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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 2022**

FINANCIAL HIGHLIGHTS			
	Six months ended 30 June		
	2022	2021	+ / (-)
RESULTS (in HK\$'000)			
Revenue	4,182,493	3,318,671	+26.0%
Gross profit	1,671,286	1,327,165	+25.9%
Operating profit	781,096	592,904	+31.7%
Profit for the period	703,786	518,628	+35.7%
Profit attributable to the owners of the Company	699,770	515,022	+35.9%
Research and development costs (included in administrative expenses)	(266,985)	(231,521)	+15.3%
PER SHARE (in HK\$)			
Earnings per share			
– Basic	0.646	0.470	+37.4%
– Diluted	0.631	0.455	+38.7%
Interim dividend per ordinary share	0.170	0.120	+41.7%
	At	At	
	30 June	31 December	
	2022	2021	+ / (-)
KEY BALANCE SHEET ITEMS (in HK\$'000)			
Total current assets	8,125,346	7,790,106	+4.3%
Total assets	9,279,940	8,821,278	+5.2%
Net current assets	5,665,281	5,526,563	+2.5%
Total equity	6,735,631	6,456,556	+4.3%

* 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 2022 together with the unaudited comparative figures for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	4,182,493	3,318,671
Cost of sales	6	(2,511,207)	(1,991,506)
Gross profit		1,671,286	1,327,165
Other income	4	31,357	60,218
Other (losses)/gains, net	4	(1,252)	18,656
Selling expenses	6	(381,423)	(333,734)
Administrative expenses	6	(541,281)	(443,710)
Net reversal of impairment losses/ (impairment losses) on financial assets	6	2,409	(35,691)
Operating profit		781,096	592,904
Finance costs		(3,112)	(3,528)
Share of results of investments accounted for using the equity method		2,227	908
Profit before income tax		780,211	590,284
Income tax expense	8	(76,425)	(71,656)
Profit for the period		703,786	518,628
Profit attributable to:			
Owners of the Company		699,770	515,022
Non-controlling interests		4,016	3,606
		703,786	518,628
		<i>HK\$</i>	<i>HK\$</i>
		<i>per share</i>	<i>per share</i>
Earnings per share for profit attributable to the owners of the Company:			
– Basic	9(a)	0.646	0.470
– Diluted	9(b)	0.631	0.455

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	703,786	518,628
Other comprehensive (loss)/income, net of tax		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	(184,728)	34,659
<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	<u>(1,781)</u>	<u>(153)</u>
Total comprehensive income for the period, net of tax	<u>517,277</u>	<u>553,134</u>
Total comprehensive income attributable to:		
Owners of the Company	510,311	550,876
Non-controlling interests	<u>6,966</u>	<u>2,258</u>
	<u>517,277</u>	<u>553,134</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	Unaudited At 30 June 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		650,371	485,527
Right-of-use assets		253,567	282,477
Intangible assets		28,717	32,909
Financial asset at fair value through profit or loss		115,618	124,269
Financial asset at fair value through other comprehensive income		1,046	2,827
Investments accounted for using the equity method		22,097	20,580
Other non-current assets		4,502	4,967
Deferred income tax assets		78,676	77,616
Total non-current assets		1,154,594	1,031,172
Current assets			
Inventories		2,323,030	2,071,285
Other current assets		92,607	63,190
Other financial assets at amortised cost		28,474	18,609
Trade and bills receivables	<i>11</i>	2,683,564	2,081,977
Restricted cash		16,940	22,091
Cash and cash equivalents		2,980,731	3,532,954
Total current assets		8,125,346	7,790,106
Total assets		9,279,940	8,821,278
EQUITY			
Equity attributable to the owners of the Company			
Share capital		107,848	109,298
Reserves		6,659,329	6,377,831
Non-controlling interests		6,767,177 (31,546)	6,487,129 (30,573)
Total equity		6,735,631	6,456,556

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		Unaudited At 30 June 2022 <i>HK\$'000</i>	Audited At 31 December 2021 <i>HK\$'000</i>
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities		71,217	84,648
Deferred income tax liabilities		9,038	11,389
Other non-current liabilities		3,989	5,142
Total non-current liabilities		84,244	101,179
Current liabilities			
Trade payables	12	1,926,473	1,668,823
Other payables and accruals		467,083	504,229
Current tax liabilities		38,332	58,537
Lease liabilities		28,177	31,954
Total current liabilities		2,460,065	2,263,543
Total liabilities		2,544,309	2,364,722
Total equity and liabilities		9,279,940	8,821,278

Notes:

1 GENERAL INFORMATION

The Company is an investment holding company and the Group is principally engaged in the development and sales of electronic funds transfer point-of-sale (“E-payment Terminals”) products, 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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 December 2010.

