



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

INTERIM
REPORT
中期報告

2023

* For identification purpose only
僅供識別

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CORPORATE INFORMATION

Board of Directors

Executive Director

Mr. Zhang Sanhuo

(Chairman and Chief Executive Officer)

Independent Non-executive Directors

Mr. So Stephen Hon Cheung

Mr. Zhou Chunsheng

Mr. Tian Hong

Company Secretary

Mr. Chan Cheuk Ho

Authorised Representatives

Mr. Zhang Sanhuo

Mr. Chan Cheuk Ho

Audit Committee

Mr. So Stephen Hon Cheung *(Chairman)*

Mr. Zhou Chunsheng

Mr. Tian Hong

Remuneration Committee

Mr. So Stephen Hon Cheung *(Chairman)*

Mr. Zhang Sanhuo

Mr. Zhou Chunsheng

Mr. Tian Hong

Nomination Committee

Mr. Zhang Sanhuo *(Chairman)*

Mr. So Stephen Hon Cheung

Mr. Zhou Chunsheng

Mr. Tian Hong

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business

Unit B, 12/F., Central 88

88–98 Des Voeux Road Central

Central

Hong Kong

Principal Bankers

Bank of Communications (Hong Kong) Limited

Bank of China Guangdong Branch

Industrial and Commercial Bank of China

(Guangdong Provincial Branch)

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Independent Auditors

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Legal Adviser

As to Hong Kong Law:

Michael Li & Co. Solicitors

Stock Code

1079

Website of the Company

<https://www.irasia.com/listco/hk/pine>

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Director(s)**”) of PINE Technology Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2022 (the “**Period**”) together with the comparative figures for the corresponding period in 2021 and the relevant explanatory notes.

FINANCIAL REVIEW

Revenue

For the Period, the Group’s revenue from its continuing operations principally derived from the provision of computer software and hardware and system development service.

The Group’s revenue from its continuing operations was approximately US\$1,384,000 for the Period, representing an approximate 69% decrease as compared to that of approximately US\$4,469,000 (restated) for the corresponding period in 2021. The decrease was mainly due to the adverse impact of the recurring novel coronavirus (“**COVID-19**”) pandemic on the operation and development of the provision of computer software and hardware and system development service business, and the fact that no significant contracts or projects had been obtained during the Period.

Cost of Sales and Gross Profit

Cost of sales mainly represents costs incurred from the provision of computer software and hardware and system development service for the Period. The Group’s cost of sales from its continuing operations amounted to approximately US\$1,157,000 for the Period, representing an approximate 61% decrease as compared to that of approximately US\$2,961,000 (restated) for the corresponding period in 2021.

The gross profit from continuing operations of the Group decreased by approximately 85% to approximately US\$227,000 for the Period from approximately US\$1,508,000 (restated) for the corresponding period in 2021. The decrease was mainly due to the decrease in revenue for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Other Gains and Losses

Other losses, net from the continuing operations of the Group were approximately US\$729,000 for the Period as compared to other losses, net of approximately US\$3,000 (restated) for the corresponding period in 2021. For the Period, fluctuations in the RMB exchange rate have increased the risk of the Group's foreign exchange exposure. The increase in other losses, net was mainly due to the inclusion of foreign exchange loss and loss on disposal of subsidiaries incurred for the Period (see note 4 to the unaudited condensed consolidated interim financial statements for the Period for details of other gains and losses).

Selling and Distribution Expenses

Selling and distribution expenses from the continuing operations for the Period comprised mainly payroll expenses. The Group's selling and distribution expenses from its continuing operations for the Period and the corresponding period in 2021 were approximately US\$89,000 and approximately US\$162,000 (restated) respectively.

General and Administrative Expenses

General and administrative expenses from continuing operations for the Period comprised mainly payroll expenses, depreciation of right-of-use assets, amortisation of intangible assets and other office administrative expenses. The Group's general and administrative expenses from its continuing operations decreased from approximately US\$2,240,000 (restated) for the corresponding period in 2021 to approximately US\$1,882,000 for the Period, representing a decrease of approximately 16%. The lower general and administrative expenses recorded for the Period were mainly due to the tightened cost controls on payroll expenses throughout the Period.

