PINE

PINE TECHNOLOGY HOLDINGS LIMITED

ANNUAL REPORT 2017

STOCK CODE 1079

Contents

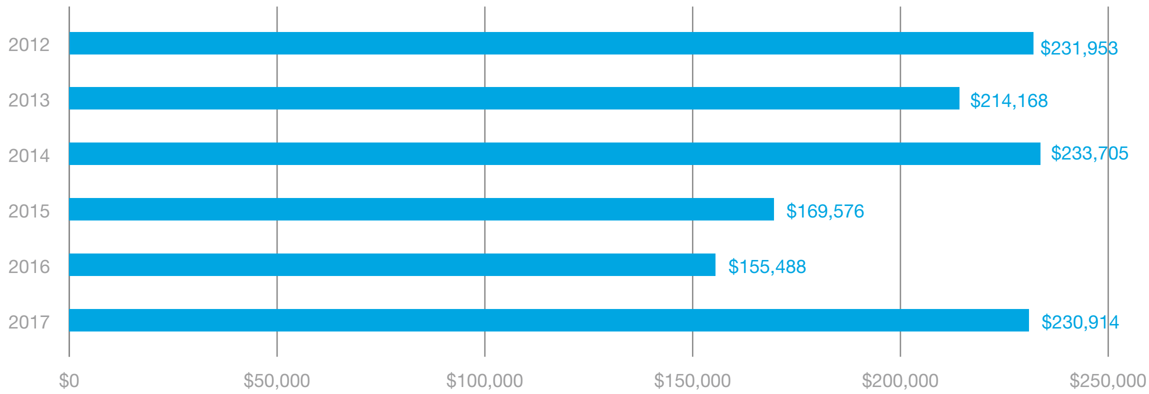
PINE Technology Holdings Limited and XFX Family of Brands

Financial Highlights

PINE Technology Holdings Limited and XFX Family of Brands

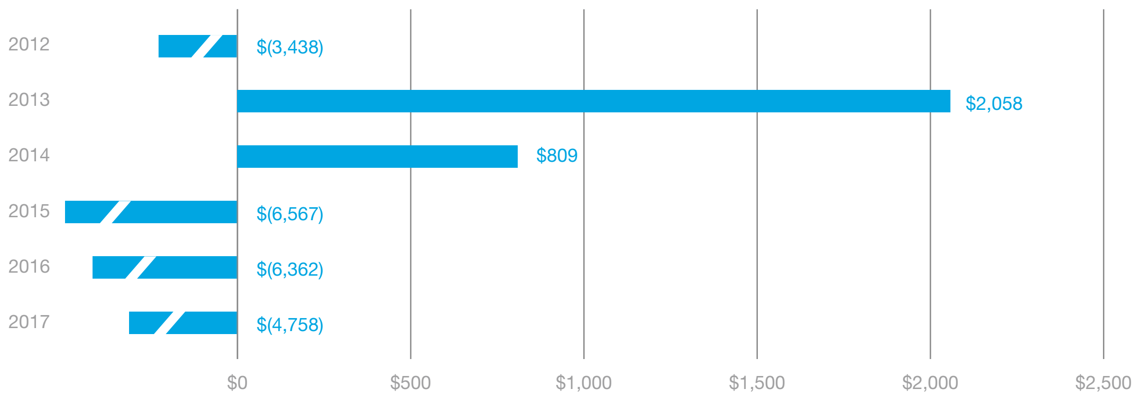
REVENUE

US$ Unit in Thousands



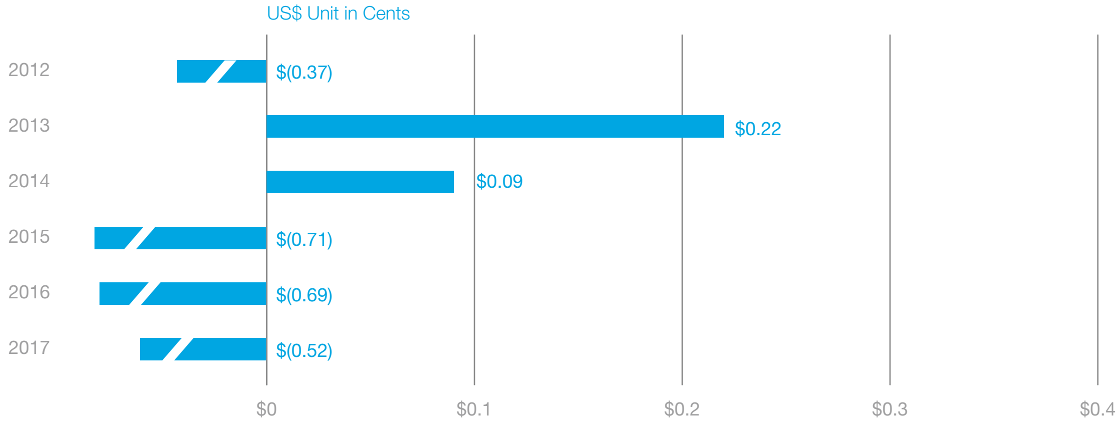
NET (LOSS) PROFIT (attributable to owners of the Company)

US$ Unit in Thousands



BASIC (LOSS) EARNINGS PER SHARE

US$ Unit in Cents



Corporate Information

PINE Technology Holdings Limited and XFX Family of Brands

Board of Directors

Executive Directors
Mr. Zhang Sanhuo
Chairman and Chief Executive Officer
Mr. Chiu Hang Tai
Mr. Chan Cheuk Ho

Independent Non-Executive Directors
Mr. So Stephen Hon Cheung
Mr. Zhou Chunsheng
Mr. Tian Hong

Company Secretary

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 1201, 12/F.,
148 Electric Road, North Point
Hong Kong

Principal Bankers

China Construction Bank (Asia)
Corporation Limited
Manufacturers Bank
Toronto-Dominion Bank
United Overseas Bank Limited

Principal Share Registrar and Transfer Agent

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Legal Advisers

As to Hong Kong Law:
Michael Li & Co Solicitors

Stock Code

1079

Website of the Company

www.pinegroup.com

Corporate Profile

PINE Technology Holdings Limited and XFX Family of Brands

PINE Technology Holdings Limited ("PINE") and its subsidiaries (collectively referred to as the "Group") is one of the world's leading companies in the design, manufacturing and distribution of personal computer ("PC") based products. It has two core business divisions, the XFX division and the distribution division. The one core focus of the XFX division is specializing in the design and manufacturing of Video Graphics products for the PC and PC upgrade market under the XFX brand. Leveraging on the strong Gamers' following of the XFX brand, XFX has extended its product family to the design and distribution of the Gaming Power Supply Unit ("PSU") family to further enhance the gaming experience of the XFX enthusiasts. The Distribution division distributes a wide range of name brand PC and non-PC products through its extensive distribution network.

The Group's strategy is to continue to leverage the success of its global XFX branding to expand its market share of the global PC gamers' market, to team up with strategic partners to develop innovative products and deliver them to the market through its national and regional distributors, system builders, resellers, retailers and etailers.

The Group is headquartered in the Hong Kong Special Administrative Region (Hong Kong SAR) with its state-of-the-art manufacturing facilities located in mainland China. PINE has its research and development facilities setup in Asia, and its global distribution and service network located throughout North America, Europe and Asia.

Founded in 1989, PINE was listed on the Growth Enterprise Market of The Hong Kong Stock Exchange Limited (the "Stock Exchange") (HKGEM: 8013) on 26 November 1999 and the listing of PINE's shares has been transferred to the Main Board of the Stock Exchange since 18 November 2010 (HKSE: 1079).

Chairman's Statement

PINE Technology Holdings Limited and XFX Family of Brands

Fiscal 2017 was a robust year for Pine. Compared to last year, the Group's revenue and gross profit were increased by 48.5% and 59.3% respectively. In fiscal 2017, the Group's revenue was US$230,914,000 and the gross profit was US$10,562,000, compared to US$155,488,000 and US$6,631,000 respectively last year. Net loss for the year was US$5,010,000.

