



**2016**  
PINE TECHNOLOGY HOLDINGS LIMITED  
STOCK CODE 1079

**INTERIM RESULTS**

The board of directors (the “Directors”) of PINE Technology Holdings Limited (the “Company”), is pleased to present the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2015.

**Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income**

For the six months ended 31 December 2015

	Notes	Six months ended	
		2015	2014
		Unaudited	Unaudited
		US\$'000	US\$'000
Revenue	2	<b>80,823</b>	92,418
Cost of sales		<b>(74,793)</b>	(86,330)
Gross profit		<b>6,030</b>	6,088
Other income		<b>73</b>	23
Selling and distribution expenses		<b>(1,873)</b>	(2,123)
General and administrative expenses		<b>(5,125)</b>	(5,905)
Other gains and losses		<b>113</b>	91
Finance costs		<b>(367)</b>	(451)
Loss before tax	3	<b>(1,149)</b>	(2,277)
Income tax expense	4	<b>(50)</b>	(101)
Loss for the period		<b>(1,199)</b>	(2,378)

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2015</b>	2014
		<b>Unaudited</b>	Unaudited
Notes		<b>US\$'000</b>	US\$'000
<b>Other comprehensive expense:</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
	Exchange differences arising on translation of foreign operations	<u>(791)</u>	<u>(254)</u>
	Other comprehensive expense for the period	<u>(791)</u>	<u>(254)</u>
	Total comprehensive expense for the period	<u><u>(1,990)</u></u>	<u><u>(2,632)</u></u>
	Loss per share	5	
	– Basic (US cents)	<u><u>(0.13)</u></u>	<u><u>(0.26)</u></u>
	– Diluted (US cents)	<u><u>N/A</u></u>	<u><u>N/A</u></u>

**Condensed Consolidated Statement of Financial Position**

At 31 December 2015

	Notes	31 December 2015 Unaudited US\$'000	30 June 2015 Audited US\$'000
<b>Non-current assets</b>			
Property, plant and equipment		971	1,375
Development costs		199	205
Trademarks		269	278
Deposit placed for a life insurance policy		437	429
Rental deposits		58	58
		<u>1,934</u>	<u>2,345</u>
<b>Current assets</b>			
Inventories		37,636	42,669
Trade and other receivables	6	61,961	54,704
Tax recoverable		76	82
Pledged bank deposits		2,716	2,713
Bank balances and cash		9,466	8,677
		<u>111,855</u>	<u>108,845</u>
<b>Current liabilities</b>			
Trade and other payables	7	15,429	15,398
Tax payable		2,209	2,044
Obligations under finance leases		5	12
Bank borrowings		32,616	28,215
		<u>50,259</u>	<u>45,669</u>
<b>Net current assets</b>		<u>61,596</u>	<u>63,176</u>
		<u><b>63,530</b></u>	<u><b>65,521</b></u>
<b>Capital and reserves</b>			
Share capital		11,851	11,851
Share premium and reserves		51,649	53,639
		<u>63,500</u>	<u>65,490</u>
<b>Non-current liability</b>			
Obligations under finance leases		30	31
		<u><b>63,530</b></u>	<u><b>65,521</b></u>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2015

	Share capital US\$'000	Share premium account US\$'000	Surplus account US\$'000	Exchange reserve US\$'000	Share options reserve US\$'000	Retained profits US\$'000	Total US\$'000
At 1 July 2014 (audited)	11,851	27,083	2,954	1,764	14	28,993	72,659
Other comprehensive expense for the period	-	-	-	(254)	-	-	(254)
Loss for the period	-	-	-	-	-	(2,378)	(2,378)
Total comprehensive expense for the period	-	-	-	(254)	-	(2,378)	(2,632)
At 31 December 2014 (unaudited)	<u>11,851</u>	<u>27,083</u>	<u>2,954</u>	<u>1,510</u>	<u>14</u>	<u>26,615</u>	<u>70,027</u>
At 1 July 2015 (audited)	11,851	27,083	2,954	1,162	14	22,426	65,490
Other comprehensive expense for the period	-	-	-	(791)	-	-	(791)
Loss for the period	-	-	-	-	-	(1,199)	(1,199)
Total comprehensive expense for the period	-	-	-	(791)	-	(1,199)	(1,990)
At 31 December 2015 (unaudited)	<u>11,851</u>	<u>27,083</u>	<u>2,954</u>	<u>371</u>	<u>14</u>	<u>21,227</u>	<u>63,500</u>