Income Tax Credit/(Expenses)

There was a turnaround of the taxation from expenses of approximately US\$4,000 (restated) for the corresponding period in 2021 as compared to credit of approximately US\$111,000 from the continuing operations for the Period as the Group has no assessable profit for the Period and thus, no provision for profit tax has been made for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Loss for the Period

The Group recorded a loss attributable to owners of the Company for the Period of approximately US\$2,276,000, representing an increase of approximately 367% compared to approximately US\$487,000 for the corresponding period in 2021.

Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks in Hong Kong and the People's Republic of China (the "PRC").

The Group has maintained its funds at a sound and healthy financial resource level. The Group's net current assets and equity attributable to owners of the Company as of 31 December 2022 were approximately US\$13,086,000 and approximately US\$15,720,000 respectively (30 June 2022: approximately US\$14,621,000 and approximately US\$18,194,000 respectively). As of 31 December 2022, net current assets included bank balances and cash totalling approximately US\$13,973,000 (30 June 2022: approximately US\$14,313,000).

The Group's outstanding bank borrowings as of 31 December 2022 amounted to approximately US\$215,000 (30 June 2022: approximately US\$753,000), with a significant decrease of approximately 71% as compared with that as of 30 June 2022.

The Group has maintained a healthy balance sheet with net bank balances and cash (total bank balances and cash less total bank borrowings) of approximately US\$13,758,000 as of 31 December 2022 (30 June 2022: approximately US\$13,560,000).

The current ratio, being the ratio of current assets to current liabilities, was approximately 6.34 times as of 31 December 2022 (30 June 2022: approximately 4.83 times).

The Group continued to maintain a healthy financial and cash position. The Company did not carry out any fund raising activities by issuing new shares of the Company during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Pledge of Group's Assets

The Group did not have any charges on assets of the Group for the Period (30 June 2022: Nil).

Share Capital and Capital Structure of the Company

As at 31 December 2022, the Company had 1,326,701,739 ordinary shares of HK\$0.10 each in issue (30 June 2022: 1,326,701,739 shares).

Gearing Ratio

As at 31 December 2022, the gearing ratio of the Group based on total liabilities over total assets was approximately 15% (30 June 2022: approximately 17%).

Foreign Exchange Exposure

The Group's monetary assets, liabilities and transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The Group regularly reviews the balances of assets and liabilities and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign currency risk. During the Period, no financial instruments had been used for hedging purpose. The Directors are of the view that the transactional exposure of the Group in currencies other than the functional currencies is maintained at an acceptable level.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the continuous outbreak of the COVID-19 pandemic and the emergence of COVID-19 variants had impeded the recovery of economic activities in the PRC. Various stringent lockdown measures and anti-pandemic policies were in place which discouraged business activities during the Period, casting an adverse impact on the operation and development of the subsidiary of the Company in Guangzhou, the PRC. In the fourth quarter of 2022, the spread of COVID-19 pandemic in the PRC remained to be uncontrolled and the sporadic outbreak of the COVID-19 pandemic in local areas quickly evolved into major regional outbreaks. The number of confirmed COVID-19 cases fluctuated and major cities such as Beijing, Guangzhou and Shanghai in the PRC, were still under the influence of the COVID-19 pandemic. Amid the COVID-19 pandemic, the majority of the customers of the Group were less inclined to invest in or upgrade their computer software and hardware, and fewer significant projects were being put out to tender during the Period. Thus, the Group was unable to obtain significant contracts or projects during the Period and recorded a decrease in revenue and gross profit for the Period. Despite the uncertainties brought about by the COVID-19 pandemic, the Group continued to maintain a healthy financial position, in particular, by keeping a low gearing level.

As disclosed in the announcement of the Company dated 9 September 2022, having considered (i) the Group being exposed to greater credit risk under the adverse economic environment; (ii) all loan receivables as of 30 June 2022 having been fully settled; and (iii) opportunities for other more profitable businesses, the Board has decided not to renew the money lending licence, which expired on 29 September 2022, and has resolved to discontinue the money lending service segment.

Group's Brand Products

There was no revenue and no segment profit generated from the Group's brand products during the Period and the corresponding period in 2021.

Other Brand Products

There was no revenue and no segment profit generated from the other's brand products during the Period and the corresponding period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

Trading Business

There was no revenue generated from the trading business segment during the Period and the corresponding period in 2021. There was no segment loss for the Period as compared to a loss of approximately US\$4,000 for the corresponding period in 2021.