Business review

In the previous two fiscal years (2015 and 2016) we continually lost market share to competitors. Our Group's revenue shrank from US$233,705,000 in year ended June 2014 to US$155,488,000 in 2016.

As a result of the successful launch of AMD Polaris-based products in our own brand division and we proactively went after the business aiming to regain market share, there was a substantial increase in revenue and gross profit. This market-share-centric approach also means that at times we need to sacrifice profit margin to win market share. But with this strategy we also managed to keep the inventory level low and minimize costly inventory write down.

Change of controlling shareholders

During the fiscal year, the Group experienced a change of controlling shareholders. Pursuant to the sale and purchase agreement dated 22 March 2017 (as amended and restated by an amendment and restatement agreement dated 1 June 2017) (the "Sale and Purchase Agreement"), each of Alliance Express Group Limited, Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin, Mr. Chiu Herbert H T, Ms. Chiu Man Wah and Ms. Wong Wai Ying (collectively known as the "Vendors"), the former group of controlling shareholders of the Company, disposed of a total of 539,964,042 shares in the Company (representing approximately 58.59% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement), to Sage Global Holdings Limited ("Sage Global"). Upon completion of the general offers on 3 July 2017, taking into account the valid acceptance in respect of offer shares under the general offer, together with completion of the subscriptions of 43,000,000 shares on 1 September 2017, Sage Global held 721,563,680 shares, representing approximately 74.80% of the total issued share capital of the Company.

Business outlook

In light of the encouraging performance in the last fiscal year, we still maintain a prudent view on the prospect of the Group's existing business in light of the world wide prolonged slump with declining demand of computer and market competition in the industry. The global economy is still facing a number of uncertainties. We will be operating the business cautiously in order to minimize the business risks.

The Group acknowledges its business in moving forward challenges, we will continue the Group's existing principal business and at the same time continue to review the strategic directions and operations of the Group in order to chart its long term corporate strategy and growth and to explore other business or investment opportunities. Our view is that the Mainland China has many investment opportunities and room for development. In view of the prospective steady growth of economy of the Mainland China in the upcoming five years, we will seek for potential investment opportunities in this market. We will exert our best effort to enhance the Group's future development and deliver better returns to our shareholders.

Appreciation

We would like to extend our gratitude to the shareholders, business partners and customers for their utmost support for the Group. We also take this opportunity to thank all management members, including those ex-directors, for their hard work and dedication throughout the years.

Zhang Sanhuo
Chairman

Hong Kong, 19 September 2017

Management Discussion and Analysis

PINE Technology Holdings Limited and XFX Family of Brands

Key performance indicators

	Audited results for the year ended 30 June		
	2017	2016	Changes
Performance Indicators			
Revenue (US$'000)	**230,914**	155,488	75,426
Gross profit (US$'000)	**10,562**	6,631	3,931
Loss for the year (US$'000)	**(5,010)**	(6,362)	1,352
Loss per share – basic (US cents)	**(0.52)**	(0.69)	0.17
Net Cash (used in) from operating activities (US$'000)	**(503)**	288	(791)

	at 30 June 2017	at 30 June 2016	Changes
Financial Health Indicators			
Net current assets (US$'000)	**55,202**	57,201	(1,999)
Current ratio (times)	**2.0**	2.2	(0.2)
Equity attributable to owners of the Company (US$'000)	**54,245**	58,493	(4,248)

Group's financial position

The Group's net current assets and equity attributable to owners of the Company as at 30 June 2017 were US$55,202,000 and US$54,245,000 respectively (2016: US$57,201,000 and US$58,493,000). The Group's current ratio at the end of the reporting year was 2.0 (2016: 2.2). The Group financed its operations by internally generated cash flows and banking facilities provided by its bankers. The Group continues to maintain a prudent approach in managing its financial requirements.

Liquidity, financial resources and charge of group asset

As at 30 June 2017, the Group's bank borrowings are short-term loans of US$16,657,000 (2016: US$25,537,000) which 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 30 June 2017, deposit placed for a life insurance policy, pledged bank deposits and all assets of certain subsidiaries as floating charges were amounted US$463,000, US$670,000 and US$24,753,000 respectively (2016: US$445,000, US$2,722,000 and US$26,308,000). The Group continued to maintain a healthy financial and cash position. As at 30 June 2017, the total cash on hand amounted US$7,069,000 (2016: US$5,931,000).

Capital structure

The Group's overall treasury policies are prudent, with a focus on risk management.

Gearing ratio

As at 30 June 2017, the gearing ratio of the Group based on total liabilities over total assets was 50% (2016: 46%).

Currency risk

During the year, 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 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 year, the Group has used foreign currency forward contracts to minimise its exposure to currency fluctuations risk of certain trade payables denominated in foreign currencies.

Segment information

Group's brand products

For the year, the segment's revenue was US$164,115,000, a 77.2% increase compared US$92,608,000 last year. The segment's loss was US$4,090,000, compared to last year of US$5,946,000.

We will continue to be market-share-centric, and to establish our market position.

Other brand products

The turnover of the other brand products was US$66,799,000, a 6.2% increase compared to US$62,880,000 last year. The segment's profit was US$698,000, compared to last year of US$504,000.

We will continue to expand the procurement of more non PC products, and to do better to react faster to the dynamics of the business environment.

Significant investments and material acquisitions and/or disposals

As disclosed in the announcement of the Company dated 24 March 2017 and the circular of the Company dated 9 May 2017, the Company and Simply Perfect Group Limited ("Simply Perfect"), being a company incorporated in the British Virgin Islands with limited liability which is owned as to 41% by Mr. Chiu Hang Tai (an executive Director), 33% by Mr. Chiu Samson Hang Chin (a former executive Director who resigned on 4 July 2017), 13% by Mr. Chiu Herbert H T (a former non-executive Director who resigned on 4 July 2017) and 13% by Ms. Chiu Man Wah, entered into a disposal agreement (the "Disposal Agreement"), pursuant to which the Company had conditionally agreed to sell and Simply Perfect had conditionally agreed to purchase 15% of the issued share capital of Pine Technology (BVI) Limited ("Pine Technology BVI"), being a wholly-owned subsidiary of the Company prior to the Disposal Completion (as defined below), at a consideration of US$2,916,942 (equivalent to HK$22,632,553) (the "Disposal"). As further disclosed in the announcement of the Company dated 5 June 2017, completion of the Disposal (the "Disposal Completion") took place on 5 June 2017. Upon the Disposal Completion, the Company's equity interest in Pine Technology BVI is reduced to 85%, while Simply Perfect's equity interest in Pine Technology BVI becomes 15%. Pine Technology BVI has become a 85%-owned subsidiary of the Company. The financial results of the Pine Technology BVI Group will continue to be consolidated into the Company's consolidated financial statements. The principal business of the Group continues to be the design, manufacturing and distribution of personal computer based products and distribution of a wide range of personal computer and non-personal computer products.

Save as disclosed above, the Group had no significant investments or material acquisitions and/or disposals of subsidiaries and affiliated companies during the year.

Employee

As at 30 June 2017, the Group had 159 employees, a 9.7% decrease from 176 employees since 30 June 2016, 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$7,323,000 for the year ended 30 June 2017 as compared with that of US$6,326,000 for the previous year.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2017 and 30 June 2016.