**Condensed Consolidated Statement of Cash Flows***For the six months ended 31 December 2015*

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
	<b>US\$'000</b>	US\$'000
Net cash used in operating activities	<b>(3,737)</b>	(3,609)
Net cash used in investing activities	<b>(146)</b>	(144)
Net cash from (used in) financing activities	<b>4,394</b>	(1,938)
Net increase (decrease) in cash and cash equivalents	<b>511</b>	(5,691)
Cash and cash equivalents at 1 July	<b>8,677</b>	9,363
Effect of foreign exchange rate changes	<b>278</b>	214
Cash and cash equivalents at 31 December	<b>9,466</b>	3,886

## **NOTES TO CONDENSED INTERIM ACCOUNTS:**

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### **I. Basis of presentation**

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The accounting policies and method of computation used in the preparation of condensed interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015.

Certain new standards, amendments and interpretations have been issued but are not effective for the current accounting period. The Group has not early adopted those new standards, amendments or interpretations and is in the process of making an assessment of the impact of these new standards, amendments and interpretation on its results of operations and financial position.

## 2. Revenue and segment information

For management purposes, the Group is currently organised into two operating divisions – manufacture and sales of market video graphic cards and other computer components under the Group’s brand names (“Group brand products”); and distribution of other manufacturers’ computer components and consumer electronic products and others (“Other brand products”).

An analysis of the Group’s unaudited revenue and results for the six months ended 31 December 2015 and its comparatives are as follows:

	Group brand products		Other brand products		Consolidated	
	2015	2014	2015	2014	2015	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	US\$’000	US\$’000	US\$’000	US\$’000	US\$’000	US\$’000
<b>Revenue</b>						
External sales	<u>44,965</u>	<u>43,782</u>	<u>35,858</u>	<u>48,636</u>	<u>80,823</u>	<u>92,418</u>
<b>Result</b>						
Segment result	<u>(799)</u>	<u>(1,846)</u>	<u>435</u>	<u>483</u>	<u>(364)</u>	<u>(1,363)</u>
Interest Income					5	6
Unallocated corporate expenses					(423)	(469)
Finance costs					<u>(367)</u>	<u>(451)</u>
<b>Loss before tax</b>					<u>(1,149)</u>	<u>(2,277)</u>

## 3. Loss before tax

Six months ended	
31 December	
2015	2014
Unaudited	Unaudited
US\$’000	US\$’000

Loss before tax has been arrived at after charging:

Depreciation and amortisation	374	472
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**4. Income tax expense**

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
	<b>US\$'000</b>	US\$'000
The charge comprises:		
– Hong Kong Profits Tax	2	3
– Taxation arising in other jurisdictions	48	98
	<u>50</u>	<u>101</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**5. Loss per share**

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2015</b>	2014
	<b>Unaudited</b>	Unaudited
	<b>US\$'000</b>	US\$'000
Loss for the purpose of:		
basic and diluted earnings per share	<u>(1,199)</u>	<u>(2,378)</u>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>921,585</b>	921,585
Effect of dilutive potential ordinary share in respect of:		
– Share options	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>921,585</b></u>	<u>921,585</u>

No diluted loss per share for the six months ended 31 December 2015 and 31 December 2014 as the exercise of the share options would result in a reduction in loss per share for both periods.

**6. Trade and other receivables**

The Group allows a credit period of 1 to 180 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debt, presented based on the invoice date at the end of the reporting period:

	<b>31 December 2015 Unaudited US\$'000</b>	30 June 2015 Audited US\$'000
1 to 30 days	16,136	16,692
31 to 60 days	9,668	7,686
61 to 90 days	7,272	7,143
Over 90 days	<u>28,476</u>	<u>22,466</u>
Trade receivables	<b>61,552</b>	53,987
Deposits, prepayments and other receivables	<u>409</u>	<u>717</u>
	<b><u>61,961</u></b>	<b><u>54,704</u></b>

**7. Trade and other payables**

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>31 December 2015 Unaudited US\$'000</b>	30 June 2015 Audited US\$'000
1 to 30 days	6,200	4,417
31 to 60 days	4,619	5,108
61 to 90 days	702	1,443
Over 90 days	<u>369</u>	<u>566</u>
Trade payables	<b>11,890</b>	11,534
Deposits in advance, accruals and other payables	<u>3,539</u>	<u>3,864</u>
	<b><u>15,429</u></b>	<b><u>15,398</u></b>

## **INTERIM DIVIDEND**

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The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: Nil).