Computer Software and Hardware and System Development Service

During the Period, the segment's revenue was approximately US\$1,384,000, representing an approximate 69% decrease compared to that of approximately US\$4,469,000 for the corresponding period in 2021. The segment's loss was approximately US\$949,000, representing an increase of approximately 524% as compared to a profit of approximately US\$224,000 for the corresponding period in 2021.

BUSINESS OUTLOOK

As the COVID-19 pandemic is becoming under control and the relevant anti-pandemic restrictions are gradually lifted, the Group is cautiously optimistic that the Group's businesses will rebound in the coming years. The overall business environment and consumer sentiment have improved but uncertainties remain. Besides, the rapid increase in interest rates as induced by the Federal Reserve of the United States and the Russo-Ukrainian conflict have also dampened the global and the PRC economy. The Group will make steady progress in accordance with its business plans and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Group and enhance return to the shareholders (the "Shareholders") of the Company.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND/OR DISPOSALS

There was no significant investment held by the Group, nor were there any material acquisitions and/or disposals of subsidiaries, associates and joint ventures during the Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any plan for material investments or capital assets as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 62 employees, including 1 executive Director and 3 independent non-executive Directors (30 June 2022: 111 employees, including 1 executive Director and 3 independent non-executive Directors). Total staff cost including Directors' remuneration was approximately US\$1,397,000 for the Period as compared with that of approximately US\$1,897,000 for the corresponding period in 2021.

Employees' remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus and other incentives may be offered to the employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined by the remuneration committee of the Company having regard to the performance of the individuals and market trend.

The Group has not made any changes to its remuneration policy during the Period under review. The Company adopted a share option scheme pursuant to which eligible persons may be granted options to subscribe for the shares of the Company.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2022 (30 June 2022: Nil).

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the Period (six months ended 31 December 2021: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions:

Ordinary shares of HK\$0.10 each (the "Share(s)") of the Company

Name of Director	Nature of Interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Zhang Sanhuo	Controlled corporation	714,163,680 (Note 1)	53.83%

Note:

- These Shares are beneficially owned by and registered in the name of Sage Global Holdings Limited ("Sage Global"), which is a company incorporated in the British Virgin Islands and its entire issued share capital is wholly and beneficially owned by South Pearl Ventures Limited ("South Pearl"), and South Pearl is in turn wholly and beneficially owned by Mr. Zhang Sanhuo, an executive Director, the chairman (the "Chairman") of the Board and the chief executive officer of the Company (the "Chief Executive Officer").

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Long positions in the underlying Shares:

Name of Director	Nature of Interest	Number of underlying Shares held	Approximate percentage of the issued share capital of the Company
Mr. Zhang Sanhuo	Beneficial owner	16,860,000 (Note 1)	1.27%

Note:

- I. These underlying Shares are held by Mr. Zhang Sanhuo, an executive Director, the Chairman and Chief Executive Officer, as share options of the Company which entitle him to subscribe for 6,000,000 Shares at an exercise price of HK\$0.83 per Share and 10,860,000 Shares at an exercise price of HK\$0.46 per Share.

Save as disclosed above, as at 31 December 2022, none of the Directors or the Company's chief executive or their respective associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

Save for the interests of certain Directors as disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Position in Shares, Underlying Shares and Debentures”, according to the register of interests maintained by the Company pursuant to section 336 of the SFO and as far as the Directors are aware, as at 31 December 2022, the following persons or corporations (other than a Director or chief executive of the Company) had an interest or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Capacity	Number of issued shares held	Position	Approximate percentage of the issued share capital of the company
Sage Global	Beneficial owner	714,163,680 (Note 1)	Long	53.83%
South Pearl	Controlled corporation	714,163,680 (Note 1)	Long	53.83%

Note:

1. Sage Global beneficially owns 714,163,680 Shares. Sage Global is wholly and beneficially owned by South Pearl. South Pearl is in turn wholly and beneficially owned by Mr. Zhang Sanhuo, an executive Director, the Chairman and the Chief Executive Officer.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2022.

