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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)

### RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December		
	2022	2021	+ / (-)
<b>FINANCIAL HIGHLIGHTS</b>			
<b>RESULTS (in HK\$'000)</b>			
Revenue	<b>8,062,702</b>	7,195,982	+12.0%
Gross profit	<b>3,306,141</b>	2,827,197	+16.9%
Operating profit	<b>1,429,342</b>	1,277,972	+11.8%
Profit before income tax	<b>1,431,108</b>	1,274,447	+12.3%
Profit for the year	<b>1,268,203</b>	1,092,242	+16.1%
Profit attributable to the owners of the Company	<b>1,264,675</b>	1,083,774	+16.7%
Research and development costs (included in administrative expenses)	<b>(567,141)</b>	(512,119)	+10.7%
<b>PER SHARE (in HK\$)</b>			
Earnings per share			
– Basic	<b>1.170</b>	0.989	+18.3%
– Diluted	<b>1.141</b>	0.957	+19.2%
Proposed final dividend per ordinary share	<b>0.19</b>	0.15	+26.7%
	<b>As at 31 December</b>		
	<b>2022</b>	2021	+ / (-)
<b>KEY BALANCE SHEET ITEMS (in HK\$'000)</b>			
Total current assets	<b>8,173,014</b>	7,790,106	+4.9%
Total assets	<b>9,490,329</b>	8,821,278	+7.6%
Net current assets	<b>5,663,508</b>	5,526,563	+2.5%
Total equity	<b>6,905,850</b>	6,456,556	+7.0%

\* For identification purpose only

The board of directors (the “Board”) of PAX Global Technology Limited (the “Company” or “PAX”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022, with comparative figures for the year ended 31 December 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Market Analysis and Industry Trends**

The world’s payments sector continued to boom and grow in 2022, showing great resilience in face of multiple challenges such as interest rate hikes and higher inflation in the global economy. The development of digital and cashless economies continues to be a key investment priority for all countries, with fintech becoming an indispensable part of such progress, providing increased efficiency, convenience and accessibility to consumers, thereby achieving the in-depth development of financial inclusion.

While electronic payment development varies from country to country, electronic payments have emerged as the primary payment methods among consumers worldwide. Over the past decades, we have been paying less and less with cash and have seen the widespread usage of physical bank cards. Today we are in the midst of a new era of consumption, with more extensive and convenient ways to spend, ranging from digital wallets to QR codes and wearable smart devices, with even more payment innovation ahead. With the continual advancement of payment technology, electronic payments will continue to expand to a wider range of consumption aspects. According to the market report, the global contactless payment market size is expected to reach US\$24.5 billion in 2027, with a compound annual growth rate (CAGR) of 12.5% from 2021 to 2027.

Over the past couple of decades, the PAX brand has steadily garnered a reputation for being synonymous with superior innovation, high quality and security internationally. PAX is committed to strengthening the cooperation with banks and payment service providers (“PSPs”) around the world. Together, we are helping to lead the merchants they serve and their consumers into a new era of smarter electronic payments. The Group has deployed over 70 million payment terminals in more than 120 countries, and its business scale places it at the forefront of the industry. According to the October 2022 issue of the Nilson Report, the international payment industry report, PAX has successfully become the second-largest global payment terminal provider.

In 2022, PAX further cemented its position as one of the world’s preferred payment terminal solutions providers, achieving record-high revenue of HK\$8,062.7 million. The Group’s strongest performances came from Europe, the Middle East and Africa (“EMEA”) and the United States and Canada (“USCA”), with growth in these regions surging respectively by 41.5% and 35.4%. The Group’s profit continued to increase, which was mainly attributed to the huge demand for PAX Android smart payment terminals. During the year, profit for the year surged by 16.1% to HK\$1,268.2 million.

To remain competitive in today's market, independent sales organisations (“ISOs”), PSPs and acquiring banks require more innovative payment and business solutions than ever before. PAX Android smart payment terminal technology and Software as a Service (“SaaS”) solutions – such as the market leading MAXSTORE platform – provide them with the ability to combine core payment services with financial and non-financial applications in a more flexible and cost-effective way. PAX Android smart payment terminal solutions empower their merchants to operate digitally, allowing them to process orders faster, better analyse consumer behaviour, develop automated marketing campaigns, manage inventory, and much more. It offers a centralised and seamless way for merchants to navigate the increasingly complex world of business. Payment terminals running Android-based operating systems have become a new trend in the industry and are reshaping the future of commerce.

In 2022, sales of PAX Android smart payment terminals experienced strong growth, increasing by 37.4% year-on-year to HK\$4,438.3 million and representing over 50% of the Group's total revenue. This impressive rise highlights the Group's expertise and global leadership in the field of Android payment terminal technology solutions. The Group also continued to invest resources in strengthening the MAXSTORE platform. As of 31 December 2022, the platform had over 8 million payment terminals connected, offering merchants over 8,500 software and business applications.

## **Global Regional Analysis**

### ***LACIS***

In Latin America and the Commonwealth of Independent States, the development of digital infrastructures continues to progress steadily. With its array of diversified product portfolios and a well-established sales channel partner network, PAX continued to expand its presence. According to the Nilson Report, PAX has been ranked as the largest payment terminal provider in Latin America for five consecutive years.

