



PAX Global Technology Announces 2016 Financial Results
4.5 million PAX terminals shipped worldwide in 2016
Overseas business boosts Group's gross margin to 43.3%

<i>HK\$ million</i>	For the year ended 31 December		Change
	2016	2015	
Revenue	2,914.8	2,870.8	+1.5%
Gross profit	1,262.0	1,092.5	+15.5%
Gross profit margin	43.3%	38.1%	+520 b.p.
R&D expenses	183.6	157.7	+16.4%
Profit before income tax	678.3	658.0	+3.1%
Profit attributable to shareholders	600.9	620.7	-3.2%
Basic earnings per share (HK\$)	0.539	0.560	-3.8%
Proposed final dividend per share (HK\$)	0.04	0.02	+100%

(Hong Kong, PRC, 8th March 2017) PAX Global Technology Limited (“PAX” or the “Company”, together with its subsidiaries collectively known as the “Group”, HKSE stock code: 00327.HK), one of the world’s leading electronic payment terminals solutions providers, is pleased to announce its annual results for the year ended 31st December 2016 (the “Year”).

During the Year, the Group’s revenues increased by 1.5% to HK\$ 2,914.8 million, profit before income tax grew by 3.1% to HK\$ 678.3 million and profit attributable to shareholders slightly decreased by 3.2% to HK\$ 600.9 million with basic earnings per share at 53.9 HK cents (2015: 56.0 HK cents).

Revenues from overseas markets rose by HK\$ 315.7 million to HK\$ 1,656.7 million, representing an increase of 23.5%. Revenue from the People’s Republic of China excluding Hong Kong, Macau and Taiwan (“China Market”) decreased by 17.8% or HK\$ 271.1 million year-on-year to HK\$ 1,258.2 million. Gross profit margin for the Year was 43.3%, representing a significant rise of 520 basis points compared to 38.1% for the year ended 31 December 2015. The increase in gross profit margin was due to the increase of contribution from overseas sales and service income. The board of directors of the Company has recommended to declare a final dividend of HK\$ 0.04 per ordinary share for the Year, subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

All overseas business units recorded growth, especially the United States of America and Canada (USCA), Europe, the Middle East and Africa (EMEA) and Latin America and the Commonwealth of Independent States (LACIS). In the United States, PAX achieved encouraging results from the implementation of a sales strategy focused primarily on small to medium-sized merchants, part of the Group’s longer term plans to capture the significant EMV upgrade opportunities. In Italy, PAX won significant market share and expanded its banking customer base. In Brazil, PAX continued to be the dominant market leader for mPOS, successfully diversifying from its leading mPOS offering into the supply



or traditional payment terminals during the second half of 2016. In the Asia Pacific region, PAX saw significant growth, mainly driven by the demonetization initiatives in India. Throughout North America, the Middle East, Africa, Latin America and the Asia Pacific regions, PAX continues to be one of the preferred E-payment Terminals suppliers. Turnover generated from overseas markets accounted for 57% of total revenue, representing an increase compared to 47% in 2015.

During the Year, revenue in the China Market declined by 17.8% to HK\$ 1,258.2 million (2015: HK\$1,529.9 million) and represented 43% of the Group's total revenue (2015: 53%). This drop in the China Market was mainly attributable to the indirect influence of the new interchange rate payment policy and the depreciation of the Renminbi.

During the Year, sales of E-payment Terminals generated the majority of the Group's revenue. Total sales revenue of E-payment Terminals slightly decreased by 2.9% to HK\$ 2,757.6 million, representing 94.6% of the Group's total revenue. Service Income increased 435% to HK\$ 157.2 million.

PAX sold over 4.5 million E-payment Terminals worldwide in 2016 and continued to attract more reputable channel partners and payment system integrators to represent the PAX brand (circa 90 companies, up from around 30 just four years ago). PAX continues to gain significant global market share and is recognized as one of the payment industry's leading and most innovative brands.

Net profit margin for the Year was 20.7%, a minimal decline compared to 21.6% for the year ended in 2015. As of 31 December 2016, the Group maintained a strong financial position, with cash and short-term bank deposits of HK\$ 2,207.2 million and net working capital of HK\$ 3,295.0 million.

In terms of merger & acquisition ("M&A") activity during the Year,

- At the end of 2016, PAX entered into an acquisition and subscription agreement with CSC Italia S.c.a.r.l., one of the largest local service providers for the installation and maintenance of E-payment Terminals and other electronic equipment in Italy. The expected completion of the acquisition will further strengthen the Group's capacity to provide installation and maintenance services to key customers and will consolidate PAX's market position in Italy.
- Following the acquisition of Nanchang Kashuo Information Technology Company Limited ("Kashuo"), the Group began offering value-added solution services in China. This diversification of the Group's payment services helped boost service revenue to 5.4% of the Group's overall revenue.

Mr. Jack LU, Chief Executive Officer of PAX, commented, "PAX will continue to strengthen its role in the global payment industry value chain and will strive to enrich and diversify its revenue model. With our comprehensive portfolio of E-payment Terminals, our superb technical support services, and by leveraging Kashuo and our new 'smart' E-payment Terminal line, PAX will continue to gain better insights into consumer spending patterns, which in turn will allow us to explore the possibilities of implementing big data solutions so that we can provide even more added value to merchants worldwide.

[For Immediate Release]



In overseas and domestic markets, PAX management will dedicate more resources into ensuring the development of value-added solutions and services. We also continue to proactively explore merger and acquisition opportunities and other strategic partnerships to provide enhanced value to both customers and shareholders.”

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About PAX Global Technology Limited

PAX Global Technology Limited (Stock Code: 00327.HK) is an innovative global provider of electronic payment terminal solutions. Building on its service excellence and proven leadership position, PAX is one of the fastest growing payment industry suppliers with state-of-the-art manufacturing facilities, excellent R&D capabilities and a worldwide network of sales and channel partners.

Issued by **Financial PR (HK) Limited**

For and on behalf of **PAX Global Technology Limited**

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