OTHER INFORMATION

SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) was adopted by the Company pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 22 November 2013 for the purpose of providing incentives or reward to the Directors, eligible employees or any persons who have contributed or may contribute to the Group. The Share Option Scheme was amended pursuant to the resolution passed by the Shareholders on 15 November 2018 and the Directors considered that the amendment to the Share Option Scheme was in line with Rule 17.04(1) of the Listing Rules. Please refer to the circular of the Company dated 16 October 2018 and the announcement of the Company dated 15 November 2018 for further information in relation to the amendment to the Share Option Scheme. Unless otherwise cancelled or amended, the Share Option Scheme will expire on 21 November 2023.

Share options granted under the Share Option Scheme must be taken up within 21 days from the date of grant, upon payment of HK\$1 per share option. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during the respective effective period of the Share Option Scheme to be notified by the Board which shall not be later than 10 years from the date of grant.

As disclosed in the announcement of the Company dated 12 December 2018, there were 80,140,000 share options granted to certain grantees which included the Directors with an exercise price of HK\$0.46 per Share pursuant to the Share Option Scheme. The exercise price of HK\$0.46 per Share was the highest of: (i) the closing price of HK\$0.45 per Share as quoted in the Stock Exchange’s daily quotation sheet on the date of grant; (ii) the average closing price of approximately HK\$0.46 per Share as quoted in the Stock Exchange’s daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.10 per Share.

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1 per cent of the Shares in issue.

The subscription price shall be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of:

- (1) the closing price of the Shares as quoted on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet) on the offer date, which must be a business day;
- (2) the average closing price of the Shares as quoted on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheets) for the five business days immediately preceding the offer date; and
- (3) the nominal value of a Share on the offer date.

On 28 November 2019, an ordinary resolution was duly passed by the Shareholders at an annual general meeting of the Company, approving, *inter alia*, the refreshment of the scheme mandate limit under the Share Option Scheme. Upon the refreshment of the scheme mandate limit, the Company may grant share options entitling holders thereof to subscribe for up to a maximum number of 132,670,173 Shares, representing approximately 10% of the number of issued Shares as at the date of the annual general meeting (the “**Refreshed Scheme Mandate Limit**”). Please refer to the circular of the Company dated 29 October 2019 and the announcement of the Company dated 28 November 2019 for further details of the refreshment of the scheme mandate limit.

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

Details of the share options outstanding under the Share Option Scheme as at 31 December 2022 entitling holders thereof to subscribe for the Shares are as follows:

Granted to	Position(s) held in the Company	Date of grant	Validity period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price HK\$	Number of share options					Balance as at 31 December 2022
						Balance as at 1 July 2022	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Mr. Zhang Sanhuo	Chairman and Chief Executive Officer	22.9.2017	22.9.2017 to 21.9.2027	33.33% 22.9.2017 to 21.9.2027; 33.33% 22.9.2018 to 21.9.2027; and 33.34% 22.9.2019 to 21.9.2027	0.83	6,000,000	-	-	-	-	6,000,000
		12.12.2018	12.12.2018 to 11.12.2028	50% 12.12.2018 to 11.12.2028; and 50% 12.12.2019 to 11.12.2028	0.46	10,860,000	-	-	-	-	10,860,000
Sub-total						16,860,000	-	-	-	-	16,860,000

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

Granted to	Position(s) held in the Company	Date of grant	Validity period (both dates inclusive)	Exercisable period (both dates inclusive)	Exercise price HK\$	Number of share options					Balance as at 31 December 2022
						Balance as at 1 July 2022	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	
Mr. Chan Cheuk Ho	Employee (Note 1)	22.9.2017	22.9.2017 to 21.9.2027	33.33% 22.9.2017 to 21.9.2027; 33.33% 22.9.2018 to 21.9.2027; and 33.34% 22.9.2019 to 21.9.2027	0.83	6,000,000	-	-	-	-	6,000,000
		12.12.2018	12.12.2018 to 11.12.2028	50% 12.12.2018 to 11.12.2028; and 50% 12.12.2019 to 11.12.2028	0.46	13,260,000	-	-	-	-	13,260,000
Sub-total						19,260,000	-	-	-	-	19,260,000
Other grantees	Consultants	12.12.2018	12.12.2018 to 11.12.2028	50% 12.12.2018 to 11.12.2028; and 50% 12.12.2019 to 11.12.2028	0.46	36,520,000	-	-	-	-	36,520,000
Grand total						72,640,000	-	-	-	-	72,640,000

Note 1: Mr. Chan Cheuk Ho has resigned as an executive Director with effect from 31 May 2022. Mr. Chan Cheuk Ho remains as the company secretary and authorized representative of the Company.