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

This interim condensed consolidated financial information was approved for issue by the Board of Directors of the Company on 11 August 2022.

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 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

This interim condensed consolidated 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 is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, 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 2021, as described in those annual consolidated financial statements, except for the 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 the 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 change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 ACCOUNTING POLICIES (Continued)

3.2 New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments to 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, amendments to accounting standards and interpretations on its current or future reporting periods and on foreseeable future transactions.

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

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
Sales of E-payment Terminals products	4,090,955	3,232,872
Provision of services	91,538	85,799
	<u>4,182,493</u>	<u>3,318,671</u>
Other income		
Interest income	17,431	13,300
Government subsidies (note(i))	3,438	31,923
Value-added tax refunds (note(ii))	2,744	6,520
Others (note(iii))	7,744	8,475
	<u>31,357</u>	<u>60,218</u>
Other (losses)/gains, net		
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,252)	11,647
Gain on disposal of an investment accounted for using the equity method	–	7,009
	<u>(1,252)</u>	<u>18,656</u>

Notes:

- (i) The amounts mainly represent the Group's entitlement to government subsidies 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 government subsidies.
- (ii) The amounts mainly represent the Group's entitlement to value-added tax refunds from the tax bureaus of the PRC. There are no unfulfilled conditions or other contingencies attaching to these value-added tax refunds.
- (iii) The amount includes HK\$718,000 service income from a joint venture for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$6,125,000).

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 revenue and results for the period by segment is as follows:

	Unaudited Six months ended 30 June 2022					
	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>
Revenue from external customers	331,541	3,135,834	492,078	223,040	-	4,182,493
Inter-segment revenue	3,037,152	486,378	-	-	(3,523,530)	-
Total revenue	3,368,693	3,622,212	492,078	223,040	(3,523,530)	4,182,493
Segmental earnings before interest expense, taxes, depreciation and amortisation ("EBITDA")	491,475	312,168	21,819	2,289	(13,528)	814,223
Depreciation (<i>Note 6</i>)	(21,551)	(3,374)	(4,481)	(2,037)	-	(31,443)
Amortisation (<i>Note 6</i>)	-	(945)	-	(739)	-	(1,684)
Segmental operating profit/(loss)	469,924	307,849	17,338	(487)	(13,528)	781,096
Finance costs						(3,112)
Share of results of investments accounted for using the equity method						2,227
Profit before income tax						780,211
Income tax expense						(76,425)
Profit for the period						703,786

5 SEGMENT INFORMATION (Continued)

	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>
Revenue from external customers	349,986	2,423,425	386,916	158,344	–	3,318,671
Inter-segment revenue	2,159,441	245,849	–	–	(2,405,290)	–
Total revenue	2,509,427	2,669,274	386,916	158,344	(2,405,290)	3,318,671
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						518,628

The segment assets and liabilities as at 30 June 2022 and additions to non-current assets for the six months ended 30 June 2022 are as follows:

	Unaudited					
	At 30 June 2022					
	PRC, excluding Hong Kong, Macau and Taiwan <i>HK\$'000</i>	Hong Kong and others <i>HK\$'000</i>	US <i>HK\$'000</i>	Italy <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	6,884,363	4,133,689	599,185	223,981	(2,561,278)	9,279,940
Segment liabilities	2,268,750	1,733,420	877,328	165,593	(2,500,782)	2,544,309

5 SEGMENT INFORMATION (Continued)

	Unaudited Six months ended 30 June 2022					
	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 (excluding financial instruments and deferred income tax assets)	<u>200,191</u>	<u>39</u>	<u>1,837</u>	<u>1,855</u>	<u>-</u>	<u>203,922</u>

The segment assets and liabilities as at 31 December 2021 and additions to non-current assets for the six months ended 30 June 2021 are as follows:

