

# STABILITY

[stuh-bil-i-tee]

- 1. the state or quality of being stable.
- 2. firmness in position.
- 3. steadfastness; constancy, as of character or purpose.

# 2015



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 2014.

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2014

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2014</b>	2013
	Notes	<b>Unaudited</b>	Unaudited
		<b>US\$'000</b>	US\$'000
Turnover	2	<b>92,418</b>	119,364
Cost of sales		<b>(86,330)</b>	(109,399)
Gross profit		<b>6,088</b>	9,965
Other income		<b>23</b>	132
Selling and distribution expenses		<b>(2,123)</b>	(2,547)
General and administrative expenses		<b>(5,905)</b>	(6,667)
Other gains and losses		<b>91</b>	(2)
Finance costs		<b>(451)</b>	(482)
(Loss) profit before tax	3	<b>(2,277)</b>	399
Income tax expense	4	<b>(101)</b>	(100)
(Loss) profit for the period		<b>(2,378)</b>	299
<b>Other comprehensive (expense) income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>(254)</b>	85
Fair value gain on available-for-sale investments		<b>–</b>	91
Other comprehensive (expense) income for the period		<b>(254)</b>	176
Total comprehensive (expense) income for the period		<b>(2,632)</b>	475
(Loss) earnings per share	5		
– Basic (US cents)		<b>(0.26)</b>	0.032
– Diluted (US cents)		<b>(0.26)</b>	0.032

## Condensed Consolidated Statement of Financial Position

At 31 December 2014

	Notes	31 December 2014 Unaudited US\$'000	30 June 2014 Audited US\$'000
<b>Non-current assets</b>			
Property, plant and equipment		4,918	5,191
Development costs		156	219
Trademarks		292	290
Deposit placed for a life insurance policy		420	413
Rental deposit		58	101
		<u>5,844</u>	<u>6,214</u>
<b>Current assets</b>			
Inventories		51,232	56,274
Trade, bills and other receivables	6	50,879	44,737
Tax recoverable		41	4
Pledged bank deposits		2,707	2,702
Bank balances and cash		3,886	9,363
		<u>108,745</u>	<u>113,080</u>
<b>Current liabilities</b>			
Trade, bills and other payables	7	14,686	14,870
Tax payable		1,393	1,344
Obligations under finance leases		6	13
Bank borrowings		26,275	28,158
		<u>42,360</u>	<u>44,385</u>
<b>Net current assets</b>		<u>66,385</u>	<u>68,695</u>
		<u>72,229</u>	<u>74,909</u>
<b>Capital and reserves</b>			
Share capital		11,851	11,851
Share premium and reserves		58,176	60,808
<b>Total equity</b>		<u>70,027</u>	<u>72,659</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		52	51
Bank borrowings		2,150	2,199
		<u>2,202</u>	<u>2,250</u>
		<u>72,229</u>	<u>74,909</u>

**Condensed Consolidated Statement of Changes in Equity***For the six months ended 31 December 2014*

	Share capital US\$'000	Share premium US\$'000	Surplus account US\$'000	Exchange reserve US\$'000	Capital reserve US\$'000	Investments revaluation reserve US\$'000	Share option reserve US\$'000	Retained profits US\$'000	Total US\$'000
At 1 July 2013 (audited)	11,844	27,063	2,954	1,698	-	(89)	224	27,981	71,675
Other comprehensive income for the period	-	-	-	85	-	91	-	-	176
Profit for the period	-	-	-	-	-	-	-	299	299
Total comprehensive income for the period	-	-	-	85	-	91	-	299	475
Issue of shares under share option schemes	7	18	-	-	-	-	(6)	-	19
At 31 December 2013 (unaudited)	<u>11,851</u>	<u>27,081</u>	<u>2,954</u>	<u>1,783</u>	<u>-</u>	<u>2</u>	<u>218</u>	<u>28,280</u>	<u>72,169</u>
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>-</u>	<u>-</u>	<u>14</u>	<u>26,615</u>	<u>70,027</u>

## Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2014

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>US\$'000</b>	US\$'000
Net cash (used in) from operating activities	<b>(3,609)</b>	1,347
Net cash used in investing activities	<b>(144)</b>	(299)
Net cash (used in) from financing activities	<b>(1,938)</b>	49
Net (decrease) increase in cash and cash equivalents	<b>(5,691)</b>	1,097
Cash and cash equivalents at 1 July	<b>9,363</b>	8,626
Effect of foreign exchange rate changes	<b>214</b>	36
Cash and cash equivalents at 31 December	<b><u>3,886</u></b>	<b><u>9,759</u></b>

**NOTES TO CONDENSED INTERIM ACCOUNTS:****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 2014, except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new HKFRSs had no material effect on condensed consolidated financial statements of the Group for the current and prior accounting periods.

## 2. Segment information

For management purposes, the Group is currently organised into two operating divisions – manufacture and sales of market video graphic cards and other 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 turnover and results for the six months ended 31 December 2014 and its comparatives are as follows:

	Group brand products		Other brand products		Consolidated	
	2014 Unaudited US\$'000	2013 Unaudited US\$'000	2014 Unaudited US\$'000	2013 Unaudited US\$'000	2014 Unaudited US\$'000	2013 Unaudited US\$'000
<b>Turnover</b>						
External sales	<u>43,782</u>	<u>52,073</u>	<u>48,636</u>	<u>67,291</u>	<u>92,418</u>	<u>119,364</u>
<b>Result</b>						
Segment result	<u>(1,846)</u>	<u>701</u>	<u>483</u>	<u>626</u>	<u>(1,363)</u>	<u>1,327</u>
Interest Income					6	5
Unallocated corporate expenses					(469)	(451)
Finance costs					(451)	(482)
(Loss) profit before tax					<u>(2,277)</u>	<u>399</u>

## 3. (Loss) profit before tax

	Six months ended 31 December	
	2014 Unaudited US\$'000	2013 Unaudited US\$'000
(Loss) profit before tax has been arrived at after charging (crediting):		
Depreciation and amortisation	472	1,093
Gain on disposal of available-for-sale investments	<u>-</u>	<u>(66)</u>

**4. Income tax expense**

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>US\$'000</b>	US\$'000

The charge comprises:

– Hong Kong Profits Tax	3	3
– Taxation arising in other jurisdictions	98	97
	<u>101</u>	<u>100</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) earnings per share**

The calculation of the basic and diluted (loss) earnings 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>2014</b>	2013
	<b>Unaudited</b>	Unaudited
	<b>US\$'000</b>	US\$'000

(Loss) earnings for the purpose of:		
basic and diluted earnings per share	<u>(2,378)</u>	<u>299</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>	921,415
--	----------------	---------

Effect of dilutive potential ordinary share in respect of:		
– Share options	<u>N/A</u>	<u>96</u>

Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>921,585</b></u>	<u>921,511</u>
--	-----------------------	----------------



The calculation of diluted loss per share does not assume the exercise of the Company's share options as the exercise of the share options would result in a reduction in loss per share for the six months ended 31 December 2014.

**6. Trade, bills 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 2014 Unaudited US\$'000</b>	30 June 2014 Audited US\$'000
1 to 30 days	<b>17,865</b>	14,331
31 to 60 days	<b>9,951</b>	7,692
61 to 90 days	<b>6,586</b>	5,428
Over 90 days	<b>15,754</b>	16,328
Trade and bills receivables	<b>50,156</b>	43,779
Deposits, prepayments and other receivables	<b>723</b>	958
	<b>50,879</b>	44,737

**7. Trade, bills 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 2014 Unaudited US\$'000</b>	30 June 2014 Audited US\$'000
1 to 30 days	<b>4,451</b>	4,237
31 to 60 days	<b>2,765</b>	2,027
61 to 90 days	<b>2,719</b>	2,446
Over 90 days	<b>1,495</b>	2,818
Trade and bills payables	<b>11,430</b>	11,528
Deposits in advance, accruals and other payables	<b>3,256</b>	3,342
	<b>14,686</b>	14,870

## ***INTERIM DIVIDEND***

---

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2014 (2013: Nil).