In 2022, despite the challenges posed by the Brazilian unstable economic environment, yet PAX continued to stay ahead of the curve. The implementation of the “PIX” instant payment system by the Central Bank of Brazil contributed to the advancement of the digitalisation process, which is favourable for the long-term development of digital payments in Brazil. PAX terminals fully support the PIX payment method.

While strengthening its market share in Brazil, PAX is expanding its presence in neighbouring Latin American countries. In key markets such as Mexico, Chile and Argentina, the Group stepped up cooperation with PSPs and distributors to further expand application scenarios in supermarkets, restaurants, parking lots and other fields. The demand for PAX Android smart payment terminal solutions continues to grow.

## ***EMEA***

In Europe, the Middle East and Africa, PAX expanded its footprint through large-scale deployments of Android smart payment terminals. In 2022, the Group continued its high-growth trend in the EMEA region, with sales increased year-on-year by 41.5%, and reached the milestone of HK\$2.5 billion for the first time. The region's impressive growth was primarily driven by success in Europe and the Middle East.

Thanks to the Group's ongoing investment in product innovation tailored for the European market, PAX has become the preferred provider of payment terminals to many leading acquiring banks and PSPs. Our first-mover advantage in launching high-quality Android smart payment terminals, such as the best-selling A920 and A920Pro models, as well as the unattended IM30 terminal, has strengthened our market share throughout Europe. The United Kingdom, Italy and Germany have become increasingly important growth drivers for the Group, while France, Spain and Turkey achieved a significant growth. With growing demand for PAX solutions in Europe, the Group is well-positioned to capture even more market share in the years to come.

In the Middle East and Africa, PAX continued to focus resources on capturing the region's tremendous potential, deepening ties with payment system integrators and the acquiring banks. As the largest economy in the Gulf Cooperation Council (GCC) region, Saudi Arabia's "Vision 2030" program for economic reform, and the Saudi Arabian Monetary Authority's (SAMA) openness to innovative technology finance, promoted the rapid development of electronic payments in the region and created huge opportunities for the Android payment terminal market. Saudi merchants are accelerating the upgrade of legacy POS terminal models to PAX smart payment terminal solutions. In 2022, PAX reported high double-digit sales growth in Saudi Arabia. In South Africa and Nigeria, the Group's new partnerships with major acquiring banks and PSPs have borne fruit, further increasing market exposure of the PAX brand.

## ***APAC***

In the Asia Pacific region, the Group continued to expand its presence in many markets, achieving a steady increase in sales. As the largest provider of payment terminal solutions in India, PAX successfully leveraged its strong partnerships with major acquiring banks and PSPs to further increase market share. PAX's sales in India continued to grow during the year, reaching record highs. Bolstered by the shift in demand from legacy payment terminals to PAX Android smart payment terminal solutions, the sales of A-series products continue to take up further share, contributing to continuous success of the Group in India.

There is a strong demand in Japan for PAX Android products, especially the A920, which has received very positive feedback from merchants. This model continues to be certified and adopted by more and more customers. With the easing of COVID restrictions in Japan, we expect our A920 and unattended IM10 to propel another round of growth.

In 2022, the Group continued to strengthen its presence in Southeast Asia, where sales growth was particularly impressive in Indonesia, Singapore and Thailand. Driven by the government initiative of the “Indonesia Payment System Blueprint 2025”, the core payment infrastructure has continued to improve. During the year, PAX achieved good results in Indonesia and recorded a year-on-year more than doubled sales. It is expected that Indonesia will become another key growth driver for the Asia-Pacific business in the future.

Since establishing a Singapore subsidiary in 2021, PAX has made important breakthroughs with local financial institutions. The government’s “Retail Industry Transformation Map 2025” is encouraging retailers to adopt innovative business models, which is expected to drive market demand for PAX Android smart payment terminal solutions. The Group’s Singapore subsidiary now plays a pivotal role in the Asia Pacific region, serving not only as a regional hub to support customers, but also a platform for business expansion in Southeast Asia, promoting PAX products to a wide range of sectors, including transportation, self-service and retail.

### ***USCA***

Across the United States of America and Canada, PAX is increasingly recognised by PSPs and ISOs as a market leader in the Android smart payment terminal solutions field. With year-on-year sales growth of more than 30% for the last three consecutive years, PAX has become one of the fastest-growing payment terminal solutions providers in North America. In 2022, PAX sales increased year-on-year by 35.4%, and reached the milestone of HK\$1 billion for the first time. Demand for the Group’s Android smart series continued to show strong growth momentum, with Android products sales in North America increasing by more than 60% compared with the previous year.

North American consumers increasingly expect more convenience when transacting, which is why contactless ordering and payment methods, such as mobile wallets, online ordering, curbside pickup and self-service ordering and checkout, have become the new normal. PAX Android smart payment terminal solutions effectively integrate diversified payment methods and provide business solutions that meet the growing needs of North American businesses operating in the retail, supermarket, hospitality and unattended segments.

During 2022, PAX entered into a new strategic partnership with one of the largest banks in the United States to promote various Android models to its nationwide merchant network, and cooperated with a leading PSP to further expand the Group’s market exposure.