OTHER INFORMATION

SHARE OPTION SCHEME (Continued)

The total number of Shares available for issue under the Refreshed Scheme Mandate Limit of the Share Option Scheme is 132,670,173, representing approximately 10% of the Company's issued share capital as at the date of this interim report.

Save as disclosed above, no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme during the Period.

For the Period, the Group has not recognized any share-based payment expense in the condensed consolidated statement of profit or loss and other comprehensive income (six months ended 31 December 2021: Nil).

OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”). Throughout the Period, the Company has complied with all the code provisions as set out in the CG Code, save and except for code provisions C.2.1 and B.2.2 of the CG Code, details of which are explained below.

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

As Mr. Zhang Sanhuo has been the Chairman and the Chief Executive Officer since 3 January 2018, it constituted a deviation from code provision C.2.1 of the CG Code since 3 January 2018. The positions of the Chairman and the Chief Executive Officer are held by Mr. Zhang Sanhuo who has extensive knowledge about the management. 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 the independent non-executive Directors, a balancing mechanism exists so that the interests of the Shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change this structure.

Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Under the bye-laws 111 and 114 of the bye-laws (the “**Bye-laws**”) of the Company, one-third of the Directors, with the exception of Chairman or deputy Chairman, managing Director or joint managing Director, are subject to retirement by rotation and re-election at annual general meeting of the Company. New Directors appointed by the Board to fill a casual vacancy during any year are required to retire and submit themselves for election at the first general meeting immediately following their appointments. Notwithstanding the provisions of the Bye-laws, the Company intends to comply with the code provision B.2.2 of the CG Code by way of having one-third of all the Directors, including those appointed for a specific term, subject to retirement by rotation at each annual general meeting of the Company at least once every three years.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 9 November 1999 with written terms of reference amended and became effective on 9 January 2019. The Audit Committee comprised the three independent non-executive Directors, namely Mr. So Stephen Hon Cheung (chairman of the Audit Committee), Mr. Zhou Chunsheng and Mr. Tian Hong. The Audit Committee together with the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal controls and financial reporting matters (including a review of the Group’s unaudited condensed consolidated interim financial statements for the Period).

The unaudited condensed consolidated interim financial statements for the Period have been reviewed by the Audit Committee, which is of the opinion that such statements have been prepared in accordance with the applicable accounting standards, the Hong Kong Companies Ordinance and the Listing Rules, but have not been reviewed by the Company’s auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, 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
Zhang Sanhuo
Chairman

Hong Kong, 28 February 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Notes	For the six months ended 31 December	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited) (Restated)
Revenue	3	1,384	4,469
Cost of sales		(1,157)	(2,961)
Gross profit		227	1,508
Other income		28	35
Other gains and losses		(729)	(3)
Selling and distribution expenses		(89)	(162)
General and administrative expenses		(1,882)	(2,240)
Operating loss		(2,445)	(862)
Finance costs		(16)	(87)
Loss before income tax from continuing operations	4	(2,461)	(949)
Income tax credit/(expense)	5	111	(4)
Loss for the period from continuing operations		(2,350)	(953)
Discontinued operation			
(Loss)/profit for the period from discontinued operation	7	(13)	761
Loss for the period		(2,363)	(192)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translating foreign operations		(197)	95
Total other comprehensive (loss)/income for the period		(197)	95
Total comprehensive loss for the period		(2,560)	(97)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 31 December 2022

	Notes	For the six months ended 31 December	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited) (Restated)
(Loss)/profit for the period attributable to:			
Owners of the Company		(2,276)	(487)
Non-controlling interests		(87)	295
		(2,363)	(192)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(2,474)	(394)
Non-controlling interests		(86)	297
		(2,560)	(97)
(Loss)/earnings per share attributable to owners of the Company			
	8		
From continuing and discontinued operation			
Basic and diluted (US cents)		(0.172)	(0.037)
From continuing operations			
Basic and diluted (US cents)		(0.171)	(0.094)
From discontinued operation			
Basic and diluted (US cents)		(0.001)	0.057

