolidated financial information.

11 TRADE AND BILLS RECEIVABLES

	Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
Trade receivables (<i>note (a)</i>)	1,942,231	1,519,053
Amounts due from related parties (<i>note (a)</i>)	22,486	13,455
Less: provision for impairment of trade receivables	<u>(151,306)</u>	<u>(115,315)</u>
Trade receivables, net	1,813,411	1,417,193
Bills receivables (<i>note (b)</i>)	<u>36,177</u>	<u>17,060</u>
Trade and bills receivables	<u><u>1,849,588</u></u>	<u><u>1,434,253</u></u>

(a) Trade receivables

The Group's credit terms to trade debtors range generally from 0 to 180 days. However, credit terms of more than 180 days may be granted to customers on a case-by-case basis upon negotiation. As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivables and amounts due from related parties based on invoice date is as follows:

	Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
Up to 90 days	1,335,774	1,198,429
91 to 180 days	372,361	94,348
181 to 365 days	79,924	45,772
Over 365 days	<u>176,658</u>	<u>193,959</u>
	<u><u>1,964,717</u></u>	<u><u>1,532,508</u></u>

As at 30 June 2021, trade receivables includes retention money receivables of HK\$38,371,000 (31 December 2020: HK\$49,330,000) which represents approximately 2% to 5% (31 December 2020: same) of the relevant contract sum granted to certain number of the customers in the PRC that has a retention period of three to five years (31 December 2020: same). As at 30 June 2021, retention money receivables aged over 365 days amounts to HK\$31,899,000, (31 December 2020: HK\$43,917,000).

11 TRADE AND BILLS RECEIVABLES (Continued)

(b) Bills receivables

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

	Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
Up to 90 days	21,818	527
91 to 180 days	14,359	16,533
	<u>36,177</u>	<u>17,060</u>

12 TRADE PAYABLES

	Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
Trade payables	1,125,018	1,353,168
Amounts due to related parties	29,240	18,099
	<u>1,154,258</u>	<u>1,371,267</u>

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	Unaudited At 30 June 2021 HK\$'000	Audited At 31 December 2020 HK\$'000
Up to 90 days	1,062,268	1,174,424
91 to 180 days	78,767	181,025
181 to 365 days	–	59
Over 365 days	13,223	15,759
	<u>1,154,258</u>	<u>1,371,267</u>

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

13 EVENT OCCURRING AFTER THE REPORTING PERIOD

On 20 July 2021, Huizhou PAX Intelligent Technology Co., Ltd., a wholly-owned subsidiary of the Company entered into two construction contracts with an independent construction company in respect of the construction of the PAX Smart Terminals Industrial Park Project (the “Project”) in Huizhou City of the PRC at an aggregate contract price of approximately Renminbi 417,400,000 (equivalent to approximately HK\$501,400,000). The Project is intended to expand the Group’s production capability through the construction of production facilities in order to cope with the increasing demand of the Group’s Android smart payment terminals. Details are set out in the Company’s announcement dated 20 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Revenue

i) Sales by Geographical Region

	For the six months ended 30 June		
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	
Latin America and the Commonwealth of Independent States ("LACIS")	1,480,616	1,265,327	+17.0%
Europe, Middle East and Africa ("EMEA")	881,116	539,781	+63.2%
Asia Pacific ("APAC")	570,023	510,271	+11.7%
United States of America and Canada ("USCA")	386,916	225,400	+71.7%
Total	<u>3,318,671</u>	<u>2,540,779</u>	<u>+30.6%</u>

* Turnover classification is according to locality of customers.

Turnover increased by 30.6% to HK\$3,318.7 million for the six months ended 30 June 2021 from HK\$2,540.8 million for the six months ended 30 June 2020. All regions recorded notable growth especially in the EMEA and USCA. The increase was mainly driven by the increase in sales of Android smart terminals.

During the six months ended 30 June 2021, turnover generated from China market (excluding Hong Kong, Macau and Taiwan) of HK\$140.6 million (six months ended 30 June 2020: HK\$159.6 million) had been grouped under the sales of APAC region.

ii) Sales by Product Category

	For the six months ended 30 June		
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	
E-payment Terminals products	3,232,872	2,490,441	+29.8%
Services	85,799	50,338	+70.4%
Total	<u>3,318,671</u>	<u>2,540,779</u>	<u>+30.6%</u>

E-payment Terminals products

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

Turnover from the sales of E-payment Terminals products increased by 29.8% to HK\$3,232.9 million for the six months ended 30 June 2021 from HK\$2,490.4 million for the six months ended 30 June 2020. The increase was mainly due to the increase in sales of Android smart terminals across different regions during the period.