According to a market report, the total digital payment transaction value in the United States is expected to reach more than US\$2 trillion in 2023, and the CAGR between 2023 and 2027 is expected to be 14.7%. The future of the North American payment sector looks bright, and PAX will continue to work closely with more regional payment processors, PSPs and ISOs to strengthen the deployment of the PAX Android smart terminals in North America.

## **Management Strategy**

Looking to 2023, PAX will remain steadfast in its commitment to advancing payment acceptance technology solutions, with a strong focus on product innovation, quality and security. The Group will continue to roll out a wide range of state-of-the-art, secure electronic payment terminals and related software solutions which will help our global customers leverage the opportunities of increasing diversified payment scenarios.

### ***Focus on research and development of Android smart payment terminals and SaaS solutions to create differentiated advantages***

For banks and PSPs to provide better services to their merchants, continuous innovation in payments and merchant services is critical. This is why PAX is dedicated to research and development of its Android product portfolio and the MAXSTORE platform, delivering a value proposition which goes well beyond payments, to help small and medium-sized merchants to embrace advanced payment technology, and support multiple in-store payment acceptance methods for retailers.

The PAX product portfolio supports many use cases: portable wireless terminals for pay at table in restaurants; mobile terminals with advanced camera functionalities for ticketing or inventory lookup; desktop terminals with multiple connectivity options for traditional retail environments; unattended products for integration with vending and parking machines; or standalone self-service kiosks with integrated payment acceptance.

As part of the Group's strategy to maximise the value of its core Android payment terminals, PAX will continue to increase investment in the cloud-based SaaS solutions, explore cooperation with more acquirers and providers of value-added software applications, with an aim to jointly create a powerful SaaS ecosystem.

### ***Strengthen the global sales network to expand PAX presence in the international market***

As the leading provider of electronic payment terminal solutions, PAX has a large and powerful partner network all over the world, which is the cornerstone for the Group's success in the international market. PAX places high importance on relationships with partners, and will continue to invest significant resources to strengthen its ties with partners, and expand PAX products and solutions to wider market segments and customer bases.



PAX has set clear goals for its development and is determined to explore potential markets across Southeast Asia, the Middle East and Africa. In the future, PAX will cooperate with more acquiring banks, PSPs and distribution partners to meet the huge opportunities in the international payment terminal market. In addition, the Group will also examine the current investment situation, explore mergers and acquisitions and further investigate any investments that could have synergistic and complimentary benefits, bolstering the PAX distribution network and payments-based cutting-edge technology, with a view to further strengthening the Group's leading global market position.

***Enhance supply chain management and flexibility to capture future market opportunities***

With the growth of the global business of the Group, we are determined to strengthen the Group's supply chain management capabilities by building stronger, closer partnerships with component suppliers, assembly contractors and other key stakeholders in the supply chain.

Amid the supply chain disruptions in many sectors in the recent years, the Group has successfully weathered these challenges thanks to its expertise in the supply chain field, and has actively monitored and increased its procurement plan of components throughout the year.

In order to support future demand for payment terminal growth and its own long-term strategic development, PAX has started construction of an industrial park in Zhongkai High-tech Zone, Huizhou City, China. It is expected to be completed by the end of 2023 at the earliest. The new industrial park will further enhance the Group's global competitiveness and lay a foundation for future business growth.

## FINANCIAL REVIEW

The key financial figures are extracted as follows:

	Year ended 31 December		
	2022	2021	+/(-)
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	<b>8,062,702</b>	7,195,982	+12.0%
Gross profit	<b>3,306,141</b>	2,827,197	+16.9%
Other income	<b>64,915</b>	96,315	-32.6%
Selling expenses	<b>(821,605)</b>	(716,234)	+14.7%
Administrative expenses	<b>(1,121,022)</b>	(958,185)	+17.0%
Net reversal of impairment losses/ (impairment losses) on financial assets	<b>3,091</b>	(21,580)	N/A
Profit before income tax	<b>1,431,108</b>	1,274,447	+12.3%
Income tax expense	<b>(162,905)</b>	(182,205)	-10.6%
Profit for the year	<b>1,268,203</b>	1,092,242	+16.1%
Profit attributable to the owners of the Company	<b>1,264,675</b>	1,083,774	+16.7%
Research and development costs (included in administrative expenses)	<b>(567,141)</b>	(512,119)	+10.7%
	As at 31 December		
	2022	2021	+/(-)
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Total current assets	<b>8,173,014</b>	7,790,106	+4.9%
Total non-current assets	<b>1,317,315</b>	1,031,172	+27.7%
Total assets	<b>9,490,329</b>	8,821,278	+7.6%
Total current liabilities	<b>2,509,506</b>	2,263,543	+10.9%
Total non-current liabilities	<b>74,973</b>	101,179	-25.9%
Total liabilities	<b>2,584,479</b>	2,364,722	+9.3%
Net current assets	<b>5,663,508</b>	5,526,563	+2.5%
Total equity	<b>6,905,850</b>	6,456,556	+7.0%



	Year ended 31 December		
	2022	2021	+/(%)
<b>PER SHARE (IN HK\$)</b>			
Earnings per share for the profit attributable to the owners of the Company			
– Basic	1.170	0.989	+18.3%
– Diluted	1.141	0.957	+19.2%

	Year ended 31 December	
	2022	2021
<b>FINANCIAL RATIOS</b>		
Gross profit margin	41.0%	39.3%
Net profit margin	15.7%	15.2%