## ***BUSINESS REVIEW***

---

Business in the first 6 months was slow. The Group's revenue was US\$92,418,000 and gross profit was US\$6,088,000 compared to US\$119,364,000 revenue and US\$9,965,000 gross profit from the same period last year.

Both of the XFX business and Distribution business dropped in this period. The drop is due to the sluggishness of the overall PC business and the delay in new product launch to mid 2015. As a result, the group incurred a loss of US\$2,378,000 compared to US\$299,000 profit from the same period last year.

## ***BUSINESS OUTLOOK***

---

Business for second half of the year will remain soft. We will work on reducing existing inventory to prepare for the new product launch, and continue to work on the operational efficiency to improve the bottom line. The outlook will be positive again when we start to launch the new products.

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

---

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

As at 31 December 2014, the Group's borrowings comprised short-term loans of US\$26,275,000 (30 June 2014: US\$28,158,000) and long-term loans of US\$2,150,000 (30 June 2014: US\$2,199,000). The aggregate borrowings US\$28,425,000 (30 June 2014: US\$30,357,000) were secured by pledged bank deposits and deposit placed with an insurance company or by all assets of certain subsidiaries as floating or fixed charges to banks.

As at 31 December 2014, total pledged deposits and all assets of certain subsidiaries as floating or fixed charges were amounted US\$3,127,000 and US\$33,456,000 respectively (30 June 2014: US\$3,115,000 and US\$34,313,000). The Group continued to maintain a healthy financial and cash position. As at 31 December 2014, the total cash on hand amounted US\$3,886,000 (30 June 2014: US\$9,363,000).

### **Capital structure**

There was no change in the capital structure of the Group as at 31 December 2014, as compared with that as at 30 June 2014.

### **Significant investments and material acquisitions**

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 31 December 2014.

### **Staff**

As at 31 December 2014, the Group had 198 office staff, a 12% decrease from 225 office staff since June 2014, 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 Director's emoluments, was US\$4,045,000 for the six months period ended 31 December 2014 as compared with that of approximately US\$4,443,000 for the corresponding period in the 2013.

### **Gearing ratio**

As at 31 December 2014, the gearing ratio of the Group based on total liabilities over total assets was approximately 39% (30 June 2014: approximately 39%).

## **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 2014. (30 June 2014: Nil)

## **Segment Information**

### *Group brand products*

For the six months period ended 31 December 2014, the segment's turnover was US\$43,782,000, compared to US\$52,073,000 from the same period last year. It incurred a loss of US\$1,846,000 compared to a profit of US\$701,000 from last year. We expect a better result when the new products are launched in mid year 2015.

### *Other brand products*

In this same period, the segment's revenue was US\$48,636,000 compared to US\$67,291,000 from last year. Profit was US\$483,000 versus US\$626,000 from last year. We will continue to broaden the non-PC product offerings to complement the PC business.

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

As at 31 December 2014 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 2014. 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 2014, 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 2014, 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 2014, 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 2014 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	Granted	Expired	Forfeited	Number of
					share options at 1 July 2014				share options at 31 December 2014
Employee	25.3.2011	25.3.2011-24.3.2013	25.3.2013-24.3.2021	0.207	1,000,000	-	-	-	1,000,000
					1,000,000	-	-	-	1,000,000
					<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>

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 2014, 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**

---

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**

---

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**

---

During the six months ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

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

Hong Kong, 13 February 2015

*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  
2015 Interim Report  
2015中期業績報告  
[www.pinegroup.com](http://www.pinegroup.com)



[*stuh*-**bil**-i-tee]