Services

Services income mainly consists of income generated from the provision of maintenance and installation services in Italy and Hong Kong and the payment solutions services, e.g. SaaS (Software as a Service) solutions and other value-added services.

Turnover from services increased by 70.4% to HK\$85.8 million for the six months ended 30 June 2021 as compared to HK\$50.3 million for the six months ended 30 June 2020. The increase in services income was mainly due to the growth in revenue generated from SaaS solutions and other value-added services.

Gross Profit Margin

Gross profit margin for the six months ended 30 June 2021 was 40.0%, representing an decrease in 160 basis points compared to 41.6% for the six months ended 30 June 2020. The decrease was mainly driven by the appreciation of Renminbi (“RMB”) and the increase in costs of certain raw materials.

Other Income

Other income comprises primarily interest income and government subsidies. It increased by 34.1% to HK\$60.2 million for the six months ended 30 June 2021 from HK\$44.9 million for the six months ended 30 June 2020, mainly due to the increase in government subsidies.

Selling Expenses

Selling expenses increased by 40.9% to HK\$333.7 million for the six months ended 30 June 2021, from HK\$236.9 million for the six months ended 30 June 2020. The increase was mainly due to the increase in sales commission driven by the turnover growth.

Administrative Expenses

Administrative expenses increased by 16.3% to HK\$443.7 million for the six months ended 30 June 2021 from HK\$381.4 million for the six months ended 30 June 2020. The increase was mainly due to the increase in research and development (“R&D”) expenses.

Net Impairment Losses on Financial Assets

The Group recognised a provision for net impairment of receivables of HK\$35.7 million and HK\$43.0 million during the six months ended 30 June 2021 and 2020, respectively. The amount recognised during the period represented the provision for the expected credit losses measured on collective basis.

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

As a result of the foregoing, profit for the period was HK\$518.6 million, representing an increase of 34.4% compared to HK\$386.0 million for the six months ended 30 June 2020.

Profit for the period attributable to the owners of the Company increased by 34.1% to HK\$515.0 million for the six months ended 30 June 2021 from HK\$384.1 million for the six months ended 30 June 2020.

Subsequent Events after the Reporting Period

On 20 July 2021, a wholly-owned subsidiary of the Company entered into two construction contracts with a construction company based in Huizhou, PRC in respect of the construction of the PAX Smart Terminals Industrial Park Project in Huizhou, PRC at an aggregate contract price of approximately RMB417.4 million (equivalent to approximately HK\$501.4 million). Details are set out in the Company’s announcement dated 20 July 2021.

Other Event

Reference is made to the announcement of the Company dated 16 November 2017 and the relevant disclosure in the Company's 2017 annual report concerning Shanghai New Kashuo Information Technology Company Limited ("Shanghai Kashuo") and its subsidiaries.

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. As at 30 June 2021, the liquidation process of Shanghai Kashuo was still underway. Should Shanghai Kashuo liquidate, the Group is expected to recognise a potential gain of up to approximately HK\$60 million in reversal of its existing liabilities.

OVERVIEW

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

The Group has established a strong global presence and continues to take lead in the global market, delivering products and services to a large customer base in over 120 countries, serving through an extensive network of local sales offices, channel partners and reputable payment system integrators.

MARKET ANALYSIS AND INDUSTRY TRENDS

The pandemic continues to pose a significant impact on the global economy and development trends, whilst also has triggered a critical turning point towards the digital world. Governments and financial institutions all over the world have focused, more than ever before, on initiatives to promote increasingly cashless societies, resulting in the rapid development of financial technology and record levels of electronic payment acceptance. In order to capture the business opportunities attribute to the consumers' changing payment behaviors under the new normal, retail and catering merchants are spurring the pace of adopting electronic payment terminals.