Management Profile

PINE Technology Holdings Limited and XFX Family of Brands

Executive Directors

Mr. Zhang Sanhuo, aged 51, joined the Company on 8 June 2017 and is now an Executive Director, Chairman of the Board, Chief Executive Officer, chairman of nomination committee and member of the remuneration committee of the Company. He is responsible for overall strategic planning and formulation of corporate strategy of the Company. Mr. Zhang graduated from 山西財經大學 (Shanxi University of Finance & Economics*) (formerly known as 山西財經學院 (Shanxi Institute of Finance & Economics*)) with a bachelor's degree in accounting and obtained a master's degree in business administration from 長江商學院 (Cheung Kong Graduate School of Business). Mr. Zhang has over 20 years of experience in corporate management in mining, investment, finance and other industries. Mr. Zhang is also the chairman of the board, an executive director, the chairman of the nomination committee and a member of the remuneration committee of North Asia Resources Holdings Limited, a company the shares of which are listed on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 61).

Mr. Chiu Hang Tai, aged 57, is a co-founder of the Group and is now an Executive Director of the Company. He holds a bachelor degree of science in economics from the Salem State College in the United States (the "US") and a master degree in business administration from Northeastern University in the US. He has over 28 years of experience in the computer industry and also served as director of two health food companies. Mr. Chiu was awarded the 1999 Young Industrialist Award of Hong Kong.

Mr. Chan Cheuk Ho, aged 50, joined the Company on 8 June 2017 as an Executive Director of the Company. Mr. Chan obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in 1989 and a master's degree in business administration from the University of Manchester in 2003. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants since 2003. In the past twenty years, Mr. Chan was the finance director, financial controller and company secretary of several companies listed on the Main Board. He is currently an independent non-executive director, the chairman of the audit committee and remuneration committee and a member of the nomination committee of Eagle Nice (International) Holdings Limited, a company the shares of which are listed on the Main Board (stock code: 2368).

Independent Non-Executive Directors

Mr. So Stephen Hon Cheung, aged 61, was appointed as an independent non-Executive Director of the Company in September 2002. He is the chairman of the audit committee and the remuneration committee and a member of the nomination committee. Mr. So is a director of the accounting firm T.M Ho, So & Leung CPA Limited, and is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Professional Accountants of Canada and a member of the Society of Certified Management Accountants of Canada. He holds a bachelor degree in commerce from the University of British Columbia, Canada and is now a visiting professor of various universities and colleges in Beijing, Liaoning, Sichuan, Xinjiang, Qinghai and Guangdong of China. He has extensive experience in the commercial sector of manufacturing, wholesale and trading and in public practice working for various companies in Hong Kong, China and Canada. Mr. So is an independent non-executive director of Pinestone Capital Limited (stock code: 804), the shares of which are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Jin Bao Bao Holdings Limited (stock code: 1239) since 11 August 2017 and an independent non-executive director of both YGM Trading Limited (stock code: 375) and Yangtzekiang Garment Limited (stock code: 294) since 20 September 2017, the shares of those companies are listed on the Main Board of the Stock Exchange. From March 2000 to December 2014, Mr. So was an independent non-executive director of Skyworth Digital Holdings Limited (stock code: 751) and from May 2011 to February 2017, Mr. So was an independent non-executive director of Milan Station Holdings Limited (stock code:1150), the shares of both companies are listed on the Main Board of the Stock Exchange.

Mr. Zhou Chunsheng, aged 51, joined the Company on 4 July 2017 and is now an Independent non-Executive Director and member of each of the audit, nomination and remuneration committees of the Company. Mr. Zhou is currently a professor-in-residence of 長江商學院 (Cheung Kong Graduate School of Business). He was an assistant dean, director of the executive education program and a professor of finance of 光華管理學院 (Guanghua School of Management) of 北京大學 (Peking University). He is a distinguished economist, a winner of the National Excellent Young Researcher Grant, an honorary professor at the University of Hong Kong, a visiting professor at the City University of Hong Kong and a member of the 1st and 2nd Listing Committee of the Shenzhen Stock Exchange. Mr. Zhou obtained a master's degree in mathematics from Peking University and a doctoral degree in economics (finance) from Princeton University in the United States. From 1994 to 1995, he was awarded an honorary doctoral scholarship excellence from Princeton University. During 1997 to 2001, Mr. Zhou worked for the University of California and the School of Business of the University of Hong Kong. From April to December 2001, at the invitation of China Securities Regulatory Commission ("CSRC"), Mr. Zhou acted as a member (deputy level) of the planning and development committee of CSRC. He also became the head of the finance department of 光華管理學院 (Guanghua School of Management). Mr. Zhou is an expert in analyzing financial investment, securities markets, capital operation and financial derivatives.

Mr. Zhou is currently an independent non-executive of director of each of Zhejiang Transfer Co., Ltd. (a company listed on the Shenzhen Stock Exchange) (stock code: 002010), Guosheng Financial Holding Inc. (a company listed on the Shenzhen Stock Exchange) (stock code: 002670), Kunwu Jiuding Investment Holdings Co., Limited (a company listed on the Shanghai Stock Exchange) (stock code: 600053), China ITS (Holdings) Co., Ltd. (a company listed on the Stock Exchange) (stock code: 1900), Zhonghong Holdings Co., Limited (a company listed on the Shenzhen Stock Exchange) (stock code: 000979) and North Asia Resources Holdings Limited (a company listed on the Stock Exchange) (stock code: 61).

Mr. Tian Hong, aged 52, joined the Company on 4 July 2017 and is now an Independent non-Executive Director and member of each of the audit, nomination and remuneration committees of the Company. Mr. Tian has been the chief investment advisor of 至正實業有限公司 (Windus Enterprises Inc.*) since 2016. Mr. Tian obtained a master's degree in business administration from 山西財經大學 (Shanxi University of Finance & Economics*) in 2009 and qualified as senior economist of The Bank of China in 1998. Mr. Tian worked for Industrial and Commercial Bank of China from 1984 to 1989. From 1990 to 2015, Mr. Tian worked for The Bank of China as operation deputy president, president, department head, and other senior management positions in charge of corporate finance, retail finance, investment banking, financial market and other core banking businesses.

Senior Management

Mr. Eddie Memon, aged 45, joined the Group in 1997 and is the president of XFX USA. He holds a bachelor degree in management information system from the San Jose State University in the US. Eddie currently heads the team of XFX USA with the sole purpose of managing the brand to reach new heights of the Group.

Company Secretary

Mr. Chan Cheuk Ho, an Executive Director, has been appointed as the company secretary of the Company with effect from 4 July 2017.

Disclosure on Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules and save as disclosed herein, the changes in detail of the Directors' information subsequent to the date of the interim report of the Company for the six months ended 31 December 2016 are set out below:

Name	Detail of Changes
Mr. So Stephen Hon Cheung	the annual remuneration revised from HK$120,000 to HK$144,000 with effect from 1 July 2017

* For identification purpose only

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Directors" and the "Board", respectively) has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively).

The Board is of the view that throughout the year ended 30 June 2017 (the "Year"), the Company has complied with all the code provisions as set out in the CG Code, save and except for code provisions A.2.1 and A.4.2, details of which will be explained below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made by the Company of all the Directors and all the Directors have confirmed that they had complied with the Model Code throughout the Year.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by employees (the "Employees Written Guidelines") who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board comprises the following Directors:

Executive Directors:
Mr. Zhang Sanhuo *(Chairman and Chief Executive Officer)*
Mr. Chiu Hang Tai
Mr. Chan Cheuk Ho

Independent Non-executive Directors:
Mr. So Stephen Hon Cheung
Mr. Zhou Chunsheng
Mr. Tian Hong

The biographical information of the Directors are set out in the management profile on pages 10 to 12 of this annual report.

There is no relationship (including financial, business, family or other materials/relevant relationship(s)) between the Board members.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The positions of the Chairman and CEO of the Company are held by Mr. Zhang Sanhuo who has extensive knowledge about the management as well as the business operations of the Company. The Board believes that vesting the roles of the Chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Under the supervision of the Board and its 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.

Independent Non-executive Directors

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent.