## **BUSINESS REVIEW**

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Business in the first 6 months was still weak. The Group's revenue was US\$80,823,000 and gross profit was US\$6,030,000, compared to US\$92,418,000 revenue and US\$6,088,000 gross profit from the same period last year.

The good news is that the XFX business is actually better than the same period last year by 3%. And the group's overall profit margin is also higher than last year by almost 1%. We also reduced our inventory level by US\$5,033,000 and our operation expenses, not including finance costs, by \$1,030,000. The net result is that the group incurred a loss of US\$1,199,000, compared to a loss of US\$2,378,000 for the same period last year.

## **BUSINESS OUTLOOK**

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We expect the PC industry to remain soft. The weak global economic climate and the strong dollar does not help the situation. Therefore we will continue to limit capital expenditure and reduce spending. And we will exercise cautionary discipline in our overall business planning and execution in the new year of 2016.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Liquidity, financial resources and charge of group asset**

As at 31 December 2015, the Group's borrowings are short-term loans of US\$32,616,000 (30 June 2015: US\$28,215,000). The aggregate borrowings US\$32,616,000 (30 June 2015: US\$28,215,000) were secured by pledged bank deposits and deposit placed for a life insurance policy, guaranteed or by all assets of certain subsidiaries as floating charges to banks.

As at 31 December 2015, total pledged deposits (including deposit placed for a life insurance policy) and all assets of certain subsidiaries as floating charges were amounted US\$3,153,000 and US\$32,134,000 respectively (30 June 2015: US\$3,142,000 and US\$30,167,000). The Group continued to maintain a healthy financial and cash position. As at 31 December 2015, the total cash on hand amounted US\$9,466,000 (30 June 2015: US\$8,677,000).

## Capital structure

There was no change in the capital structure of the Group as at 31 December 2015, as compared with that as at 30 June 2015.

## Significant investments and material acquisitions

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 31 December 2015.

## Staff

As at 31 December 2015, the Group had 172 office staff, a 9% decrease from 189 office staff since June 2015, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff cost, including Directors' emoluments, was US\$3,308,000 for the six months period ended 31 December 2015 as compared with that of approximately US\$4,045,000 for the corresponding period in the 2014.

## Gearing ratio

As at 31 December 2015, the gearing ratio of the Group based on total liabilities over total assets was approximately 44%. (30 June 2015: approximately 41%)

## Exchange risk

During the period under review, the Group's major foreign exchange payments arose from the import of components and materials, and repayments of foreign currency loans, that were principally denominated in US dollars, Hong Kong dollars, Renminbi and Canadian dollars. For settlement of import payments and foreign currency loans, the Group maintained its foreign exchange balance by its export revenue, that were principally denominated in US dollars and Canadian dollars. The unsecured risk will be foreign currency payables and loan exceeds its foreign currency revenue. During the period, the Group has used forward foreign currency contracts to minimize its exposure to currency fluctuations risk of certain trade payables denominated in foreign currencies.

## Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2015 (30 June 2015: Nil).

## Segment Information

### *Group brand products*

For the six months period ended 31 December 2015, the segment's revenue was US\$44,965,000 compared to US\$43,782,000 from the same period last year. It incurred a loss of US\$799,000 compared to US\$1,846,000 from last year. We will continue to manage our inventory level effectively.

### *Other brand products*

In this same period, the segment's revenue was US\$35,858,000 compared to US\$48,636,000 from last year. Profit was US\$435,000 versus US\$483,000 from last year. We will continue to broaden the non-PC product offerings to complement the PC business and to improve the profit margin.

## ***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE***

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As at 31 December 2015 the interests and short positions of the Directors and the chief executive of the Company in the shares capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") in the Listing Rules were as follows:

**Ordinary Shares of HK\$0.1 each of the Company**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Chiu Hang Tai	Controlled corporation/beneficial owner (Note 1)	216,402,465	23.48%
Chiu Samson Hang Chin (Note 2)	Beneficial owner	174,889,563	18.98%
Chiu Herbert H T (Note 2)	Beneficial owner	66,051,465	7.17%

*Notes:*

- 1) Of the 216,402,465 ordinary shares, 19,902,465 shares are registered in the personal name of Mr. Chiu Hang Tai, and the remaining 196,500,000 shares are beneficially owned by and registered in the name of Alliance Express Group Limited, which is incorporated in the British Virgin Islands ("BVI") and its entire issued share capital is beneficially owned by Mr. Chiu Hang Tai, an executive director of the Company.
- 2) Mr. Chiu Samson Hang Chin and Mr. Chiu Herbert H T are the brothers of Mr. Chiu Hang Tai.