## Revenue

### i) Sales by Geographical Region

	Year ended 31 December		
	2022	2021	+/(%)
	<b>HK\$'000</b>	<b>HK\$'000</b>	
– Latin America and the Commonwealth of Independent States (“LACIS”)	2,992,477	3,252,078	-8.0%
– Europe, the Middle East and Africa (“EMEA”)	2,661,843	1,881,410	+41.5%
– Asia Pacific Region (“APAC”)	1,334,787	1,269,349	+5.2%
– United States of America and Canada (“USCA”)	1,073,595	793,145	+35.4%
Total	<b>8,062,702</b>	<b>7,195,982</b>	<b>+12.0%</b>

Revenue increased by 12.0% to HK\$8,062.7 million for the year ended 31 December 2022 from HK\$7,196.0 million for the year ended 31 December 2021. Most of the 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. The slight decrease in revenue generated from the LACIS region was driven by the drop in purchase orders, which is mainly attributed to the uncertainty in Latin America’s economies in 2022.

*ii) Sales by Product Category*

	Year ended 31 December		+ / (-)
	2022	2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Sales of E-payment Terminals products	<b>7,836,695</b>	7,015,249	+11.7%
Provision of services	<b>226,007</b>	180,733	+25.1%
Total	<b>8,062,702</b>	7,195,982	+12.0%

**Sales of E-payment Terminals products**

E-payment Terminals products include Android smart E-payment solutions, unattended solutions, Android smart PayPhone and PayTablet solutions, classic E-payment solutions and other products.

Revenue from the sales of E-payment Terminals products increased by 11.7% to HK\$7,836.7 million for the year ended 31 December 2022 from HK\$7,015.2 million for the year ended 31 December 2021. The increase was mainly due to the increase in sales of Android smart terminals across different regions during the year.

**Provision of services**

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

Revenue from provision of services increased by 25.1% to HK\$226.0 million for the year ended 31 December 2022 from HK\$180.7 million for the year ended 31 December 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 year ended 31 December 2022 was 41.0%, representing an increase of 170 basis points as compared to 39.3% for the year ended 31 December 2021. The increase was mainly driven by the decrease in costs as a result of the depreciation of Renminbi (“RMB”).

## **Other income**

Other income comprises primarily interest income, government subsidies and value-added tax refunds. It decreased by 32.6% to HK\$64.9 million for the year ended 31 December 2022 from HK\$96.3 million for the year ended 31 December 2021, mainly due to the decrease in interest income and government subsidies.

## **Selling Expenses**

Selling expenses increased by 14.7% to HK\$821.6 million for the year ended 31 December 2022 from HK\$716.2 million for the year ended 31 December 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 17.0% to HK\$1,121.0 million for the year ended 31 December 2022 from HK\$958.2 million for the year ended 31 December 2021. The increase was mainly due to the increase in employee benefit expenses of administrative and 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\$3.1 million and net impairment losses on financial assets of HK\$21.6 million for the years ended 31 December 2022 and 2021 respectively. The amount recognised consisted of the expected credit losses assessed on both individual and collective basis.

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

As a result of the foregoing, profit for the year was HK\$1,268.2 million, representing an increase of 16.1% compared to HK\$1,092.2 million for the year ended 31 December 2021. Profit for the year attributable to the owners of the Company increased by 16.7% to HK\$1,264.7 million for the year ended 31 December 2022 from HK\$1,083.8 million for the year ended 31 December 2021.

## Other Event

### *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. The court concluded the bankruptcy proceedings of Shanghai Kashuo in March 2023. The liquidation process of Shanghai Kashuo is 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.

### Liquidity and Financial Resources

During the years of 2022 and 2021, the main source of funding to the Group was the proceeds generated from operating activities in the Group's usual course of business. Certain financial data is summarised as follows:

	As at 31 December	
	2022	2021
Current ratio (times)	3.3	3.4
Quick ratio (times)	2.2	2.5

As at 31 December 2022, the Group had cash and cash equivalents of HK\$3,160.2 million (2021: HK\$3,533.0 million) and no borrowing (2021: same). As at 31 December 2022, the Group reported net current assets of HK\$5,663.5 million (2021: HK\$5,526.6 million). For the year ended 31 December 2022, net cash generated from operating activities was HK\$648.5 million (2021: HK\$347.7 million). As at 31 December 2022, the Group had no borrowing, therefore the gearing ratio is not applicable (2021: same).

## Capital Structure and Details of Charges

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

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

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Renminbi ("RMB")	<b>1,465,309</b>	2,455,509
United States dollar ("US\$")	<b>1,055,539</b>	741,970
Hong Kong dollar ("HK\$")	<b>400,391</b>	200,190
European dollar ("EUR")	<b>129,471</b>	84,944
Japanese Yen ("JPY")	<b>52,771</b>	10,508
Indian Rupee ("INR")	<b>45,527</b>	27,291
Others	<b>11,230</b>	12,542
	<b><u>3,160,238</u></b>	<b><u>3,532,954</u></b>

## Significant Investment

The Group had no significant investment held as at 31 December 2022 (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 year ended 31 December 2022 (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 31 December 2022 (2021: same).

## 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 that are 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 functional currency of HK\$ or US\$. The Group manages foreign exchange risk by closely monitoring the movement of the foreign currency rates.