Non-executive Directors and Directors Re-election

Code provision A.4.1 of the CG Code stipulates that Non-executive Directors shall be appointed for a specific term, subject to re-election, while code provision A.4.2 states that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Messrs. So Stephen Hon Cheung, Zhou Chunsheng and Tian Hong, the Independent Non-executive Directors are appointed for a specific term of 2 years and are subject to the retirement provisions contained in the Bye-laws of the Company.

Bye-law 111 of 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 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. At the forthcoming 2017 annual general meeting, Mr. So Stephen Hon Cheung shall retire from office and being eligible, shall offer himself for re-election.

Bye-law 115 of the Company's Bye-laws provides that any person appointed to be a Director either to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. Hence, at the forthcoming 2017 annual general meeting, each of Mr. Zhang Sanhuo, Mr. Chan Cheuk Ho, Mr. Zhou Chunsheng and Mr. Tian Hong shall retire from office and each being eligible, shall offer himself for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Members of the Board take decisions objectively in the interests of the Company.

All Directors, including the Non-executive Director and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the service and advice from the company secretary of the Company (the "Company Secretary") and senior management with a view to ensuring that all required procedures, and all applicable rules and regulations are followed. They are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors will disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board adopts a Board Diversity Policy which aims to build and maintain diversity of the Board in terms of skills, professional experience, cultural and educational background, gender, age, and other attributes and strengths that are required for the Company's business from time to time. The policy stipulates that Board appointments will be made on a merit basis and candidates will be considered against objective selection criteria, with due regard for the benefits of diversity on the Board. The Nomination Committee is delegated by the Board to review the Board Diversity Policy on a regular basis, make recommendations to the Board on measurable objectives for achieving diversity of the Board as appropriate and monitor the progress on achieving the objectives.

Continuous Professional Development

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for the Directors will be arranged where necessary.

All Directors have provided their training records to the Company.

During the Year, the Company Secretary has taken not less than 15 hours of relevant professional training.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the respective websites of the Company and the Stock Exchange and are available to Shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3 of this annual report.

Audit Committee

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures, risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held four meetings to review the annual financial results and reports in respect of the year ended 30 June 2016, the interim results and report for the six months ended 31 December 2016 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice during the Year.

Remuneration Committee

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors, Non-executive Director and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the Year, the Remuneration Committee met twice to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Executive Directors, Non-executive Directors and senior management and other related matters.

Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

During the Year, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the relevant Annual General Meeting. Additional meetings may be held as and when required.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in code provision D.3.1 of the CG Code.

The Audit Committee meets to review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Written Employee Guidelines, and the Company's compliance with the CG Code.

The Board holds meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying the Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Company Secretary is responsible for keeping the minutes of all meetings of the Board and the Board committees.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meeting of the Company held during the Year is set out in the table below:

	Number of meetings attended/total number of meetings held				
Name of Directors	**Board**	**Remuneration Committee**	**Audit Committee**	**Nomination Committee**	**2016 Annual/ Special General Meeting**
Executive Directors					
Mr. Zhang Sanhuo *(appointed on 8 June 2017)*	0/0	–	–	–	–
Mr. Chiu Hang Tai	9/9	2/2	–	1/1	1/2
Mr. Chiu Samson Hang Chin	9/9	–	–	–	0/2
Mr. Chan Cheuk Ho *(appointed on 8 June 2017)*	0/0	–	–	–	–
Non-executive Directors					
Mr. Chiu Herbert H T	9/9	–	–	–	0/2
Mr. Li Chi Chung *(re-designated from Independent non-executive Director on 17 January 2017)*	9/9	1/1	1/1	1/1	1/2
Independent Non-executive Directors					
Mr. So Stephen Hon Cheung	9/9	2/2	4/4	1/1	2/2
Dr. Huang Zhijian	9/9	–	4/4	–	1/2
Dr. Chung Wai Ming *(appointed on 17 January 2017)*	5/5	1/1	2/3	–	1/1

Apart from regular Board meetings, the Chairman also held a meeting with all the Non-executive Directors (including Independent Non-executive Directors) without the presence of another Executive Director during the Year.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 29 to 33.

INDEPENDENT AUDITORS' REMUNERATION

An analysis of the remuneration paid and payable to the external auditors of the Company, Messrs Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the Year is set out below:

Service Category	**Fees Paid/Payable** US$
Audit Services	357,000
Non-audit Services	59,000
– tax services for the Group	
– agreed upon procedures on Group's annual results announcement	
– issuance of comfort letters in respect of profit estimate and statement of indebtedness	
– advisory service	
	416,000

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for the risk management and internal control systems of the Group on an ongoing basis, and for reviewing its effectiveness. The Board is also responsible for establishing and maintaining appropriate and effective risk management and internal control systems with regard to the objectives of the Group. The established systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Year under review, the Board, through the Audit Committee, has conducted a review on the effectiveness of the risk management and internal control systems of the Group, covering financial, operational, compliance and risk management aspects. The systems were considered effective and adequate.

The Group adopts a complete process style of risk management in a functional bottom up manner, including risk identification, assessment, evaluation and treatment. The functional areas across the Group provide input of risks with treatments, which are appraised and maintained. The risk management system, as well as the internal control system, are continuous, proactive and systematic processes. With the implementation of internal audit function, the effectiveness of the risk management and internal control systems is reviewed by conducting internal audit assignments. Recommendations for major observations of control weaknesses from the audits will be provided, so as to resolve material internal control defects.

Inside information policy is in place, which aims to set out guidelines to ensure inside information of the Group is to be disseminated to the public in equal and timely manner.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings are voted by poll pursuant to the Listing Rules and poll results are posted on the respective websites of the Company and the Stock Exchange after each Shareholders' meeting.

1. Convening a Special General Meeting by Shareholders

1.1 Shareholders holding not less than one-tenth of the paid-up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings of the Company may by written requisition deposit at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board, to require a special general meeting to be called by the Board.

1.2 The requisition must state the purposes of the meeting, and must be signed by the requisitionists and may consist of several documents in like form, each signed by one of more requisitionists.

1.3 The signatures and the requisition will be verified by the Company's share registrars. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within 21 days from the date of deposit of such requisition if it has been validly raised.

1.4 If the Board does not within 21 days from the date of the deposit of a valid requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

2. Putting Forward Proposals at General Meetings

2.1 On the requisition in writing of (i) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates, or (ii) not less than one hundred Shareholders, the Company shall be under a duty to:

(a) give to the Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

2.2 The requisition must be signed by the requisitionists and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board and

(i) in the case of requisition requiring notice of a resolution, not less than six weeks before the meeting; and in the case of any other requisition, not less than one week before the meeting.

(ii) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

2.3 The signatures and the requisition will be verified by the Company's share registrars. Upon confirming that the requisition is proper and in order, notice of any such intended resolution shall be given, and any such statement shall be circulated, to the Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each of such Shareholders in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholders by giving notice of the general effect of the resolution in any manner permitted for giving him/ her/ it notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

3. Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

4. Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit 1201, 12/F., 148 Electric Road, North Point, Hong Kong
(For the attention of the Board of Directors)

For the avoidance of doubt, Shareholder(s) must provide their full name, contact details and identification in order that the Company can give them a reply. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

During the Year, the Company has not made any changes to its Bye-laws. An updated version of the Company's Bye-laws is also available on the respective websites of the Company and the Stock Exchange.

Directors' Report

The directors of the Company (the "Directors") have pleasure in presenting their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2017 (the "Year").

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 37 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 34.

The Directors do not recommend a dividend for the Year (2016: Nil).

Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the Year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 5 to 6 and pages 7 to 9 of this annual report respectively.

Principal Risks and Uncertainties

There are a number of factors affecting the results and business operations of the Group. The most significant risk is the uncertainty in the global economic environment, the global economic recovery has been weaker than expected with uneven recovery in advanced economies, especially after Britain's decision to leave the European Union and the end of the quantitative easing program in the USA.

Certain financial risk and uncertainties are also set out in note 35 to the consolidated financial statements in this annual report.