	Audited At 31 December 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>6,548,697</u>	<u>3,587,739</u>	<u>497,778</u>	<u>211,321</u>	<u>(2,024,257)</u>	<u>8,821,278</u>
Segment liabilities	<u>2,181,376</u>	<u>1,191,298</u>	<u>813,833</u>	<u>133,525</u>	<u>(1,955,310)</u>	<u>2,364,722</u>

	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 (excluding financial instruments and deferred income tax assets)	<u>73,616</u>	<u>793</u>	<u>2,198</u>	<u>1,834</u>	<u>-</u>	<u>78,441</u>

For six months ended 30 June 2022, revenue of approximately HK\$1,296,114,000 (six months ended 30 June 2021: HK\$1,168,898,000) is derived from the largest customer, representing 31.0% (six months ended 30 June 2021: 35.2%) of the total revenue, which is attributable to the Hong Kong operating segment (six months ended 30 June 2021: same); revenue of approximately HK\$201,870,000 (six months ended 30 June 2021: HK\$172,444,000) is derived from the second largest customer, representing 4.8% (six months ended 30 June 2021: 5.2%) of the total revenue, which is attributable to the US operating segment (six months ended 30 June 2021: same).

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

5 SEGMENT INFORMATION (Continued)

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 assets are located, are as follows:

	Unaudited At 30 June 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
Non-current assets		
PRC, excluding Hong Kong, Macau and Taiwan	1,015,776	887,346
Hong Kong and others	73,978	73,249
US	36,364	38,930
Italy	28,476	31,647
	1,154,594	1,031,172

6 EXPENSES BY NATURE

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

	Unaudited Six months ended 30 June 2022 HK\$'000	2021 HK\$'000
Costs of inventories sold	2,444,541	1,956,237
Provision/(reversal of provision) for obsolete inventories	15,819	(1,435)
Employee benefits expense (including directors' emoluments) (Note 7)	423,914	399,210
Research and development costs	266,985	231,521
Sales commission	77,683	65,318
Depreciation of property, plant and equipment	10,343	9,670
Depreciation of right-of-use assets	21,100	22,364
Short-term lease expenses	5,554	5,576
Amortisation of intangible assets	1,684	2,323
Remuneration to the Company's auditor		
– Group's annual audit and other audit related services	1,210	1,200
– non-audit services	370	–
Remuneration to other auditors	284	301
Net (reversal of impairment losses)/impairment losses on financial assets	(2,409)	35,691

7 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Wages and salaries	397,740	366,158
Social security and pension costs	26,174	24,023
Share-based payment expenses	–	9,029
	423,914	399,210

8 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current income tax on profit for the period		
– China corporate income tax	83,022	46,346
– Hong Kong profits tax	52,136	49,617
– Overseas profits tax	7,410	11,790
Tax incentives for research and development expenses available for the subsidiaries incorporated in the PRC	(59,802)	(44,203)
Under provision in prior years, net	67	24,539
Total current income tax	82,833	88,089
Deferred income tax	(6,408)	(16,433)
Income tax expense	76,425	71,656

Hong Kong profits tax has been provided for at the rate of 16.5% (six months ended 30 June 2021: same) on the estimated assessable profit for the six months ended 30 June 2022.

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)

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.

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 and the amendments of the relevant tax rules and requirements of the eligibility for the tax incentives, 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. 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 2022 (six months ended 30 June 2021: same).

On 29 March 2021, the National Development and Reform Commission amended the relevant tax rules and requirements of the eligibilities for the tax incentives. The amendment is effective retrospectively from the year ended 31 December 2020 onwards. The applicable corporate income tax rate for Pax Computer Shenzhen changed from 10% to 15% during the six months ended 30 June 2021. As a result, an under provision of current tax of HK\$26,068,000 for prior periods and an increase in deferred income tax assets of HK\$14,451,000 were recognised in the interim condensed consolidated income statement 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	
	2022	2021
Profit attributable to the owners of the Company (<i>HK\$'000</i>)	<u>699,770</u>	<u>515,022</u>
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	<u>1,083,172</u>	<u>1,095,629</u>
Basic earnings per share attributable to the owners of the Company (<i>HK\$ per share</i>)	<u>0.646</u>	<u>0.470</u>

9 EARNINGS PER SHARE (Continued)

(b) Diluted

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

For the six months ended 30 June 2022 and 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	
	2022	2021
Profit attributable to the owners of the Company (<i>HK\$'000</i>)	699,770	515,022
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	1,083,172	1,095,629
Adjustments for share options (<i>thousand shares</i>)	24,938	37,261
Weighted average number of ordinary shares for diluted earnings per share (<i>thousand shares</i>)	1,108,110	1,132,890
Diluted earnings per share attributable to owners of the Company (<i>HK\$ per share</i>)	0.631	0.455