PAX strengthens its international leadership position

In the first half of 2021, the Group led the international payment terminal market with robust revenue growth by 30.6% to HKD3,318.7 million, particularly in the EMEA and USCA regions by 63.2% and 71.7% respectively. Capitalizing on our strong sales network, leading payment products and stable supply chain, PAX's international brand continues to gain momentum and has become the preferred business partner of more international and regional mainstream acquiring banks and payment service providers.

Riding the tailwind of electronic payments, PAX has closer cooperation with its extensive global partner network. Channel partners and payment terminal system integrators in over 120 countries have been accelerating the adoption of PAX terminals. The Group's full range of payment terminals are certified with industry-leading payment security standards and support mobile payments such as NFC contactless and QR codes, which not only effectively satisfy diversified consumer needs, but also provide strong support for retail, catering and other industries amid the pandemic. Thanks to our wide product portfolio and industry-leading cloud-based PAXSTORE platform, PAX is driving demand toward new-generation Android smart terminal solutions.

With the influence of the pandemic, the global electronics industry has been facing shortages of electronic components. PAX has adopted multiple measures to mitigate the negative influence, including but not limited to conducting advance procurement of chips and other components, optimizing product design and using alternative components with more stable supply as substitutes, and strengthening communications with suppliers in order to enhance the efficiency of logistics and supply chain operation. PAX has demonstrated stability in supply chain management and product delivery which provided comprehensive support to acquiring banks and payment service providers to accelerate terminal deployments. All these contributed to gaining recognition from global customers and growing market share of PAX.

“PAX Android smart terminal + SaaS solutions” delivers new intelligent business capabilities for merchants

In the face of the challenge of the pandemic, more merchants recognise the value of the business intelligence with digitization. Digital transformation is no longer the exclusive remit of large enterprises. Thanks to PAX's innovative Android smart terminals and the cloud-based PAXSTORE platform, even small merchants can embrace the digitization of business operation and payments to seize the opportunities under the new normal. During the first half of 2021, sales of PAX Android smart terminals increased by 86.0% compared to the same period of the previous year.

PAX's all-in-one Android smart terminals enable merchants to analyse customer behaviours, create automated marketing campaigns, manage inventory and more, hence strengthen their operational management and marketing efficiency. Supported by PAXSTORE, acquiring banks and payment service providers attain intelligent capabilities with managing payment terminal estates in real-time and delivering better payment service experience.

The PAXSTORE ecosystem continues to gain market traction globally with currently over 3 million terminals connected. Through PAXSTORE, millions of merchants can access over 5,000 applications covering payment, ordering, ticketing, inventory handling, marketing & loyalty initiatives, tax refunds, etc.

Revenues generated from SaaS solutions surged by 319.6% compared to the same period of the previous year. As the global shipment of PAX Android smart terminals continues to soar, the contribution of SaaS solutions is expected to gradually increase in the coming years.

LACIS

PAX's brand recognition continues to enhance and maintain its leading market position. Brazil, as PAX's key market in South America, where the electronic payment market continues to offer significant potential in the long term. Since the onset of the pandemic, Brazilian financial regulators and financial institutions have initiated a series of reforms to build up the country's electronic transaction acceptance infrastructure, coupled with surging nationwide merchant networks of our acquiring partners, providing a strong impetus for the growth of PAX's terminal business in Brazil.

In the first half of 2021, PAX successfully launched our first M-series product, the M30 Android PayPhone in Brazil. M30 is a smartphone running Android OS with integrated secure payment acceptance module compliant to all major industry standards such as PCI 6.0, EMV and NFC contactless.

In Argentina and Russia, PAX has achieved significant sales growth. Meanwhile, the Group continues to strengthen its commitment to other promising markets such as Mexico and Chile.

EMEA

Driven by the competitive edge offered by the cloud-based PAXSTORE platform, the value of PAX Android smart terminals has been unlocked across EMEA, with more and more acquiring banks and payment service providers taking up new technologies. In the first half of 2021, the sales coming from the EMEA region surged by 63.2%.

In Europe, PAX has delivered particularly positive performances in Italy, the United Kingdom, Greece, Germany and Poland. Thanks to the rising transaction limits for contactless payments among many European countries during the pandemic, the demand for payment terminals boosted. Alongside with the market shift toward Android smart terminals, as well as large estates of legacy devices with older PCI 3.0 certification are being replaced by acquiring banks and payment service providers, the demand for PAX products will continue to grow.