Environmental Policies and Performance

The Group commits to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, energy saving and waste reduction.

The Group also commits to the principle and practice of recycle and reduction. It implements green office practices such as re-deployment of office furniture as far as possible, encouraging the use of recycled paper for printing and copying, doublesided printing and copying, reducing energy consumption by switching off idle lightings, air conditioning and electrical appliances.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied with the relevant laws and regulations in material respects that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and Other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the Year, there was no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Permitted Indemnity Provision

The Company's bye-laws provides that the directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their offices, provided that this indemnity shall not extend to any matter incur or sustain through their own fraud or dishonesty. A directors' liability insurance is in place to protect the directors against potential costs and liabilities arising from claims brought against the directors.

Five Years Financial Summary

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 96.

Property, Plant and Equipment

During the Year, the Group acquired additional property, plant and equipment at a cost of approximately US$185,000.

Details of these and other movements during the Year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

Share Capital and Share Options Schemes

Details of the Company's share capital and share option schemes are set out in notes 26 and 28 to the consolidated financial statements, respectively.

Distributable Reserves of the Company

Details of the movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 37 and the Company's reserves available for distribution to shareholders as at 30 June 2017 were as follows:

	2017	2016
	US$'000	US$'000
Contributed surplus	**9,036**	9,036
Retained profits	**2,311**	765
	11,347	9,801

Under the Companies Act 1981 at Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Purchase, Sale or Redemption of Listed Securities

During the Year, 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 such shares.

Directors

The Directors during the Year and up to the latest practicable date prior to the issue of this annual report are:

Executive directors:

Mr. Zhang Sanhuo – *Chairman and Chief Executive Officer (Appointed as Director on 8 June 2017 and appointed as Chairman and CEO on 4 July 2017)*
Mr. Chan Cheuk Ho
(Appointed on 8 June 2017)
Mr. Chiu Hang Tai
Mr. Chiu Samson Hang Chin
(Resigned on 4 July 2017)

Non-executive directors:

Mr. Chiu Herbert H T
(Resigned on 4 July 2017)
Mr. Li Chi Chung *(Re-designated from Independent non-executive Director on 17 January 2017 and resigned on 4 July 2017)*

Independent non-executive directors:

Mr. So Stephen Hon Cheung
Dr. Huang Zhijian *(Resigned on 4 July 2017)*
Dr. Chung Wai Ming *(Appointed on 17 January 2017 and resigned on 4 July 2017)*
Mr. Zhou Chunsheng
(Appointed on 4 July 2017)
Mr. Tian Hong *(Appointed on 4 July 2017)*

Bye-law 111 of the Company's Bye-law provides that one-third of the Directors, with the exception of Chairman, Deputy Chairman, Managing Director and Joint Managing Director, shall retire from office by rotation at each annual general meeting. In order to put in place good corporate governance practice, notwithstanding the provisions of the Company's Bye-laws, the Company intends to have one-third of all the Directors subject to retirement by rotation at each annual general meeting. At the forthcoming 2017 annual general meeting, Mr. So Stephen Hon Cheung will retire from office and, being eligible, shall offer himself for re-election pursuant to Bye-law 111.

Pursuant to Bye-law 115 of the Company's Bye-laws, any director appointed by the Board shall hold office only until the next following general meeting of the Company. As such, Mr. Zhang Sanhuo, Mr. Chan Cheuk Ho, Mr. Zhou Chunsheng and Mr. Tian Hong shall retire at the forthcoming 2017 annual general meeting and, being eligible, offer themselves for re-election.

Directors' Service Contracts

Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong who has been proposed for re-election at the forthcoming annual general meeting (the "Re-election"), were appointed for a term of 2 years expiring on 12 September 2018, 3 July 2019 and 3 July 2019, respectively.

None of the Directors being proposed for the Re-election has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

At 30 June, 2017, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company and 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 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) pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions:
Ordinary shares of HK$0.1 each of the Company

Name of company	Name of director/ chief executive	Capacity/ Nature of Interest	Number of issued shares held	Approximate percentage of the issued share capital of the company
PINE Technology Holdings Limited	Zhang Sanhuo	Controlled corporation	721,533,680 (Note 1)	78.29%
	Chung Wai Ming	Beneficial owner	70,000 (Note 5)	0.01%

Long positions:
Ordinary shares of US$1.00 each of Pine Technology (BVI) Limited

Name of company	Name of director/ chief executive	Capacity/ Nature of Interest	Number of issued shares held	Approximate percentage of the issued share capital of the company
PINE Technology (BVI) Limited	Chiu Hang Tai	Controlled corporation	1,500 (Note 2)	15%
	Chiu Samson Hang Chin	Controlled corporation	1,500 (Notes 2 & 3)	15%
	Chiu Herbert H T	Controlled corporation	1,500 (Notes 2 & 4)	15%

Notes:

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

2. Shares are beneficially owned by and registered in the name of Simply Perfect Group Limited, which is incorporated in the BVI and its entire issued share capital is beneficially owned by as to 41% by Mr. Chiu Hang Tai (an executive Director), 33% by Mr. Chiu Samson Hang Chin, 13% by Mr. Chiu Herbert H T and 13% by Ms. Chiu Man Wah. Each of Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin and Mr. Chiu Herbert H T is deemed to be interested in the shares by virtue of the SFO.

3. Mr. Chiu Samson Hang Chin resigned as an executive Director with effect from 4 July 2017.

4. Mr. Chiu Herbert H T resigned as a non-executive Director with effect from 4 July 2017.

5. Dr. Chung Wai Ming is appointed as an independent non-executive Director with effect from 17 January 2017 and resigned as an independent non-executive Director with effect from 4 July 2017.

In addition to the above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, the wife 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 30 June 2017. The non-voting deferred shares practically carry no rights to dividends 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 the ordinary shares.

Save as disclosed above, as at 30 June 2017, and other than certain nominee shares in subsidiaries held by Directors in trust for the Company's subsidiaries, 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) pursuant to the Model Code.

Share Options

Particulars of the Company's share option schemes are set out in note 28 to the consolidated financial statements.

The Company's share option scheme adopted by the Shareholders pursuant to a resolution passed on 22 November 2013 (the "Scheme") is established for the purpose of providing incentives to the Directors and eligible employees or any persons who have contributed or will contribute to the Group and, unless otherwise cancelled or amended, will expire on 21 November 2023.

No share options were outstanding as at 30 June 2017, which had been granted to certain Directors to subscribe for the Shares or were exercised or cancelled or lapsed under the Scheme.

Arrangement to Acquire Shares or Debentures

Other than the share option schemes disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

As disclosed in the announcement of the Company dated 24 March 2017, the circular of the Company dated 9 May 2017 and in the section headed "Management Discussion and Analysis – significant investments and material acquisitions and/or disposals" of this annual report, the Company and Simply Perfect which is owned as to 41% by Mr. Chiu Hang Tai (an executive Director), 33% by Mr. Chiu Samson Hang Chin (a former executive Director who resigned on 4 July 2017), 13% by Mr. Chiu Herbert H T (a former non-executive Director who resigned on 4 July 2017) and 13% by Ms. Chiu Man Wah entered into the disposal agreement in relation to the Disposal at a consideration of US$2,916,942 (equivalent to HK$22,632,553). As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules. In addition, by virtue of the interests of Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin, Mr. Chiu Herbert H T and Ms. Chiu Man Wah in Simply Perfect, Simply Perfect is a connected person of the Company and the Disposal also constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. Upon the Disposal Completion, the Company's equity interest in Pine Technology BVI is reduced to 85%, while Simply Perfect's equity interest in Pine Technology BVI becomes 15%.

Save as disclosed above, no contract of significance, to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Directors' Interest in Competing Business

None of the Directors and their respective associates had any competing interests which were required to be disclosed pursuant to Rule 8.10 (2)(b)&(c) of the Listing Rules during the Year.