10 DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.17 per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$0.12 per ordinary share), amounting to approximately HK\$183,341,000 (six months ended 30 June 2021: HK\$131,636,000) (assuming there will be 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 2022 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 1 September 2022. 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 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
Trade receivables (<i>note (a)</i>)	2,814,806	2,212,587
Amounts due from related parties (<i>note (a)</i>)	25	1,509
Less: provision for impairment of trade receivables	<u>(132,385)</u>	<u>(138,148)</u>
Trade receivables, net	2,682,446	2,075,948
Bills receivables (<i>note (b)</i>)	<u>1,118</u>	<u>6,029</u>
Trade and bills receivables	<u><u>2,683,564</u></u>	<u><u>2,081,977</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 2022 and 31 December 2021, the ageing analysis of the trade receivables and amounts due from related parties based on invoice date is as follows:

	Unaudited At 30 June 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
Up to 90 days	1,731,264	1,501,337
91 to 180 days	836,812	495,945
181 to 365 days	89,859	47,562
Over 365 days	<u>156,896</u>	<u>169,252</u>
	<u><u>2,814,831</u></u>	<u><u>2,214,096</u></u>

As at 30 June 2022, trade receivables included retention money receivables of HK\$27,901,000 (31 December 2021: HK\$29,819,000), which represents approximately 2% to 5% (31 December 2021: 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 2021: same). As at 30 June 2022, retention money receivables aged over 365 days amounted to HK\$25,679,000 (31 December 2021: HK\$28,204,000).

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 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
Up to 90 days	1,118	4,398
91 to 180 days	—	1,631
	<u>1,118</u>	<u>6,029</u>

12 TRADE PAYABLES

	Unaudited At 30 June 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
Trade payables	1,926,258	1,632,677
Amounts due to related parties	215	36,146
	<u>1,926,473</u>	<u>1,668,823</u>

The ageing analysis of the trade payables and amounts due to related parties based on invoice date is as follows:

	Unaudited At 30 June 2022 HK\$'000	Audited At 31 December 2021 HK\$'000
Up to 90 days	1,650,643	1,557,074
91 to 180 days	262,859	98,300
181 to 365 days	111	125
Over 365 days	12,860	13,324
	<u>1,926,473</u>	<u>1,668,823</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Revenue

i) Sales by Geographical Region

	Six months ended 30 June		
	2022	2021	+ / (-)
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Latin America and the Commonwealth of Independent States (“LACIS”)	1,671,260	1,480,616	+12.9%
Europe, the Middle East and Africa (“EMEA”)	1,429,125	881,116	+62.2%
Asia Pacific Region (“APAC”)	590,030	570,023	+3.5%
United States of America and Canada (“USCA”)	492,078	386,916	+27.2%
Total	<u>4,182,493</u>	<u>3,318,671</u>	<u>+26.0%</u>

Revenue increased by 26.0% to HK\$4,182.5 million for the six months ended 30 June 2022 from HK\$3,318.7 million for the six months ended 30 June 2021. All regions recorded growth, especially in the EMEA and USCA regions. The increase was mainly driven by the surging market demand for and thereby the sales of Android smart payment terminals.

ii) Sales by Product Category

	Six months ended 30 June		+ / (-)
	2022	2021	
	HK\$'000	HK\$'000	
Sales of E-payment Terminals products	4,090,955	3,232,872	+26.5%
Provision of services	91,538	85,799	+6.7%
Total	4,182,493	3,318,671	+26.0%

Sales of E-payment Terminals products

E-payment Terminals products include Android smart E-payment solutions (A-series), Android smart electronic cash register solutions (E-series), unattended solutions (IM-series and SK-series), Android smart PayPhone and PayTablet solutions (M-series), classic E-payment solutions and other accessory items.

Revenue from the sales of E-payment Terminals products increased by 26.5% to HK\$4,091.0 million for the six months ended 30 June 2022 from HK\$3,232.9 million for the six months ended 30 June 2021. The increase was mainly due to the increase in the sales of Android smart payment terminals across different regions during the period.