## Contingent Liabilities

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

## Human Resources and Remuneration Policies

The total number of employees of the Group as at 31 December 2022 was 1,712 (2021: 1,654). The following table shows a breakdown of employees of the Group by functions as at 31 December 2022 and 2021:

	As at 31 December	
	2022	2021
Management	13	13
Sales and after-sales services and marketing	355	356
Research and development	920	855
Quality assurance	72	76
Administration and human resources	68	58
Accounting	38	36
Production, procurement and inventory control	246	260
	<u>1,712</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 discretionary annual performance related bonuses. Share options are granted to certain Directors and employees of the Group as long-term incentives to reward their contributions under the share option scheme of the Company. The Group also sponsors selected employees to attend external training courses that suit the needs of the Group's business.

Disclaimer:

*Non-GAAP measures*

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



## CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	8,062,702	7,195,982
Cost of sales	5	<u>(4,756,561)</u>	<u>(4,368,785)</u>
<b>Gross profit</b>		<b>3,306,141</b>	<b>2,827,197</b>
Other income	3	64,915	96,315
Other (losses)/gains, net	3	(2,178)	50,459
Selling expenses	5	(821,605)	(716,234)
Administrative expenses	5	(1,121,022)	(958,185)
Net reversal of impairment losses/ (impairment losses) on financial assets	5	<u>3,091</u>	<u>(21,580)</u>
<b>Operating profit</b>		<b>1,429,342</b>	<b>1,277,972</b>
Finance costs		(5,649)	(6,979)
Share of results of investments accounted for using the equity method		<u>7,415</u>	<u>3,454</u>
<b>Profit before income tax</b>		<b>1,431,108</b>	<b>1,274,447</b>
Income tax expense	6	<u>(162,905)</u>	<u>(182,205)</u>
<b>Profit for the year</b>		<b><u>1,268,203</u></b>	<b><u>1,092,242</u></b>
<b>Profit attributable to:</b>			
Owners of the Company		1,264,675	1,083,774
Non-controlling interests		<u>3,528</u>	<u>8,468</u>
		<b><u>1,268,203</u></b>	<b><u>1,092,242</u></b>
		<b>HK\$ per share</b>	<b>HK\$ per share</b>
<b>Earnings per share for the profit attributable to the owners of the Company:</b>			
– Basic	7(a)	<u>1.170</u>	<u>0.989</u>
– Diluted	7(b)	<u>1.141</u>	<u>0.957</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>1,268,203</b>	1,092,242
<b>Other comprehensive (loss)/income, net of tax</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	(405,651)	84,808
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	5,926	(3,425)
Fair value (loss)/gain on an investment	(2,414)	360
Remeasurement of post-employment benefit obligation	630	329
<b>Total comprehensive income for the year, net of tax</b>	<b>866,694</b>	<b>1,174,314</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	857,158	1,169,229
Non-controlling interests	9,536	5,085
	<b>866,694</b>	<b>1,174,314</b>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Notes	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		769,372	485,527
Right-of-use assets		230,567	282,477
Intangible assets		27,761	32,909
Financial assets measured at fair value		110,940	127,096
Investments accounted for using the equity method		26,816	20,580
Other non-current assets		4,744	4,967
Deferred income tax assets		147,115	77,616
<b>Total non-current assets</b>		<b>1,317,315</b>	<b>1,031,172</b>
<b>Current assets</b>			
Inventories		2,527,293	2,071,285
Other current assets		88,506	63,190
Other financial assets at amortised cost	9	29,869	18,609
Trade and bills receivables	9	2,350,368	2,081,977
Restricted cash		16,740	22,091
Cash and cash equivalents		3,160,238	3,532,954
<b>Total current assets</b>		<b>8,173,014</b>	<b>7,790,106</b>
<b>Total assets</b>		<b>9,490,329</b>	<b>8,821,278</b>

		<b>As at 31 December</b>	
		<b>2022</b>	<b>2021</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		<b>107,970</b>	109,298
Reserves		<b>6,826,856</b>	6,377,831
		<b>6,934,826</b>	6,487,129
<b>Non-controlling interests</b>		<b>(28,976)</b>	(30,573)
<b>Total equity</b>		<b>6,905,850</b>	6,456,556
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>65,578</b>	84,648
Deferred income tax liabilities		<b>8,310</b>	11,389
Other non-current liabilities		<b>1,085</b>	5,142
<b>Total non-current liabilities</b>		<b>74,973</b>	101,179
<b>Current liabilities</b>			
Trade payables	<i>10</i>	<b>1,699,530</b>	1,668,823
Other payables and accruals	<i>10</i>	<b>689,143</b>	504,229
Current tax liabilities		<b>100,485</b>	58,537
Lease liabilities		<b>20,348</b>	31,954
<b>Total current liabilities</b>		<b>2,509,506</b>	2,263,543
<b>Total liabilities</b>		<b>2,584,479</b>	2,364,722
<b>Total equity and liabilities</b>		<b>9,490,329</b>	8,821,278

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

PAX Global Technology Limited (the “Company”) is an investment holding company and together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in the development and sales of electronic funds transfer point-of-sale (“E-payment Terminals”) products, provision of 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.

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

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value and post-employment benefit obligation, which are measured at fair values.