Substantial Shareholders' Interests in Securities

Save as the interests of certain Directors 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 30 June 2017, 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 which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital:

Name of company	Name of substantial shareholder	Capacity	Number of issued shares held (long positions)	Approximate percentage of the issued share capital of the company
PINE Technology Holdings Limited	Sage Global Holdings Limited	Beneficial owner	721,533,680 (Note 1)	78.29%
Pine Technology (BVI) Limited	Simply Perfect Group Limited	Beneficial owner	1,500 (Note 2)	15%

Notes:

1) Sage Global beneficially owns 721,533,680 Shares. Sage Global is wholly and beneficially owned by South Pearl Ventures Limited ("South Pearl"). South Pearl is in turn wholly and beneficially owned by Mr. Zhang Sanhuo, an executive director, the chairman and chief executive officer of the Company. Following the completion of the general offers on 3 July 2017, taking into account the valid acceptance in respect of offer shares under the general offer, together with completion of the subscriptions of 43,000,000 shares on 1 September 2017, the 721,563,680 shares held by Sage Global only represented approximately 74.80% of the total issued share capital of the Company as at the latest practicable date prior to the issue of this annual report.

2) Shares are beneficially owned by and registered in the name of Simply Perfect Group Limited, which is incorporated in the BVI and its entire issued share capital is beneficially owned by as to 41% by Mr. Chiu Hang Tai (an executive Director), 33% by Mr. Chiu Samson Hang Chin, 13% by Mr. Chiu Herbert H T and 13% by Ms. Chiu Man Wah.

Other than 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 30 June 2017.

Convertible Securities, Options, Warrants or Similar Rights

Other than the share options as set out in note 28 to the consolidated financial statements, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 30 June 2017.

Major Customers and Suppliers

For the Year, the top five suppliers of the Group together accounted for approximately 57.5% of the Group's total purchases and the largest supplier accounted for approximately 47.8% of the Group's total purchases.

None of the Directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company had any interests in the Group's five largest customers and suppliers during the Year.

For the Year, the Group's five largest customers accounted for less than 30% of the total sales of the Group.

Emolument Policy

As at 30 June 2017, the Group had 159 employees, compared to 176 employees in the previous financial year. The emolument policy of the employees of the Group is set up by the board of Directors (the "Board") on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are determined by the Board. The Remuneration Committee reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, having regard to the Company's operating results, individual performance and comparable market statistics.

As mentioned above, the Company has adopted a share option scheme as an incentive to the Directors and eligible employees.

Details of Directors' emolument and individuals with highest emoluments are set out in notes 8 and 9 to the consolidated financial statements.

Sufficiency of public float

As disclosed in the announcement of the Company dated 3 July 2017, immediately after the close of the offers (the "Offers") being made by CCB International Capital Limited for and on behalf of Sage Global Holdings Limited to acquire all the issued shares of the Company (other than those already owned by Sage Global Holdings Limited and parties acting in concert with it) in compliance with the Hong Kong Code on Takeovers and Mergers, 200,021,103 shares, representing approximately 21.70% of the existing issued share capital of the Company, were held by the public (within the meaning of the Listing Rules), which was less than 25% of the existing issued share capital of the Company as required under Rule 8.08(1)(a) of the Listing Rules. Accordingly, the Company was not able to satisfy the public float requirement under the Listing Rules upon the close of the Offers. An application had been made to the Stock Exchange for a temporary waiver to the Company from the strict compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules. As further disclosed in the announcement of the Company dated 1 September 2017, following the completion of the subscriptions for an aggregate of 43,000,000 new shares of the Company by two independent subscribers (the "Subscribers") pursuant to the subscription agreements dated 30 August 2017 entered into between the Company and the Subscribers, a total of 243,021,103 shares, representing approximately 25.20% of the issued share capital of the Company, were held by the public shareholders. Accordingly, the public float of the Company had been restored to not less than 25% of the total issued Shares in compliance with Rule 8.08(1)(a) of the Listing Rules on 1 September 2017.

Save as disclosed above, based on the information that is publicly available to the Company and within the Directors' knowledge, the Company has maintained a sufficient public float throughout the year and up to the latest practicable date prior to the issue of this annual report.

Events after the Reporting Period

Subsequent to the end of the reporting period on 28 July 2017, the Company entered into a placing agreement dated 28 July 2017 in relation to the placing of convertible bonds of an aggregate principal amount up to HK$115,000,000. As further disclosed in the announcement of the Company dated 18 August 2017, given that the conditions of such placing is not fulfilled on or before 18 August 2017, being the long stop date for the fulfillment of the conditions of the placing, the placing lapsed on 18 August 2017.

As disclosed in the announcement of the Company dated 30 August 2017, the Company entered into two separate subscription agreements (the "Subscription Agreements") with two subscribers for the subscription of a total of 43,000,000 ordinary shares of HK$0.10 each at a subscription price of HK$0.60 per subscription share. The closing market price of the shares of the Company on that date was HK$0.60. The Subscriptions were completed on 1 September 2017 and a total of 43,000,000 ordinary shares with nominal value of HK$4,300,000 were issued to the two independent subscribers at a net price of HK$0.593 per subscription share with net proceeds of approximately HK$25.50 million. It is proposed that the net proceeds from the Subscriptions will be used for general working capital of the Group.

Further, as disclosed in the announcement of the Company dated 21 September 2017, the Company entered into a placing agreement dated 21 September 2017 in relation to the placing of up to 141,316,956 new shares of HK$0.10 each at a placing price of HK$0.64 per placing share. The placing has not yet been completed as at the latest practicable date prior to the issue of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Retirement Benefit Schemes/Pension Schemes

Information on the Group's retirement benefit schemes/pension schemes is set out in note 31 to the consolidated financial statements.

Review of the Final Results by Audit Committee

The Audit Committee has reviewed with the management and the Company's Independent Auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group for the Year.

Independent Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as an independent auditor of the Company.

On behalf of the Board

Zhang Sanhuo
CHAIRMAN

Hong Kong, 19 September 2017

Deloitte. 德勤

TO THE SHAREHOLDERS OF PINE TECHNOLOGY HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of PINE Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 34 to 95, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
We identified the recoverability of trade receivables as a key audit matter due to the significance of trade receivables to the consolidated financial statements as a whole and the judgement associated with the assessment of the recoverability of trade receivables by the management of the Group. As disclosed in the note 19 to the consolidated financial statements, the carrying amount of trade receivables is approximately US$70,329,000 (net of allowance for doubtful debts of approximately US$3,452,000) as at 30 June 2017. As further disclosed in note 4 to the consolidated financial statements, the management performs assessment on the recoverability of trade receivables with reference to the debt aging, historical settlement experience, subsequent settlements, future expected settlement plan, business relationship with the customers and credit assessment of customers.	Our procedures in relation to the recoverability of trade receivables included: • Obtaining an understanding of how allowance for doubtful debts is estimated by management; • Checking the accuracy of the trade receivable aging prepared by management, on a sample basis, to the sales invoices and good delivery documents; • Checking the subsequent settlement of trade receivables, on a sample basis, to the bank receipts; and • Evaluating the reasonableness of the estimation of allowance for doubtful debts by management with reference to the debt aging, historical settlement experience, subsequent settlements, future expected settlement plan, business relationship with the customers and credit assessment of customers.
Write-down for inventories	
We identified the write-down for inventories as a key audit matter due to the significance of inventories to the consolidated statement of financial position as a whole and the judgement associated with the assessment of write-down for inventories. As disclosed in note 18 to the consolidated financial statements, inventories of the Group as at 30 June 2017 comprised of raw materials, work in progress and finished goods of approximately US$17,416,000, US$4,491,000 and US$10,271,000 respectively. An expense of US$1,913,000 was recognised in profit or loss to write-down the cost of inventories to their net realisable values during the year ended 30 June 2017. As further disclosed in note 4 to the consolidated financial statements, the assessment of write-down for inventories requires significant management judgement in determining net realisable values with reference to estimated selling prices and reviewing the usability and saleability of inventories.	Our procedures in relation to the write-down for inventories include: • Obtaining an understanding on management process of valuation of inventories; • Evaluating the basis of write-down for inventories assessed by management with reference to net realisable values which take into account on the estimated selling prices and the usability and saleability of inventories; and • Checking the estimated selling prices of the inventories to recent or subsequent selling prices of the same products, on a sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tan Wei Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	NOTES	2017 US$'000	2016 US$'000
Revenue	5	**230,914**	155,488
Cost of sales		**(220,352)**	(148,857)
Gross profit		**10,562**	6,631
Other income		**102**	339
Selling and distribution expenses		**(3,399)**	(3,418)
General and administrative expenses		**(10,440)**	(9,658)
Other gains and losses	6	**(1,201)**	(102)
Finance costs	7	**(888)**	(741)
Share of result of a joint venture	16	**–**	(26)
Loss before tax		**(5,264)**	(6,975)
Income tax credit	10	**254**	613
Loss for the year	11	**(5,010)**	(6,362)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(93)**	(635)
Total comprehensive expense for the year		**(5,103)**	(6,997)
Loss for the year attributable to:			
Owners of the Company		**(4,758)**	(6,362)
Non-controlling interest		**(252)**	–
		(5,010)	(6,362)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(4,891)**	(6,997)
Non-controlling interest		**(212)**	–
		(5,103)	(6,997)
Loss per share	12		
Basic (US cents)		**(0.52)**	(0.69)

Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	**2017 US$'000**	2016 US$'000
Non-current Assets			
Property, plant and equipment	13	**274**	463
Development costs	14	**242**	206
Trademarks	15	**150**	159
Interest in a joint venture	16	**–**	–
Deposit placed for a life insurance policy	17	**463**	445
Rental deposits		**39**	58
		1,168	1,331
Current Assets			
Inventories	18	**32,178**	39,783
Trade and other receivables	19	**71,335**	56,604
Amount due from a joint venture	20	**1,188**	1,456
Tax recoverable		**9**	78
Pledged bank deposits	21	**670**	2,722
Bank balances and cash	22	**7,069**	5,931
		112,449	106,574
Current Liabilities			
Trade and other payables	23	**32,957**	22,742
Amount due to a joint venture	20	**27**	576
Loan from a non-controlling shareholder of a subsidiary	20	**7,511**	–
Tax payable		**75**	506
Obligations under finance leases	24	**20**	12
Bank borrowings	25	**16,657**	25,537
		57,247	49,373
Net Current Assets		**55,202**	57,201
Total Assets less Current Liabilities		**56,370**	58,532

Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	2017 US$'000	2016 US$'000
Capital and Reserves			
Share capital	26	**11,851**	11,851
Share premium and reserves		**42,394**	46,642
Equity attributable to owners of the Company		**54,245**	58,493
Non-controlling interest		**2,062**	–
		56,307	58,493
Non-current Liabilities			
Deferred tax liability	27	**63**	19
Obligations under finance leases	24	**–**	20
		63	39
		56,370	58,532

The consolidated financial statements on pages 34 to 95 were approved and authorised for issue by the Board of Directors on 19 September 2017 and are signed on its behalf by:

Zhang Sanhuo
DIRECTOR

Chiu Hang Tai
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Company								
	Share capital US$'000	**Share premium** US$'000	**Surplus account** US$'000 (Note (a))	**Exchange reserve** US$'000	**Share options reserve** US$'000	**Retained profits** US$'000	**Total** US$'000	**Non-controlling interest** US$'000	**Total** US$'000
At 1 July 2015	11,851	27,083	2,954	1,162	14	22,426	65,490	–	65,490
Loss for the year	–	–	–	–	–	(6,362)	(6,362)	–	(6,362)
Other comprehensive expense for the year									
Exchange differences arising on translation of foreign operations	–	–	–	(635)	–	–	(635)	–	(635)
Total comprehensive expense for the year	–	–	–	(635)	–	(6,362)	(6,997)	–	(6,997)
At 30 June 2016	11,851	27,083	2,954	527	14	16,064	58,493	–	58,493
Loss for the year	–	–	–	–	–	(4,758)	(4,758)	(252)	(5,010)
Other comprehensive (expense) income for the year									
Exchange differences arising on translation of foreign operations	–	–	–	(133)	–	–	(133)	40	(93)
Total comprehensive expense for the year	–	–	–	(133)	–	(4,758)	(4,891)	(212)	(5,103)
Cancellation of share options	–	–	–	–	(14)	14	–	–	–
Non-controlling interest arising on disposal of partial interests in a subsidiary that does not result in losing control of that subsidiary (Note (b))	–	–	–	–	–	643	643	2,274	2,917
At 30 June 2017	11,851	27,083	2,954	394	–	11,963	54,245	2,062	56,307

Notes:

(a) 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 group reorganisation in previous years.

(b) During the year, the Group disposed 15% interest in Pine Technology (BVI) Limited to Simply Perfect Group Limited, a company controlled by certain current and former directors of the Company and their associates, for a consideration of US$2,917,000. The difference between the consideration of US$2,917,000 and the net assets attributable to the interest disposed to the non-controlling shareholder of US$2,274,000, amounting to US$643,000, is credited to retained profits.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2017 US$'000	2016 US$'000
OPERATING ACTIVITIES		
Loss before tax	**(5,264)**	(6,975)
Adjustments for:		
Allowance for doubtful debts recognised, net	**1,099**	152
Amortisation of development costs	**220**	199
Amortisation of trademarks	**13**	18
Depreciation of property, plant and equipment	**294**	747
Finance costs	**888**	741
Interest income	**(28)**	(26)
Loss (gain) on disposal of property, plant and equipment	**78**	(16)
Share of result of a joint venture	**–**	26
Trademarks written off	**–**	108
Write down of inventories	**1,913**	1,104
Operating cash flow before movements in working capital	**(787)**	(3,922)
Decrease in inventories	**5,648**	1,268
Increase in trade and other receivables	**(15,814)**	(2,208)
Decrease (increase) in amount due from a joint venture	**268**	(1,456)
Increase in trade and other payables	**10,244**	7,505
Cash (used in) generated from operations	**(441)**	1,187
Hong Kong Profits Tax paid	**–**	(4)
PRC income tax paid	**(166)**	(104)
Overseas tax refunded (paid)	**104**	(791)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(503)**	288
INVESTING ACTIVITIES		
Interest received	**10**	10
Purchase of property, plant and equipment	**(185)**	(91)
Proceeds from disposal of property, plant and equipment	**–**	25
Development expenditure incurred	**(259)**	(216)
Additions to trademarks	**(4)**	(7)
Withdrawal of pledged bank deposits	**2,052**	–
Placement of pledged bank deposits	**–**	(9)
Investment in a joint venture	**–**	(26)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,614**	(314)

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2017 US$'000	2016 US$'000
FINANCING ACTIVITIES		
Interest paid	(888)	(741)
New bank borrowings raised	100,854	72,961
Repayment of bank borrowings	(109,742)	(75,583)
Repayment of obligations under finance leases	(12)	(11)
Loan from a director	4,124	–
Loan from a non-controlling shareholder of a subsidiary	3,387	–
Proceeds from partial disposal of a subsidiary	2,917	–
(Repayment to) advance from a joint venture	(549)	576
NET CASH FROM (USED IN) FINANCING ACTIVITIES	91	(2,798)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,202	(2,824)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,931	8,677
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(64)	78
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7,069	5,931
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	7,069	5,931

1. GENERAL

PINE Technology Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as "the Group". The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 1201, 12/F, 148 Electric Road, North Point, Hong Kong, respectively.