Provision of services

Services income mainly consists of income generated from the provision of maintenance and installation services and the payment solution services, e.g. SaaS (Software as a Service) solutions.

Revenue from provision of services increased by 6.7% to HK\$91.5 million for the six months ended 30 June 2022 from HK\$85.8 million for the six months ended 30 June 2021. The increase in revenue from provision of services was mainly due to the growth in revenue generated from the SaaS solutions.

Gross Profit Margin

Gross profit margin for the six months ended 30 June 2022 and 2021 remained stable at 40.0%.

Other Income

Other income comprises primarily interest income, government subsidies and value-added tax refunds. It decreased by 47.9% to HK\$31.4 million for the six months ended 30 June 2022 from HK\$60.2 million for the six months ended 30 June 2021, mainly due to the decrease in government subsidies.

Selling Expenses

Selling expenses increased by 14.3% to HK\$381.4 million for the six months ended 30 June 2022 from HK\$333.7 million for the six months ended 30 June 2021. The increase was mainly driven by the increase in sales commission and transportation costs arising from the distribution of goods.

Administrative Expenses

Administrative expenses increased by 22.0% to HK\$541.3 million for the six months ended 30 June 2022 from HK\$443.7 million for the six months ended 30 June 2021. The increase was mainly due to the increase in employee benefit expenses of research and development (“R&D”) staff.

Net Reversal of Impairment Losses on Financial Assets

The Group recognised net reversal of impairment losses on financial assets of HK\$2.4 million and net impairment losses on financial assets of HK\$35.7 million during the six months ended 30 June 2022 and 2021 respectively. The amount recognised consisted of the expected credit losses assessed on both individual and collective basis.

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

As a result of the foregoing, profit for the period was HK\$703.8 million, representing an increase of 35.7% compared to HK\$518.6 million for the six months ended 30 June 2021. Profit for the period attributable to the owners of the Company increased by 35.9% to HK\$699.8 million for the six months ended 30 June 2022 from HK\$515.0 million for the six months ended 30 June 2021.

Other Events

Construction Contracts for the PAX Smart Terminals Industrial Park Project

Reference is made to the announcement of the Company dated 20 July 2021 and the relevant disclosure in the Company's 2021 annual report in respect of the construction contracts for the PAX Smart Terminals Industrial Park Project (the "Industrial Park Project"). The construction work of the Industrial Park Project, as funded by internal financial resources of the Group, is underway. Due to the interruption of construction process under the COVID-19 pandemic, the expected completion of the Industrial Park Project is extended to the fourth quarter of 2023 the earliest. As at 30 June 2022, the capital expenditure contracted for but not recognised as liabilities in relation to the Industrial Park Project was approximately HK\$180.4 million.

Liquidation of Shanghai Kashuo

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 2022, 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.

MARKET ANALYSIS AND INDUSTRY TRENDS

In the first half of 2022, pandemic restrictions were eased in most countries around the world. More consumers returned to brick-and-mortar stores and now expect electronic payments to be a standard feature of their shopping experience. With cashless payments as the new norm, demand for electronic payment terminal solutions continues to be strong.

The ongoing industry shift from legacy payment terminals – running on Linux and proprietary operating systems – towards new generation of Android smart payment terminal solutions, as well as initiatives by national governments and financial institutions to encourage cashless societies, have promoted rapid advances in electronic payment acceptance technology and further adoption of more software applications and value-added services at the retail level. These are the key factors propelling merchants to accelerate the deployment of Android smart payment terminal solutions.

Android smart payment terminals and MAXSTORE¹ bring intelligent value to merchants

With the ever-changing global demand for innovative electronic payment solutions, PAX has successfully embraced the opportunities presented by strengthening its partnerships with acquiring banks, payment service providers (“PSPs”) and independent sales organisations (“ISOs”) worldwide. Thanks to our strong international sales network, extensive product portfolio and outstanding supply chain management, the PAX brand has now become synonymous with innovation and high quality internationally. In the first half of 2022, PAX demonstrated strong corporate resilience, leading the international payment terminal market. The Group’s revenue increased by 26.0% to HK\$4,182.5 million, with notable success particularly in the EMEA and USCA regions.

PAX understands that payment services alone can no longer satisfy merchant needs, and now Android payment terminal solutions have become the key industry trend. PAX Android smart payment terminal products, in combination with our suite of SaaS solutions, such as MAXSTORE, deliver distinct value to customers and are rapidly reshaping the payment terminal market landscape.