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

### ***2.1.1 Changes in accounting policies***

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

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment – Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to HKFRS 16
- Amendments to Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments and annual improvements listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### *(b) New 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.

### 3 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 year are as follows:

	Year ended 31 December	
	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>		
Sales of E-payment Terminals products	7,836,695	7,015,249
Provision of services	226,007	180,733
	<u>8,062,702</u>	<u>7,195,982</u>
<b>Other income</b>		
Interest income	28,582	38,036
Government subsidies ( <i>note (i)</i> )	18,112	34,847
Value-added tax refunds ( <i>note (ii)</i> )	3,370	10,105
Others	14,851	13,327
	<u>64,915</u>	<u>96,315</u>
<b>Other (losses)/gains, net</b>		
Fair value (loss)/gains on investments at fair value through profit or loss	(2,178)	43,450
Gain on disposal of an investment accounted for using the equity method	–	7,009
	<u>(2,178)</u>	<u>50,459</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 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.



#### 4 SEGMENT INFORMATION

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

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

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

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

	Year ended 31 December 2022					
	PRC, excluding Hong Kong, Macau and Taiwan HK\$'000	Hong Kong and others HK\$'000	US HK\$'000	Italy HK\$'000	Elimination and corporate expenses HK\$'000	Total HK\$'000
Revenue from external customers	661,803	5,883,846	1,073,271	443,782	-	8,062,702
Inter-segment revenue	6,212,424	1,679,133	-	-	(7,891,557)	-
<b>Total revenue</b>	<b>6,874,227</b>	<b>7,562,979</b>	<b>1,073,271</b>	<b>443,782</b>	<b>(7,891,557)</b>	<b>8,062,702</b>
Segmental earnings/(losses) before interest expense, taxes, depreciation and amortisation ("EBITDA"/"LBITDA")	1,134,417	708,321	(5,866)	60,228	(404,380)	1,492,720
Depreciation (Note 5)	(40,584)	(6,728)	(8,841)	(3,968)	-	(60,121)
Amortisation (Note 5)	-	(1,826)	-	(1,431)	-	(3,257)
Segmental operating profit/(loss)	1,093,833	699,767	(14,707)	54,829	(404,380)	1,429,342
Finance costs						(5,649)
Share of results of investments accounted for using the equity method						7,415
Profit before income tax						1,431,108
Income tax expense						(162,905)
<b>Profit for the year</b>						<b>1,268,203</b>

Year ended 31 December 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 and corporate expenses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	674,039	5,388,845	793,145	339,953	–	7,195,982
Inter-segment revenue	4,994,294	603,906	–	–	(5,598,200)	–
<b>Total revenue</b>	<b>5,668,333</b>	<b>5,992,751</b>	<b>793,145</b>	<b>339,953</b>	<b>(5,598,200)</b>	<b>7,195,982</b>
Segmental earnings/(losses) before interest expense, taxes, depreciation and amortisation ("EBITDA"/"LBITDA")	783,805	556,043	(30,852)	41,506	(4,147)	1,346,355
Depreciation ( <i>Note 5</i> )	(45,082)	(7,029)	(8,418)	(3,556)	–	(64,085)
Amortisation ( <i>Note 5</i> )	–	(2,625)	–	(1,673)	–	(4,298)
Segmental operating profit/(loss)	738,723	546,389	(39,270)	36,277	(4,147)	1,277,972
Finance costs						(6,979)
Share of results of investments accounted for using the equity method						3,454
Profit before income tax						1,274,447
Income tax expense						(182,205)
Profit for the year						<b>1,092,242</b>

The segment assets and liabilities as at 31 December 2022 and additions to non-current assets for the year ended 31 December 2022 are as follows:

As at 31 December 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	<b>7,135,056</b>	<b>5,259,518</b>	<b>1,213,155</b>	<b>297,593</b>	<b>(4,414,993)</b>	<b>9,490,329</b>
Segment liabilities	<b>2,098,498</b>	<b>2,757,352</b>	<b>1,544,535</b>	<b>238,515</b>	<b>(4,054,421)</b>	<b>2,584,479</b>

Year ended 31 December 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>
Additions to non-current assets (excluding financial instruments and deferred income tax assets)	<b>348,644</b>	<b>947</b>	<b>3,566</b>	<b>3,333</b>	<b>–</b>	<b>356,490</b>

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

As at 31 December 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>
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>
Year ended 31 December 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>
Additions to non-current assets (excluding financial instruments and deferred income tax assets)	<u>384,352</u>	<u>4,300</u>	<u>4,415</u>	<u>5,703</u>	<u>–</u>	<u>398,770</u>

In 2022, additions to non-current assets mainly comprise additions to property, plant and equipment and right-of-use assets (2021: same).

In 2022, revenue of approximately HK\$1,994,387,000 (2021: HK\$2,492,679,000) is derived from the largest customer, representing 24.7% (2021: 34.6%) of the total revenue, which is attributable to the Hong Kong operating segment (2021: same); revenue of approximately HK\$442,019,000 (2021: HK\$364,535,000) is derived from the second largest customer, representing 5.5% (2021: 5.1%) of the total revenue, which is attributable to the US operating segment (2021: same).