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		31 December 2022 US\$'000 (Unaudited)	30 June 2022 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment		49	215
Right-of-use assets		253	86
Goodwill		2,345	2,345
Intangible assets		8,167	8,907
Rental deposits		69	–
		10,883	11,553
Current assets			
Trade and other receivables	9	1,338	762
Loan receivables	10	–	2,436
Contract assets and contract costs		125	925
Tax recoverable		100	–
Bank balances and cash		13,973	14,313
		15,536	18,436
Current liabilities			
Trade and other payables	11	1,679	2,467
Contract liabilities		76	86
Loan from a director		164	218
Tax payable		334	200
Lease liabilities		128	91
Bank borrowings		69	753
		2,450	3,815
Net current assets		13,086	14,621
Total assets less current liabilities		23,969	26,174

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31 December 2022

	31 December 2022 US\$'000 (Unaudited)	30 June 2022 US\$'000 (Audited)
	<i>Notes</i>	
Non-current liabilities		
Lease liabilities	128	–
Bank borrowings	146	–
Deferred tax liabilities	1,225	1,336
	1,499	1,336
NET ASSETS	22,470	24,838
Capital and reserves		
Share capital	17,045	17,045
Reserves	(1,325)	1,149
Equity attributable to owners of the Company	15,720	18,194
Non-controlling interests	6,750	6,644
TOTAL EQUITY	22,470	24,838

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Surplus account	Exchange reserve	Share options reserve	Accumulated losses	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
			(Note)						
Balance at 1 July 2021 (audited)	17,045	58,306	2,954	199	2,436	(54,406)	26,534	6,859	33,393
Loss for the period	-	-	-	-	-	(487)	(487)	295	(192)
Other comprehensive income for the period	-	-	-	91	-	-	91	4	95
Total comprehensive income/(loss) for the period	-	-	-	91	-	(487)	(396)	299	(97)
Balance at 31 December 2021 (unaudited)	17,045	58,306	2,954	290	2,436	(54,893)	26,138	7,158	33,296
Balance at 1 July 2022 (audited)	17,045	58,306	2,954	79	2,436	(62,626)	18,194	6,644	24,838
Loss for the period	-	-	-	-	-	(2,276)	(2,276)	(87)	(2,363)
Other comprehensive (loss)/income for the period	-	-	-	(198)	-	-	(198)	1	(197)
Total comprehensive loss for the period	-	-	-	(198)	-	(2,276)	(2,474)	(86)	(2,560)
Disposal of subsidiaries	-	-	-	-	-	-	-	192	192
Balance at 31 December 2022 (unaudited)	17,045	58,306	2,954	(119)	2,436	(64,902)	15,720	6,750	22,470

Note: Surplus account of the Group represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Pine Technology (BVI) Limited, the subsidiary which was acquired by the Company pursuant to the reorganisation of the Group in previous years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	For the six months ended	
	31 December	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	648	3,760
Net cash generated from/(used in) investing activities	2	(9)
Net cash (used in)/generated from financing activities	(709)	123
Net (decrease)/increase in cash and cash equivalents	(59)	3,874
Cash and cash equivalents at the beginning of the period	14,313	4,784
Effect of foreign exchange rate changes	(281)	42
Cash and cash equivalents at the end of the period	13,973	8,700

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

I. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda and its shares are listed and traded on the Main Board of the Stock Exchange. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of the Company's head office and principal place of business in Hong Kong is Unit B, 12/F., Central 88, 88-98 Des Voeux Road Central, Central, Hong Kong.

The principal activities of the Group are the manufacture and sales of market video graphics cards and other computer components under the Group's brand name, distribution of other manufacturers' computer components and, consumer electronic products and others, trading business and computer software and hardware and system development service. The Company is an investment holding company.

During the Period, the Company's subsidiary did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong. Therefore, the Group classified the results of money lending business as discontinued operation and the comparative information for the corresponding period in 2021 has been restated. Details in relation to such discontinued operation are set out in note 7.

The Company's functional currency is Hong Kong dollars ("HK\$") and the unaudited condensed consolidated interim financial statements are presented in United States dollars ("US\$"), and all values are rounded to the nearest thousand unless otherwise indicated. The management of the Group has been using US\$ to evaluate the financial performance and financial position of the Group over the years.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the Period have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2022.