Many countries in the Middle East and Africa have also been accelerating adoption of digital financial services and enhancing electronic payment infrastructures. During the period, the Group achieved strong sales results in Nigeria, Egypt and Saudi Arabia.

APAC

Alongside PAX's rising brand recognition globally, China, having a significant strategic value to PAX, has continually created more synergies with other Asia-Pacific markets. The Group has decided to group the sales of China under the APAC region. During the period, sales in China represented 24.7% overall APAC revenues. In China, as digital transformation is spurring with huge market potential, we will continue to strengthen cooperation with strong acquiring banks and payment service providers.

The electronic payments sector is booming across the Asia Pacific, where PAX continues to strengthen partnerships with leading acquiring banks and payment service providers. In the first half of 2021, the shipment of PAX Android smart terminals was on the rise across this region, particularly in India, Malaysia, and Vietnam.

In India, PAX is already considered as the leading payment terminal supplier. PAX sales in India more than doubled during the period, as the nation's digital payment infrastructure undergoes rapid expansion thanks to multiple initiatives by the central bank and local government.

USCA

Contactless payments have been booming since the outbreak of the pandemic. According to the eMarketer report, the number of instore mobile payment users in the United States is expected to surpass 100 million by the end of 2021. As the first provider of Android smart terminals in North America, PAX has continued to focus on enhancing strategic partnerships with mainstream acquirers to deliver new-generation PAX terminals to merchants through the nationwide extensive Independent Sales Organization (ISO) network. During the period, PAX sales in this region increased substantially by 71.7%.

The A920 Android smart terminals was the best-selling model in the North America, with an increasing number of top-tier retailers and Quick Service Restaurant (QSR) chains adopting it in the first half of 2021. With the Group's continuous dedication in this region, PAX brand is gaining more traction and market share. It is expected that the North America will continue to be one of the key global markets for the Group.

Management strategy

Driven by the COVID-19 pandemic, the digitalization of payments is in full swing all over the world and has become an irreversible trend. Consumers have higher expectations than ever for electronic payments, coupled with the introduction of local government initiatives in many countries to accelerate toward becoming financially inclusive cashless societies, acquiring banks and payment service providers (and the merchants they serve) are rapidly scaling up their diversified payment acceptance infrastructures. PAX will continue to uphold two corporate strategies.

Focus on R&D to develop innovative and diversified terminals and software solutions

Continuous innovation with a superior quality-oriented approach is the cornerstone of the PAX brand. The Group will prioritize Android smart terminals solutions as the key pillar of our research and development and roll out more innovative products for diversified business application scenarios. Meanwhile, PAX will further devote investment into the SaaS solutions, as well as explore cooperation with more acquirers and value-added software application providers to jointly build a global SaaS ecosystem.

Strengthen PAX's global sales network to enhance its leading international position

Leveraging on the PAX's global community sales network, the Group will continue to work closely with sales channel partners, payment system integrators, acquiring banks and payment service providers to deliver innovative solutions to merchants. Meanwhile, the Group has been exploring promising markets in Southeast Asia, the Middle East and Africa, and continues to become the designated supplier of multiple partners.

Supply chain is facing challenges of components shortage such as displays and chips, which is expected to continue over the short term. PAX will continue to closely monitor the situation and has already been strengthening communication with existing and alternative suppliers to ensure stable delivery of products to our global clients.

In view of the wider development prospect of the international payment terminal market, PAX has been actively planning for a new industrial park to increase production capacity and support long-term business development. In July 2021, the Group entered into the construction contracts in relation to the construction works of the new industrial park. The construction is expected to be completed in the fourth quarter of 2022 at the earliest. With the completion of the industrial park, it will greatly increase the production capacity of PAX terminal products, build an enhanced and concentrated supply chain and strengthen the Group's core competitiveness, laying a solid foundation for PAX's future business development.

Looking ahead, more opportunities will be ushered in the global payment industry, propelling stronger demand for the electronic payment terminals and further unlocking the market potential. The Group remains very optimistic about the future prospects presented by the global electronic payment terminal market. Positioned at the forefront of the electronic payment terminal industry, the Group will continue to deliver innovative and secure payment experience to merchants and consumers globally.