Forward-thinking acquiring banks and PSPs are no longer confined to the traditional services they once provided. Leveraging PAX Android smart payment terminals as the SaaS interface, our clients can now offer one-stop solutions which provide cost savings and efficiency enhancement for merchants of diverse sizes and business segments. More and more acquiring banks and PSPs are incorporating PAX solutions as a key strategic plan to upgrade and modernise their payment acceptance infrastructure. In the first half of 2022, sales of Android smart payment terminals soared by 77.8% year-on-year to HK\$2,276.6 million, contributing over 50% of the Group’s revenue, thereby becoming a powerful growth driver for PAX.

With the advent of the post-pandemic era, merchants operating in retail, hospitality, self-service and many other niche market segments are ramping up the digitalisation and intelligence of their omni-channel retailing, so as to combine e-commerce with physical sales channels to meet the new normal of consumption. Today, millions of PAX Android smart payment terminals are connected to MAXSTORE, delivering a whole new world of innovative value-added applications to merchants, thereby unlocking the full potential of Android smart payment terminals beyond payment acceptance functionality.

The MAXSTORE ecosystem has achieved astonishing growth since its launch. As of 30 June 2022, over 6.5 million payment terminals were connected to the platform and over 7,000 software applications made available to merchants. As global shipments of PAX Android smart payment terminals and the number of SaaS users continue to increase, the Group is confident that our SaaS solutions will gain wider adoption, generating gradual revenue growth in future years.

1 *Previously called PAXSTORE, the Group has now rebranded its cloud-based Software as a Service (“SaaS”) solutions as MAXSTORE.*

GLOBAL REGIONAL ANALYSIS

LACIS

In Latin America and the Commonwealth of Independent States, PAX continued to lead the market thanks to its innovative product portfolio.

Brazil remains the Group's key market in South America, where local consumers are prone to electronic payments. With its retail structure is highly concentrated in small to medium size businesses ("SMB") and micro merchant segments, the market demand largely remains with PAX mPOS and traditional POS terminals, while sales of our A-series Android smart payment terminal solutions continue to grow rapidly.

The continuous investment in other potential Latin American markets is now showing growth momentum. In Mexico and Chile, sales achieved decent increase in the first half of the year. More opportunities for Android smart payment terminal solutions emerged in niche sectors. For example, in Chile, PAX A920 Android smart payment terminals were deployed in parking lots to assist in the digital collection of parking fees.

EMEA

In Europe, the Middle East and Africa, large-scale deployments of PAX Android smart payment terminal solutions are underway, where acquirers, PSPs and ISOs increasingly appreciate the competitive advantages made available through the MAXSTORE cloud-based platform. In the first half of 2022, sales in the EMEA region grew by 62.2% year-on-year, with particularly strong demand for our flagship A920Pro and A920 models.

In Europe, PAX brand recognition continues to gain traction, with strong revenue recorded in Italy, the United Kingdom, Germany and Poland. Sales in Turkey and Spain have also shown growth momentum compared to past years. Throughout Europe, PSPs deploying PAX solutions have continued to gain further market share among SMB merchants, as well as in the sectors of unattended self-service, multilane retail and transportation.

In the Middle East and Africa, the Group's sales were particularly strong in Egypt and Saudi Arabia. Driven by the 'Vision 2030' financial development plan in Saudi Arabia, development of cashless transactions has prospered, where merchants continue to upgrade legacy terminals to PAX Android smart payment terminal solutions. In Nigeria, PAX has maintained its market-leading position with well-acclaimed reputation among many local acquiring banks.

APAC

Across the Asia-Pacific region, flourishing electronic payments have brought more opportunities to the payment terminal market. PAX continued to deliver products to a wider range of markets and application scenarios.

In India, PAX continued to strengthen its dominant market share and is now considered to be the country's leading electronic payment terminal brand. According to the report 'Digital Payments in India' released by Boston Consulting Group (BCG), digital payments are expected to account for nearly 65% of all transactions in terms of value by 2026, much higher than the current 40%. Electronic payments in India are under rapid development, creating huge opportunities for the payment terminal market.

In Australia, Indonesia and Thailand, the Group further strengthened partnerships with local acquiring banks and PSPs, resulting in steady sales growth. In view of the booming development of electronic payments in Singapore, PAX has recently established a local subsidiary and actively engaged in projects with regional fintech companies.

