



**PAX Global Technology Announces 2017 Annual Results**  
**Overseas revenue surges more than 57.1%**  
**Achieves record high shipment volume of over 6.4 million terminals worldwide**

<i>HK\$ million</i>	For the year ended 31 December		Change
	2017	2016	
Revenue	<b>3,591.1</b>	2,914.8	+23.2%
Gross profit	<b>1,457.6</b>	1,262.0	+15.5%
Gross profit margin	<b>40.6%</b>	43.3%	-270 basis points
R&D expenses	<b>287.2</b>	183.6	+56.4%
EBITDA	<b>635.5</b>	699.5	-9.2%
Impairment of assets	<b>176.5</b>	-	N/A
Profit attributable to the owners of the Company	<b>407.5</b>	600.9	-32.2%
Basic earnings per share (HK\$)	<b>0.367</b>	0.539	-31.9%
Proposed final dividend per share (HK\$)	<b>0.04</b>	0.04	-

(Hong Kong, PRC, 7<sup>th</sup> March 2018) **PAX Global Technology Limited** (“PAX” or the “Company” or the “Group”, HKSE stock code: 00327.HK), one of the world’s leading providers of electronic payment terminals (“E-Payment Terminals”) solutions and related services, is pleased to announce its annual results for the year ended 31<sup>st</sup> December 2017.

During the year, the Group’s revenue increased by 23.2% to HK\$3,591.1 million. This surge was mainly attributable to a sales increase of 57.1% in overseas markets. All regional overseas business units recorded growth, especially in the LACIS (Latin America & Commonwealth of Independent States) and USCA (United States & Canada) regions. Overall, revenues from international markets accounted for 72% of the Group’s total revenue. The number of PAX’s E-payment Terminals shipped reached an all-time record high in 2017, with over 6.4 million units sold worldwide.

Profit for the year was HK\$336.6 million, representing a decrease of 44.2% compared to HK\$603.4 million in 2016. The decline was mainly due to one-off impairment of assets during the year in relation to the operation of the Group’s subsidiaries. Excluding the one-off impairment of assets, profit for the year decreased by 15.0% to HK\$513.0 million, as compared to previous year.

The basic earnings per share was HK\$36.7 cents (2016: HK\$53.9 cents). The Board of Directors of the Company has recommended to declare a final dividend of HK\$0.04 per ordinary share. During the year, the Group maintained a strong financial position, with cash and cash equivalents and short-term bank deposits of HK\$2,165.2 million and net current assets of HK\$3,521.8 million.



## Strong growth momentum of overseas markets

Turnover (HK\$ million)	For the year ended 31 December		Change
	2017	2016	
Latin America and the Commonwealth of Independent States ("LACIS")	<b>1,480.0</b>	689.9	+114.5%
Europe, the Middle East and Africa ("EMEA")	<b>609.3</b>	554.0	+10.0%
Asia Pacific (Except for Mainland China) ("APAC")	<b>258.5</b>	236.1	+9.5%
United States of America and Canada ("USCA")	<b>254.7</b>	176.7	+44.2%
Total overseas markets	<b>2,602.5</b>	1,656.7	+57.1%

In 2017, overseas markets achieved outstanding performance, with revenues growing from HK\$1,656.7 million to HK\$2,602.5 million, representing an increase of 57.1%.

### LACIS

In 2017, PAX continued to maintain its leading position in Brazil's mobile payment terminals ("mPOS") market. Since the successful launch of traditional payment terminals in 2016, shipment volumes in the LACIS region grew rapidly, contributing to significant sales growth and positioning PAX as one of the major E-Payment Terminals providers in the region. Sales in other parts of Latin America grew rapidly, with demand for PAX payment solutions continuing to rise in Argentina, driven by the government's launch of cashless payment initiatives. In the CIS countries where the high quality of PAX products is well recognized by major acquiring banks, stronger demand for payment terminals in Russia is expected to be driven by preparation for 2018 World Cup.

### EMEA

PAX continued to achieve solid results in the EMEA region, where more acquiring banks, payment service providers and retail groups have chosen to use PAX's innovative solutions. In Europe, PAX achieved significant sales growth in Germany, Poland and Belgium. PAX's market share in the Middle East region grew further, as more acquiring banks in the Gulf Cooperation Council (GCC) region transition to PAX payment solutions. In Africa, the Group began market development in the mostly French speaking West African countries, where E-payment Terminals solutions are comparatively under-developed.

### APAC

In most of the Asia Pacific region, PAX continues to be a leading market player. The Group established subsidiaries in Japan and India to focus on opportunities arising from the ongoing preparation of the Tokyo Olympics, the EMV ("Europay, MasterCard and Visa") migration in Japan, and the promotion of a cashless society by the Indian government. In November 2017, PAX further penetrated into Korea's payment market by acquiring Kwang Woo Information & Communication Co. Ltd ("Kwang Woo"), a local payment terminals company. These strategic measures are expected to further drive sales in APAC and inject momentum into the Group's future revenue growth.