Liquidity and Financial Resources

As at 30 June 2021, the Group had cash and cash equivalents and short-term bank deposits of HK\$3,347.9 million (31 December 2020: HK\$3,805.8 million) and no borrowing (31 December 2020: same). As at 30 June 2021, the Group reported net current assets of HK\$5,361.0 million, as compared with HK\$5,000.8 million as at 31 December 2020. For the six months ended 30 June 2021, net cash used in operating activities was HK\$247.5 million, as compared with net cash generated from operating activities of HK\$75.3 million for the six months ended 30 June 2020. As at 30 June 2021, the Group had no borrowing and the gearing ratio is not applicable (31 December 2020: same). Such gearing position is considered healthy and suitable for the continuous growth of the Group's business.

Capital Structure and Details of Charges

As at 30 June 2021, the Group had no borrowing and banking facility (31 December 2020: same) and there was no charge on any assets of the Group (31 December 2020: same).

As at 30 June 2021 and 31 December 2020, the Group's cash and cash equivalents were denominated in the following currencies:

	As at 30 June 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
Renminbi ("RMB")	2,203,803	2,529,613
US dollar ("US\$")	741,561	884,286
Hong Kong dollar ("HK\$")	204,840	223,603
Indian Rupee ("INR")	104,056	25,602
European dollar ("EUR")	62,355	111,167
Others	27,520	28,470
	<u>3,344,135</u>	<u>3,802,741</u>

Significant Investment

The Group had no significant investment held as at 30 June 2021 (31 December 2020: Nil).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021 (31 December 2020: Nil).

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 30 June 2021 (31 December 2020: Nil).

Exchange Rates Exposure

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

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

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

Human Resources and Remuneration Policies

The total number of employees of the Group as at 30 June 2021 was 1,657 (31 December 2020: 1,677). The following table shows a breakdown of employees of the Group by function as at 30 June 2021 and 30 December 2020:

	As at 30 June 2021	As at 31 December 2020
Management	13	12
Sales and after-sales services and marketing	370	384
R&D	844	817
Quality assurance	72	81
Administration and human resources	56	55
Accounting	37	36
Production, procurement and inventory control	265	292
	<u>1,657</u>	<u>1,677</u>

The Group ensures that its remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. Share options are granted to eligible participants under the share option schemes of the Company, details of which will be set out in the Company's 2021 interim report. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's businesses.

Disclaimer:

Non-GAAP measures

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

INTERIM DIVIDEND

The board of directors (“Directors”) of the Company (the “Board”) has resolved to declare an interim dividend of HK\$0.12 per ordinary share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$0.07 per ordinary share) payable on 16 September 2021 (Thursday) to shareholders of the Company (“Shareholders”) whose names appear on the register of members of the Company (the “Register of Members”) at the close of business on 1 September 2021 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders’ entitlement to interim dividend, the Register of Members will be closed from 30 August 2021 (Monday) to 1 September 2021 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Ltd at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 27 August 2021 (Friday).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, the Company repurchased an aggregate of 1,600,000 ordinary shares for a total consideration of approximately HK\$13,522,280. All of the 1,600,000 ordinary shares were purchased on the Stock Exchange as follows:

Date of Repurchase	No. of shares Repurchased	Consideration per share		Total
		Highest HK\$	Lowest HK\$	Consideration Paid HK\$
19 January 2021	800,000	8.40	7.88	6,505,000
22 April 2021	<u>800,000</u>	8.87	8.63	<u>7,017,280</u>
Total	<u><u>1,600,000</u></u>			<u><u>13,522,280</u></u>

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the six months ended 30 June 2021.

DIRECTORS' SECURITIES TRANSACTIONS

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

Specific enquiry were made to the Directors and each of them has confirmed compliance with the Model Code and the Securities Transaction Code throughout the six months ended 30 June 2021.

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

CORPORATE GOVERNANCE PRACTICES

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

In formulating and implementing its corporate governance practices, the Company has applied the Principles and complied with all applicable Code Provisions for the six months ended 30 June 2021.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee together with the management has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial information for the six months ended 30 June 2021 with the Directors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.paxglobal.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The Company's 2021 interim report will be despatched to all shareholders and available on the above websites in due course.

The interim financial information set out above does not constitute the Group's statutory financial statements for the six months ended 30 June 2021. Instead, it has been derived from the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2021, which will be included in the Company's 2021 interim report.

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

Hong Kong, 12 August 2021

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