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

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

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

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>		
PRC, excluding Hong Kong, Macau and Taiwan	<b>1,114,734</b>	887,346
Hong Kong and others	<b>141,369</b>	73,249
US	<b>33,799</b>	38,930
Italy	<b>27,413</b>	31,647
	<b>1,317,315</b>	1,031,172

## 5 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:

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Costs of inventories sold	<b>4,595,464</b>	4,244,556
Provision for obsolete inventories	<b>32,092</b>	15,928
Employee benefit expenses (including directors' emoluments)	<b>861,531</b>	845,155
Research and development costs	<b>567,141</b>	512,119
Sales commission	<b>203,790</b>	152,852
Depreciation of property, plant and equipment	<b>20,175</b>	20,220
Depreciation of right-of-use assets	<b>39,946</b>	43,865
Short-term lease expenses	<b>12,558</b>	9,821
Amortisation of intangible assets	<b>3,257</b>	4,298
Remuneration to the Company's auditor		
– Group's annual audit and other audit related services	<b>2,500</b>	2,420
– non-audit services	<b>980</b>	228
Remuneration to other auditors	<b>806</b>	923
Losses on disposals of property, plant and equipment, net	<b>448</b>	33
Net (reversal of impairment losses)/impairment losses on financial assets ( <i>Note 9(c)</i> )	<b>(3,091)</b>	21,580

## 6 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Current income tax on profit for the year		
– China corporate income tax	174,080	117,591
– Hong Kong profits tax	119,233	94,132
– Overseas profits tax	6,660	17,940
Tax incentives for research and development expenses available for the subsidiaries incorporated in the PRC ( <i>note (a)</i> )	(56,845)	(51,923)
(Over)/under provision in prior years, net	(24)	19,185
	<hr/>	<hr/>
Total current income tax	243,104	196,925
	<hr/>	<hr/>
Deferred income tax	(80,199)	(14,720)
	<hr/>	<hr/>
Income tax expense	<u>162,905</u>	<u>182,205</u>

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: same) on the estimated assessable profit for the year ended 31 December 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.

### Notes:

- (a) The Group obtained an incentive from the PRC tax authority relating to the research and development expenses of the subsidiaries in the PRC. Under such tax incentive rule, the Group may claim an additional tax deduction up to 100% (2021: 75%) of the relevant research and development expenses incurred in a year approved by the PRC tax authority.
- (b) 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 year ended 31 December 2022 (2021: same).

## 7 EARNINGS PER SHARE

### (a) Basic

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

	Year ended 31 December	
	2022	2021
Profit attributable to the owners of the Company ( <i>HK\$'000</i> )	<u>1,264,675</u>	<u>1,083,774</u>
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<u>1,081,258</u>	<u>1,096,118</u>
Basic earnings per share attributable to the owners of the Company ( <i>HK\$ per share</i> )	<u>1.170</u>	<u>0.989</u>

### (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 years ended 31 December 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:

	Year ended 31 December	
	2022	2021
Profit attributable to the owners of the Company ( <i>HK\$'000</i> )	<u><b>1,264,675</b></u>	<u>1,083,774</u>
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b>1,081,258</b>	1,096,118
Adjustments for share options ( <i>thousand shares</i> )	<u>26,674</u>	<u>36,128</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousand shares</i> )	<u><b>1,107,932</b></u>	<u>1,132,246</u>
Diluted earnings per share attributable to owners of the Company ( <i>HK\$ per share</i> )	<u><b>1.141</b></u>	<u>0.957</u>

## 8 DIVIDENDS

In 2022, an interim dividend of HK\$0.17 per ordinary share (2021: HK\$0.12 per ordinary share) was declared, amounting to approximately HK\$183,341,000 (2021: HK\$131,636,000). A final dividend of HK\$0.19 per ordinary share for the year ended 31 December 2022 (2021: HK\$0.15 per ordinary share), amounting to approximately HK\$205,165,000 (2021: HK\$162,855,000) (assuming there will be no change in the number of shares in issue on or before the record date for determining the entitlement of final dividend), is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect the proposed final dividend payable.

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK\$0.17 (2021: HK\$0.12) per ordinary share	<b>183,341</b>	131,636
Proposed final dividend of HK\$0.19 (2021: HK\$0.15) per ordinary share	<u>205,165</u>	<u>162,855</u>
	<u><b>388,506</b></u>	<u>294,491</u>



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

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables ( <i>note (a)</i> )	2,472,895	2,212,587
Amounts due from related parties ( <i>note (a)</i> )	–	1,509
Less: provision for impairment of trade receivables ( <i>note (c)</i> )	<u>(127,930)</u>	<u>(138,148)</u>
Trade receivables, net	2,344,965	2,075,948
Bills receivables ( <i>note (b)</i> )	<u>5,403</u>	<u>6,029</u>
Trade and bills receivables	<u>2,350,368</u>	<u>2,081,977</u>
Other financial assets at amortised cost	<u>29,869</u>	<u>18,609</u>
	<u>2,380,237</u>	<u>2,100,586</u>

The fair values of trade and bills receivables and other financial assets at amortised cost approximate their carrying values as at 31 December 2022 and 2021.