Certain figures in the unaudited condensed consolidated interim financial statements for the six months ended 31 December 2021 related to discontinued operation have been reclassified and restated to conform with the presentation and accounting treatment of the unaudited condensed consolidated interim financial statements for the Period.

Adoption of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on or after 1 July 2022. HKFRSs comprise Hong Kong Financial Reporting Standards; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the Period and prior periods.

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Board (being the chief operating decision maker ("CODM")), for the purposes of resources allocation and performance assessment are as follows:

Group's brand products	– manufacture and sales of market video graphics cards and other computer components under the Group's brand name
Other brand products	– distribution of other manufacturers' computer components and consumer electronic products and others
Money lending service	– money lending service in Hong Kong ^{Note 1} (discontinued operation)
Trading business	– trading business in PRC
Computer software and hardware and system development service	– provision of computer software and hardware and system development service in the PRC

Note 1. During the Period, the Company's subsidiary did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong. Therefore, the Group classified the results of the money lending business as discontinued operation and the comparative information for the corresponding period in 2021 has been restated. Details in relation to such discontinued operation are set out in note 7.

The segment information reported as below does not include any results of the discontinued operation.

For management purpose, the Group is organised into business units based on their products and services. The management of the Group monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the condensed consolidated statement of profit or loss.

For the purposes of monitoring segment performance and allocating resources between segments, the CODM also reviews other segment information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's unaudited revenue and results from continuing operations for the Period and its comparatives are as follows:

2022

	Continuing operations				Consolidated US\$'000 (Unaudited)
	Group's brand products US\$'000 (Unaudited)	Other brand products US\$'000 (Unaudited)	Trading business US\$'000 (Unaudited)	Computer software and hardware and system development service US\$'000 (Unaudited)	
REVENUE	-	-	-	1,384	1,384
SEGMENT RESULTS	-	-	-	(949)	(949)
Interest income					2
Unallocated corporate expenses					(1,498)
Finance costs					(16)
Loss before income tax from continuing operations					(2,461)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

2021

	Continuing operations				Consolidated US\$'000 (Unaudited) (Restated)
	Group's brand products US\$'000 (Unaudited)	Other brand products US\$'000 (Unaudited)	Trading business US\$'000 (Unaudited)	Computer software and hardware and system development service US\$'000 (Unaudited)	
REVENUE	-	-	-	4,469	4,469
SEGMENT RESULTS	-	-	(4)	224	220
Interest income					1
Unallocated corporate expenses					(1,122)
Finance costs					(48)
Loss before income tax from continuing operations					(949)

4. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

	For the six months ended 31 December	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited) (Restated)
Loss before income tax from continuing operations has been arrived at after charging:		
Amortisation of intangible assets	741	741
Depreciation of property, plant and equipment	89	122
Depreciation of right-of-use assets	71	66
Write-off of items of property, plant and equipment	71	-
Loss on disposal of subsidiaries (Note 12)	152	-
Net foreign exchange loss	489	1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended	
	31 December	2021
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Current tax:		
Hong Kong Profits Tax	-	-
The PRC enterprise income tax	-	114
Other jurisdictions	-	-
	-	114
Deferred tax	(111)	(110)
Income tax (credit)/expense	(111)	4

For the Period and prior periods, Hong Kong Profits Tax is calculated under two-tier profits tax rate regime. First HK\$2 million of estimated assessable profits is taxed at a rate of 8.25% and the remaining estimated assessable profits is taxed at 16.5%. The Group has selected one of the Hong Kong subsidiaries to apply the two-tier profits tax rate.

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. DIVIDEND

No dividend was paid or proposed for the Period (six months ended 31 December 2021: Nil). The Directors do not recommend a dividend in respect of the Period (six months ended 31 December 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. DISCONTINUED OPERATION

During the Period, the Company's subsidiary did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong. Therefore, the Group classified the results of the money lending business as discontinued operation and the comparative information for the corresponding period in 2021 has been restated.

The financial results of the money lending business for the Period have been presented separately as a single line item in the unaudited condensed consolidated statement of the profit or loss and other comprehensive income for the Period.

Certain comparative figures for the six months ended 31 December 2021 related to discontinued operation have been reclassified and restated to conform with the presentations and accounting treatment of the unaudited condensed consolidated interim financial statements for the Period.