In Japan, a leading PSP began rolling out the A920 Android smart payment terminals to merchants across its nationwide network. In Hong Kong, the government's electronic consumption voucher scheme also encouraged the upgrade of traditional terminals to the PAX A920 smart model among supermarkets, retailers and restaurants.

USCA

In the United States and Canada, contactless payments that began to be widely adopted by merchants during the pandemic and have now become more prevalent. Leveraging our first-mover advantage of launching the Android smart series, the Group's innovative smart payment solutions continue to gain significant traction. In the first half of 2022, sales of PAX Android smart series achieved a strong growth trajectory in the region, with a double-digit increase year-over-year, thereby driving sales in the USCA region up 27.2%.

North America is one of the Group's key strategic markets. Past efforts to build PAX brand recognition and our continuous investment in software certifications and product innovation have laid a solid foundation for future business development. During the period, PAX entered into a strategic partnership with one of the largest banks in the United States, where our Android products A920, E700 and E800 have been introduced to its nationwide merchant network. Meanwhile, PAX has also maintained solid relationships with our large network of ISOs to drive the deployment of Android smart payment terminal solutions.

MANAGEMENT STRATEGY

As pandemic control measures continue to be eased around the world, consumers are quickly returning to their usual ways of life. Thanks to financial technology advancements and the support of government initiatives, the irreversible development of global cashless societies has been fueled. In recent years, Android smart payment terminals have become a new trend and more PSPs realise the competitive benefits they offer. PAX will continue to uphold the following corporate strategies to bring innovative and secure electronic payment terminals and software solutions to our clients globally.

Focus on R&D to develop innovative products and build diversified terminal and software solutions

Shifting consumer behaviour has prompted the retail and hospitality industries to embrace a digital-first mindset, where even small traditional merchants are exploring innovative solutions to expand customer reach and increase sales. PAX will remain committed to a value creation strategy, emphasising relentless innovation and excellence in product quality. Leveraging our competitive edge in both Android smart payment terminal technology and cloud-based SaaS solutions, the Group will continue to empower merchants around the world to embrace more new business opportunities through working with more acquiring banks, PSPs and ISOs.

The Group will continue to intensify R&D efforts on developing its smart terminal product roadmap to fulfill merchants' diversified payment and operational needs, as well as expand payments to a wider range of application scenarios. In the first half of 2022, PAX enriched multiple Android product lines and launched the M50 Smart PayPhone, the M8 Smart PayTablet, the SK300 versatile retail kiosk and the E600Mini ECR. Cloud-based SaaS solutions are crucial for unlocking the value of Android payment terminals. Therefore, PAX will continue to devote more R&D resources to reinforce its one-stop payment ecosystem.

Strengthen global sales network to further enhance leadership position in international markets

Leveraging on the Group's global sales scale, PAX will continue to strengthen closer cooperation with sales channel partners, acquiring banks and PSPs, as well as seeking more strategic partnerships to offer innovative solutions to a wider spectrum of market segments, clients and merchants.

In addition to the markets on which PAX is principally focusing, we will continue to explore other markets showing growth potential. Likewise, the Group will keep seeking M&A and investment opportunities that could deliver synergies to PAX business. PAX is confident of gaining larger global market share and thus enhancing the Group's leading position in the international arena.

Optimise supply chain to build a solid foundation for sustainable business development

As global acquiring banks, PSPs and ISOs further increase the deployment of PAX payment terminals in response to the post-pandemic demand, efficient supply chain management remains as key in the Group's sustainable business development. To deal with supply chain challenges, PAX implemented a series of strategies and actions to optimise inventory management and procure hardware components in more efficient ways. The Group's outstanding performance in supply chain management, as well as its comparatively fast product assembling and delivery capabilities, have become the competitive edges for PAX to secure more orders and enhance customer recognition.

PAX continues to put emphasis on strengthening its supply chain as a key part of its corporate strategy. The construction of the Group’s new industrial park in Zhongkai High-Tech Zone in Huizhou City (China) is underway. It is expected that the commencement of operation of the industrial park will substantially increase the Group’s production capacity for payment terminals, empowering PAX to grasp the strong global demand in the future.

Looking ahead, the global transition toward cashless societies has become irreversible, offering tremendous opportunities to the global payments industry and driving even stronger demand for electronic payment terminal solutions. At the forefront of the electronic payment terminal industry, PAX is confident of the industry prospects and will endeavour to deliver innovative and secure payment experience to merchants and consumers worldwide.