### (a) Trade receivables

The Group's credit terms to trade debtors range generally from 0 to 180 days. However, credit terms of more than 180 days may be granted to customers on a case-by-case basis upon negotiation. As at 31 December 2022 and 2021, the ageing analysis of the trade receivables and amounts due from related parties based on invoice date is as follows:

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	1,241,059	1,501,337
91 to 180 days	618,902	495,945
181 to 365 days	437,679	47,562
Over 365 days	<u>175,255</u>	<u>169,252</u>
	<u>2,472,895</u>	<u>2,214,096</u>

**(b) Bills receivables**

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

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

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Up to 90 days	<b>2,933</b>	4,398
91 to 180 days	<b>2,470</b>	1,631
	<b>5,403</b>	<b>6,029</b>

**(c) Provision for impairment of trade receivables**

Based on the assessment of the expected credit losses, the movement on the provision for impairment of trade receivables is as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
At beginning of the year	<b>138,148</b>	115,315
Net (reversal of impairment losses)/impairment losses for the year ( <i>Note 5</i> )	<b>(3,091)</b>	21,580
Written off	<b>(752)</b>	–
Exchange realignment	<b>(6,375)</b>	1,253
At end of the year	<b>127,930</b>	<b>138,148</b>

## 10 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Trade payables (note (a))</b>		
Trade payables	1,698,893	1,632,677
Amounts due to related parties	637	36,146
	<u>1,699,530</u>	<u>1,668,823</u>
<b>Other payables and accruals</b>		
Other accrued expenses and payables	326,345	304,634
Receipt in advance from customers (note (b))	298,329	143,618
Other tax payables	13,830	21,794
Payable for construction in progress	50,639	34,183
	<u>689,143</u>	<u>504,229</u>

### (a) Trade payables

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

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	1,302,314	1,557,074
91 to 180 days	376,937	98,300
181 to 365 days	7,777	125
Over 365 days	12,502	13,324
	<u>1,699,530</u>	<u>1,668,823</u>

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

### (b) Receipt in advance from customers

Revenue recognised during the year ended 31 December 2022 that was included in the contract liability balance at the beginning of the year amounted to HK\$90,500,000 (2021: HK\$60,600,000). The Group expects to deliver the goods to satisfy the remaining performance obligations of these contract liabilities within one year or less.

## 11 CAPITAL COMMITMENTS

Significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property development projects in the PRC	<b>88,525</b>	<b>347,664</b>

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, the Company repurchased an aggregate of 11,092,000 ordinary shares at an aggregate consideration of approximately HK\$69,228,670 on the Stock Exchange as follows:

Date of Repurchase	No. of shares repurchased	Consideration per share		Total Consideration Paid
		Highest HK\$	Lowest HK\$	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 considers that the share repurchases were 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 or other listed securities during the year.

## DIVIDEND

During the year,

- a final dividend of HK\$0.15 per ordinary share for the year ended 31 December 2021, amounting to approximately HK\$161.8 million, was declared and paid to the shareholders of the Company; and
- an interim dividend of HK\$0.17 per ordinary share for the six months ended 30 June 2022 (2021: HK\$0.12 per ordinary share), amounting to approximately HK\$183.5 million (2021: HK\$131.8 million), was declared and paid to the shareholders of the Company.

The Board has recommended a payment of final dividend of HK\$0.19 per ordinary share for the year ended 31 December 2022 (2021: HK\$0.15 per ordinary share) to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 8 June 2023, subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company which will be held on Friday, 19 May 2023 (the “AGM”), and if passed, the final dividend will be paid on Tuesday, 27 June 2023. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 6 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong (the “Share Registrar”) not later than 4:30 p.m. on Monday, 5 June 2023. For the year ended 31 December 2022, the total dividend per ordinary share amounted to HK\$0.36 (2021: HK\$0.27), subject to the shareholders’ approval of the proposed final dividend at the AGM.

### **RECORD DATE FOR DETERMINING ELIGIBILITY TO ATTEND AND VOTE AT THE AGM**

Record date (being the last date for registration of any share transfer given there will be no book closure) for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Monday, 15 May 2023. All transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar, for registration no later than 4:30 p.m. on Monday, 15 May 2023.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Group has adopted a written code regulating the securities transaction of Directors and executive officers named in the Company’s 2022 annual report (“Securities Transaction Code”) on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry had been made to all Directors, whereas each of them has confirmed compliance with the required standard set out in the Model Code and Securities Transaction Code throughout the year and up to the date of this announcement.

The Company has also established written guidelines on terms no less exacting than the Model Code regulating the Directors, senior management and employees, who because of his/her office or employment is likely to possess inside information in relation to the Company or its securities, in respect of their transactions of securities 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 (the "CG 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 year.

The Board periodically reviews and monitors the Company's policies and practices on corporate governance or compliance with legal and regulatory requirements and employees' compliance manual to ensure that the Group's operations are conducted in accordance with the standards of the CG Code and applicable disclosure requirements. Directors and senior management are provided with appropriate ongoing training, continuing professional development for regular updates of the legal and regulatory requirements relevant to their duties.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS**

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2022.

### **Scope of Work of PricewaterhouseCoopers**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the Company's website at [www.paxglobal.com.hk](http://www.paxglobal.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The Company's 2022 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

The financial information set out above does not constitute the Group's statutory financial statements for the financial year ended 31 December 2022. Instead, it has been derived from the Group's audited consolidated financial statements for the financial year ended 31 December 2022, which will be included in the Company's 2022 annual report.

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

Hong Kong, 22 March 2023

*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.*