For details concerning the discontinued operation, please refer to the announcement published by the Company on 9 September 2022.

	For the six months ended	
	31 December	2021
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Revenue	-	789
Other gains and losses	-	(8)
General and administrative expenses	(13)	(20)
(Loss)/profit for the period from discontinued operation attributable to owners of the Company	(13)	761

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. LOSS PER SHARE

Basic loss per share

The calculations of basic (loss)/earnings per share from (i) continuing and discontinued operation; (ii) continuing operations; and (iii) discontinued operation are based on the following data:

	For the six months ended 31 December	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited) (Restated)
(Loss)/Earnings		
(Loss)/Profit for the period attributable to owners of the Company		
(i) Continuing and discontinued operation	(2,276)	(487)
(ii) Continuing operations	(2,263)	(1,248)
(iii) Discontinued operation	(13)	761

	For the six months ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic (loss)/earnings per share	1,326,702,000	1,326,702,000

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the Period (six months ended 31 December 2021: anti-dilutive).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 1 to 180 days (30 June 2022: 1 to 180 days) to its trade customers. The aged analysis of trade receivables, net of allowance for doubtful debt, presented based on the invoice date at the end of the reporting period is as follows:

	As at 31 December 2022 US\$'000 (Unaudited)	As at 30 June 2022 US\$'000 (Audited)
1 to 30 days	702	30
31 to 60 days	-	-
61 to 90 days	-	-
Over 90 days	128	170
Trade receivables, net	830	200
Deposits, prepayments and other receivables	508	562
	1,338	762

No trade and other receivables were pledged to secure general banking facilities granted to the Group (30 June 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. LOAN RECEIVABLES

	As at 31 December 2022 US\$'000 (Unaudited)	As at 30 June 2022 US\$'000 (Audited)
Fixed-rate loan receivables	-	2,436

There was no loan receivable as at 31 December 2022. Unsecured loan receivables carry fixed-rate interest ranging from 8% per annum and with maturity of one year for the year ended 30 June 2022. All amounts of principal will be receivable on respective maturity dates.

The Group has credit policies, guidelines, procedures, and a credit risk management committee in place which cover key internal controls of a loan transaction, including (i) background check, (ii) credit assessment, (iii) proper execution of documentations, (iv) continuous monitoring of the credit risk exposure, and (v) recovery and collection of loan.

Before granting any loan, the Group carries out background check on the new borrower and assesses the potential customer's creditworthiness and defines loan terms with borrower. After loans are granted, there will be continuous monitoring on the repayments from borrowers and regular review on credit limit of the loan granted and market value of the collateral pledged.

There were no loan receivables past due at the end of the reporting period. The Group reviews the recoverable amount of each individual loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. Accordingly, the Directors believe that there is no allowance or impairment required.

Since September 2021, the Group has not entered into any new loan agreement and/or arrangement with its customers. Having considered all loan receivables as of 30 June 2022 having been fully settled, the Board has decided not to renew the money lender license, which expired on 29 September 2022, and has resolved to discontinue the money lending service segment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. 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, and other payables:

	As at 31 December 2022 US\$'000 (Unaudited)	As at 30 June 2022 US\$'000 (Audited)
1 to 30 days	452	32
31 to 60 days	–	–
61 to 90 days	–	180
Over 90 days	682	1,659
Trade payables	1,134	1,871
Accruals and other payables	545	596
	1,679	2,467

The average credit period on purchase of goods is 30 to 60 days (30 June 2022: 30 to 60 days).

12. DISPOSALS OF SUBSIDIARIES

During the Period, the Group disposed of two subsidiaries in the PRC and recognised a net loss on the disposals of approximately US\$152,000 (for the six months ended 31 December 2021: Nil).

13. COMPARATIVE AMOUNTS

As explained above in note 7 to the unaudited condensed consolidated interim financial statements for the Period, money lending business was classified as a discontinued operation and certain comparative amounts in the unaudited condensed consolidated interim financial statements for the six months ended 31 December 2021 have been reclassified and restated to conform with the presentation of the unaudited condensed consolidated interim financial statements for the Period. In the opinion of the Directors, such presentation would better reflect the financial performance of the Group.

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

INTERIM REPORT 中期報告 2023

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