Liquidity and Financial Resources

As at 30 June 2022, the Group had cash and cash equivalents of HK\$2,980.7 million (31 December 2021: HK\$3,533.0 million) and no borrowing (31 December 2021: same). As at 30 June 2022, the Group reported net current assets of HK\$5,665.3 million (31 December 2021: HK\$5,526.6 million). For the six months ended 30 June 2022, net cash used in operating activities was HK\$34.6 million (six months ended 30 June 2021: HK\$247.5 million). As at 30 June 2022, the Group had no borrowing, therefore the gearing ratio is not applicable (31 December 2021: same).

Capital Structure and Details of Charges

As at 30 June 2022, the Group had no borrowing and banking facility (31 December 2021: same) and no charge on any assets (31 December 2021: same).

As at 30 June 2022 and 31 December 2021, the Group’s cash and cash equivalents were denominated in the following currencies:

	As at 30 June 2022 HK\$’000	As at 31 December 2021 HK\$’000
Renminbi (“RMB”)	1,921,939	2,455,509
US dollar (“US\$”)	746,212	741,970
Hong Kong dollar (“HK\$”)	120,501	200,190
European dollar (“EUR”)	103,325	84,944
Indian Rupee (“INR”)	35,466	27,291
Others	53,288	23,050
	<u>2,980,731</u>	<u>3,532,954</u>

Significant Investment

The Group had no significant investment held as at 30 June 2022 (31 December 2021: 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 2022 (six months ended 30 June 2021: 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 2022 (31 December 2021: 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 currency rates.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

Human Resources and Remuneration Policies

The total number of employees of the Group as at 30 June 2022 was 1,642 (31 December 2021: 1,654). The following table shows a breakdown of employees of the Group by function as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022	As at 31 December 2021
Management	13	13
Sales and after-sales services and marketing	342	356
Research and development	872	855
Quality assurance	79	76
Administration and human resources	60	58
Accounting	36	36
Production, procurement and inventory control	240	260
	<u>1,642</u>	<u>1,654</u>

The Group ensures that its remuneration packages are comprehensive and competitive. Directors are entitled to a fixed director's fee, discretionary bonus and other benefits, which are determined with reference to the performance of the individual and the Company, market practice and conditions as well as the Group's corporate goals and objectives in accordance with the remuneration policy of the Company. Employees are remunerated with a fixed monthly income plus annual performance related bonuses. Share options are granted to certain Directors and 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 2022 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\$0.17 per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$0.12 per ordinary share) payable on 16 September 2022 (Friday) 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 2022 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders’ entitlement to interim dividend, the Register of Members will be closed from 30 August 2022 (Tuesday) to 1 September 2022 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (on or after 15 August 2022) not later than 4:30 p.m. on 29 August 2022 (Monday).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2022, the Company repurchased an aggregate of 11,092,000 ordinary shares for a total consideration of approximately HK\$69,228,670. All of the 11,092,000 ordinary shares were purchased on the Stock Exchange as follows:

Date of Repurchase	No. of shares Repurchased	Consideration per share		Total Consideration Paid HK\$
		Highest HK\$	Lowest HK\$	
7 January 2022	1,800,000	5.47	5.36	9,746,430
13 January 2022	1,800,000	5.41	5.33	9,689,270
31 March 2022	1,177,000	6.45	6.24	7,534,200
7 April 2022	903,000	7.09	6.88	6,295,100
14 April 2022	1,004,000	7.02	6.76	6,962,060
21 April 2022	1,100,000	6.97	6.72	7,556,280
28 April 2022	1,008,000	6.79	6.67	6,789,070
13 May 2022	1,150,000	6.53	6.32	7,461,770
26 May 2022	1,150,000	6.31	6.11	7,194,490
Total	<u>11,092,000</u>			<u>69,228,670</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 2022.

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 (the "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 enquiries 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 2022.

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 of good corporate governance (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 2022.

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 together with the Directors reviewed the risk management, internal control and financial reporting matters including the unaudited interim condensed consolidated financial information for the six months ended 30 June 2022.

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 2022 interim report will be despatched to 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 2022. Instead, it has been derived from the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2022, which will be included in the Company's 2022 interim report.

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

Hong Kong, 11 August 2022

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.