In addition to above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, spouse of Mr. Chiu Hang Tai, both beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited, a subsidiary of the Company as at 31 December 2015. The non-voting deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the subsidiary. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the subsidiary only after the distribution of HK\$1,000 million, as specified in the articles of association of the subsidiary, to holders of ordinary shares.

Saved as disclosed above, and other than certain nominee shares in subsidiaries held by Directors in trust for the Company's subsidiaries as at 31 December 2015, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

## **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST IN SHARES**

So far as the Directors and chief executive of the Company are aware of, as at 31 December 2015, the following persons (not being a director or a chief executive of the Company) were interested in 5% or more of in the issued share capital of the Company:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held (long positions)</b>	<b>Percentage of the issued share capital of the Company</b>
Alliance Express Group Limited	Beneficial owner (Note 1)	196,500,000	21.32%
Chiu Man Wah (Note 2)	Beneficial owner	67,944,591	7.37%

Notes:

- 1) These shares are beneficially owned by and registered in the name of Alliance Express Group Limited, which is incorporated in BVI and its entire issued share capital is beneficially owned by Mr. Chiu Hang Tai, an executive director of the Company.
- 2) Ms Chiu Man Wah is the sister of Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin, and Mr. Chiu Herbert H T who are Directors of the Company.

Saved as disclosed above, the Directors are not aware of any person who, as at 31 December 2015, had an interest or short position in the shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO, or was interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of the Company.

## **SHARE OPTIONS**

The share option schemes of the Company adopted on 16 April 2003 (the "Old Scheme") is for the purpose of providing incentives to Directors and eligible employees expired on 15 April 2013, no further share options will be granted under the Old Scheme but the provisions remain in force to extent necessary to give effect to the exercise of any options granted.

Details of the share options outstanding under the Old Scheme during the six months ended 31 December 2015 to subscribe for the shares in the Company are as follows:

Granted to	Date of grant	Vesting period	Exercisable period (both dates inclusive)	Exercise price HK\$	Number of share options		Granted	Expired	Forfeited	Number of
					at 1 July 2015	at 31 December 2015				
Employees	25.3.2011	25.3.2011 – 24.3.2013	25.3.2013 – 24.3.2021	0.207	1,000,000	-	-	-	-	1,000,000

The Company's new share option scheme (the "New Scheme"), which was adopted by the shareholders pursuant to a resolution passed on 22 November 2013 is for the purpose of providing incentives to directors and eligible employees. During the period ended 31 December 2015, no options have been granted under the New Scheme.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the period, except for the deviations from Code Provision A.2.1 and A.4.2 details of which will be explained below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chiu Hang Tai assumes the role of both the Chairman and the Chief Executive Officer of the Group. The Company believes that this structure is conducive to strong and consistent leadership, enabling the Company to formulate and implement strategies efficiently and effectively. Under the supervision of the Board and its independent non-executive directors, a balancing mechanism exists so that the interests of shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change this structure.

Under Code Provision A.4.2, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Bye-laws provides that one-third of the Directors, with the exception of Chairman or Deputy Chairman, Managing Director or joint Managing Director, shall retire from office by rotation at each annual general meeting. Notwithstanding the provisions of the Company's Bye-laws, the Company intends to comply with the Code Provision A.4.2 by way of having one-third of all the Company's Directors subject to retirement by rotation at each annual general meeting.



## **AUDIT COMMITTEE**

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The Company established an audit committee on 9 November 1999 with written terms of reference. The audit committee comprised the three Independent Non-executive Directors, namely Messrs. Li Chi Chung, So Stephen Hon Cheung and Dr. Huang Zhijian. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules of the Stock Exchange. All Directors have confirmed, following enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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During the six months ended 31 December 2015, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase, or sell any of such shares.

By order of the Board  
**PINE Technology Holdings Limited**  
**Chiu Hang Tai**  
*Chairman*

Hong Kong, 19 February 2016

*As at the date of this report, executive directors are Mr. Chiu Hang Tai and Mr. Chiu Samson Hang Chin. Non-executive director is Mr. Chiu Herbert H T. Independent non-executive directors are Mr. Li Chi Chung, Mr. So Stephen Hon Cheung and Dr. Huang Zhijian.*

PINE TECHNOLOGY HOLDINGS LIMITED

松景科技控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 1079

2016 Interim Report

2016 中期業績報告

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