### USCA

PAX made excellent progress in the US market. In addition to working with several large new customers to expand their businesses, the E-Series was successfully launched at the end of 2017, a new generation of smart electronic cash registers, which have been popular among customers.

## China Market

During the year, revenue in China declined by 21.4% to HK\$988.6 million (2016: HK\$1,258.2 million) and represented 28% of the Group's total revenue. This drop was mainly due to a changing product mix and ongoing local market price competition. The Chinese government continued to implement payment related regulations and standards, which are expected to bring significant benefits to the payment ecosystem by enhancing the security of E-Payment Terminals and ensuring certain product quality levels. With the growing popularity of QR code and other new forms of mobile payment, PAX is well-positioned and provides innovative solutions that fully support those payment methods.

## Merger & acquisition and other developments

With the objective of further improving the Group's business structure and enhancing the diversity of its portfolio of payment-related products and services, PAX remained proactive in seeking quality assets and identifying distinct M&A opportunities. In 2017 and 2018, the Group completed several mergers and acquisitions and other developments:

### 1) Expansion of the Group's sales channels into new markets

- The Group acquired a 51% equity stake in a Korean company, Kwang Woo, for an aggregate consideration of US\$4.08 million in November 2017. Kwang Woo is principally engaged in the manufacturing and sales of E-Payment Terminals in the Korean market.
- The Group established subsidiaries in Japan and India in 2017 and 2018, with the aim of strengthening local sales and preparing for future opportunities in the local payment markets.

### 2) Expansion of diversified solutions and services

- The Group acquired and subscribed for an aggregate of a 60% equity stake in an Italian company, CSC Italia S.r.l. ("CSC Italia"), for an aggregate consideration of EUR3.0 million in April 2017. CSC Italia is one of the Italy's leading installation and service support companies for E-payment Terminals, personal computers, cash handling equipment and automatic teller machines.
- The Group subscribed for a 20% equity stake in a Swedish company, Onslip AB ("Onslip"), for a consideration of EUR2.1 million in April 2017. Onslip is principally engaged in the development and marketing of a software-as-a-service platform for managing payments and other value-added applications, deployed on merchant point-of-sale solutions globally.
- The Group subscribed for a 20% equity stake in a Chinese company Shanghai Coshine Software Co., Ltd. ("Shanghai Coshine"), for a consideration of RMB17.0 million. Shanghai Coshine is an advanced systems and services provider in payment infrastructure, electronic business software solutions and outsourcing operations.

### 3) Exploration of innovative technologies

- In September 2017, the Group invested in a fund based in Beijing, with the investment totaling RMB51.0 million for the year. The objective is to further strengthen PAX's competitive and technological edge in the rapidly changing fintech environment in China. This fund invests primarily in numbers of outstanding emerging technology projects and startups.



#### 4) Enhancement of the Group's operational efficiency

- Keeping up with the growth of our business and human resources, the Group, through its subsidiary, acquired the land use right of a plot at Pinghu, Longgang District, Shenzhen, Guangdong Province with a total planning construction area of more than 25,000 square meters, for a term of 20 years for a consideration of RMB73 million, pursuant to an agreement entered into with the Urban Planning, Land and Resources Commission of Shenzhen Municipality (Longgang Authority) in 2017. The land will be principally used as the Group's headquarters in China.

**Mr. Jack LU, Chief Executive Officer of PAX**, commented, "PAX has actively pursued the growth of its international footprint, where the PAX brand, technology, product quality and a customer-focused attitude have all contributed to the Group's excellent reputation in many international markets. During the year, PAX recorded impressive growth in the United States and Brazil, which helped drive a substantial increase in overseas revenue. The ongoing evolution and development of cashless societies and omni channel payment requirements around the world ensures that the future of our E-Payment Terminals industry looks bright. More policies are being introduced in fast developing payment markets, such as China and India, which are helping to standardize and regulate local payment markets, bringing more opportunities to E-Payment Terminals solution providers. In view of the emergence of more new and innovative payment methods around the world, the Group will continue to strengthen its R&D efforts in our Android platforms and related "Smart" terminals solutions, as these are becoming key future payment trends. Furthermore, PAX completed a number of M&A projects in 2017, further enriching our business spectrum, expanding our international footprint, enhancing the diversity of our hardware and payment software related products and services and enhancing the Group's long-term benefits. Looking ahead, PAX will continue to expand the payment value chain and explore new innovative technologies to deliver better value to customers and shareholders."

~ End ~

#### **About PAX Global Technology Limited**

PAX Global Technology Limited (Stock Code: 00327.HK) is an innovative global provider of electronic payment terminals 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.