The principal activities of the Group are the manufacturing and sales of high-quality computer components, and consumer electronic products and others. The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in note 37.

The consolidated financial statements are presented in United States dollars ("US$"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current year and prior period and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[2]
HKFRS 16	Leases[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[4]
Amendments to HKAS 7	Disclosure Initiative[5]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendments to HKAS 40	Transfers of Investment Property[2]

1 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on amounts reported in the consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2017, the Group has non-cancellable operating lease commitments of US$1,449,000 as disclosed in note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 7 *Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as described above, the directors of the Company do not anticipate that the application of the other new and amendments to HKFRSs and interpretations will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted after re-attribution of the relevant equity component, and the fair value of the consolidation paid or received is recognised directly in equity and attributed to owners of the Company.

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Trademarks

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit placed for a life insurance policy, trade and other receivables, amount due from a joint venture, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio pass the average credit period, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to a joint venture, loan from a non-controlling shareholder of a subsidiary, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial positions and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to the non-controlling interest as appropriate).

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to the non-controlling interest and are not recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulated expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Retirement benefits costs

Payments to the defined contribution retirement benefits schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Recoverability of trade receivables

Allowance for doubtful debts is made when there is objective evidence that the recoverability of trade receivables due from customers becomes doubtful. As at 30 June 2017, the carrying amounts of trade receivables are US$70,329,000 (2016: US$54,760,000), out of which US$14,208,000 (2016: US$17,798,000) were past due but not impaired. In determining the recoverability of overdue trade receivables, management makes assumptions and applies judgements in assessing the recoverability of trade receivables, based on the debt aging, historical settlement experience, subsequent settlements, future expected settlement plan, business relationship with the customers and credit assessment of customers. The directors of the Company believe that there will not be a material change in the estimates or assumptions which are used in the calculations of recoverable amounts of trade receivables. However, when the actual outcome or expectation in the future is less or more than the original estimates, additional or reversal of impairment loss may arise.

Write-down for inventories

Inventories are stated at the lower of cost and net realisable values. As at 30 June 2017, the carrying amount of inventories is US$32,178,000 (2016: US$39,783,000). During the year ended 30 June 2017, an expense of US$1,913,000 (2016: US$1,104,000) was recognised in profit or loss to write-down the cost of inventories to their net realisable values.

At the end of each reporting period, management carries out the assessment of write-down of inventories by comparing the carrying amounts of inventories with the net realisable values. The net realisable values are primarily made reference to the estimated selling prices. Moreover, management also reviews the usability and saleability of inventories at the end of reporting period, and write-down for slow moving inventories. The assessment of write-down for inventories requires significant management judgement in determining net realisable values with reference to estimated selling prices and reviewing the usability and saleability of inventories. If the estimates are inaccurate, write-down for inventories may increase or decrease accordingly.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to customers, net of discounts and sales related taxes.

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on the sales of brands of products provided by the Group's operating divisions. The Group is currently organised into two operating divisions, which are the sales of Group's brand products and other brand products. These two operating divisions form the basis of internal reports about components of the Group that are regularly reviewed by the CODM for the purpose of resources allocation and performance assessment. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Group's brand products	–	manufacture and sales of market video graphic 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

The following is an analysis of the Group's revenue and results by operating and reportable segment.

2017

	Group's brand products US$'000	Other brand products US$'000	Consolidated US$'000
REVENUE			
External sales	**164,115**	**66,799**	**230,914**
SEGMENT RESULT	**(4,090)**	**698**	**(3,392)**
Interest income			**28**
Unallocated corporate expenses			**(1,012)**
Finance costs			**(888)**
Loss before tax			**(5,264)**

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

2016

	Group's brand products US$'000	Other brand products US$'000	Consolidated US$'000
REVENUE			
External sales	92,608	62,880	155,488
SEGMENT RESULT	(5,946)	504	(5,442)
Interest income			26
Unallocated corporate expenses			(818)
Finance costs			(741)
Loss before tax			(6,975)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents gross loss incurred by or gross profit generated from each segment, net of selling and distribution costs and administration costs directly attributable to each segment without allocation of interest income, corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

No segment assets and liabilities in the measure of the Group's reporting are presented as the information is not reported to the CODM for the purposes of resources allocation and performance assessment.

Revenue from major products

The Group's major products are derived from the sales of market video graphic cards included in Group's brand products operating segment amounting to US$160,375,000 (2016: US$85,421,000). Others are derived from the sales of other computer components amounting to US$54,596,000 (2016: US$56,874,000) and sales of consumer electronic products and others amounting to US$15,943,000 (2016: US$13,193,000).

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's revenue from external customers mainly derives from customers located in Canada, the United States and Asia, and information about its non-current assets by geographical location of the assets are detailed as below:

	Revenue by external customers		Non-current assets	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Canada	**41,869**	36,528	**163**	158
The United States	**62,209**	55,901	**60**	88
Asia	**97,279**	49,346	**227**	182
Others	**29,557**	13,713	**255**	458
	230,914	155,488	**705**	886

Note: Non-current assets exclude financial instruments.

Information about major customers

Included in revenue arising from sales of Group's brand products of US$164,115,000 (2016: US$92,608,000) are revenue of US$17,239,000 (2016: US$9,928,000) which arose from sales to the Group's largest customer.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

	Group's Brand's Product US$'000	**Other Brand's Product US$'000**	**Total US$'000**
2017			
Allowance for doubtful debts recognised, net	**1,042**	**57**	**1,099**
Amortisation on development cost	**220**	**–**	**220**
Amortisation on trademark	**13**	**–**	**13**
Depreciation of property, plant and equipment	**237**	**57**	**294**
Loss on disposal of property, plant and equipment	**78**	**–**	**78**

	Group's Brand's Product US$'000	Other Brand's Product US$'000	Total US$'000
2016			
Allowance for doubtful debts recognised, net	21	131	152
Amortisation on development cost	199	–	199
Amortisation on trademark	18	–	18
Depreciation of property, plant and equipment	673	74	747
Gain on disposal of property, plant and equipment	(16)	–	(16)
Trademarks written off	108	–	108

6. OTHER GAINS AND LOSSES

	2017 US$'000	2016 US$'000
Allowance for doubtful debts recognised, net	**(1,099)**	(152)
Exchange (loss) gain, net	**(24)**	142
(Loss) gain on disposal of property, plant and equipment	**(78)**	16
Trademarks written off	**–**	(108)
	(1,201)	(102)

7. FINANCE COSTS

	2017 US$'000	2016 US$'000
Interest on:		
Bank borrowings	**850**	740
Loan from a director	**37**	–
Obligations under finance leases	**1**	1
	888	741

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	2017 US$'000	2016 US$'000
Fees:		
Executive directors	**82**	62
Non-executive directors	**22**	15
Independent non-executive directors	**45**	45
	149	122
Other emoluments to executive directors:		
Basic salaries and other benefits	**515**	306
Retirement benefits schemes contributions	**2**	2
	517	308
	666	430

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

The details of emoluments paid or payable to each of the directors and the chief executive are as follows:

	Directors' fees		Basic salaries and other benefits		Retirement benefits schemes contributions		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Executive directors								
Mr. Chiu Hang Tai	**31**	31	**271**	187	**2**	2	**304**	220
Mr. Chiu Samson Hang Chin (Note (a))	**31**	31	**244**	119	**–**	–	**275**	150
Mr. Chan Cheuk Ho (Note (b))	**10**	–	**–**	–	**–**	–	**10**	–
Mr. Zhang Sanhuo (Note (b))	**10**	–	**–**	–	**–**	–	**10**	–
	82	62	**515**	306	**2**	2	**599**	370
Non-executive directors								
Mr. Chiu Herbert H T (Note (a))	**15**	15	**–**	–	**–**	–	**15**	15
Mr. Li Chi Chung (Note (c))	**7**	–	**–**	–	**–**	–	**7**	–
	22	15	**–**	–	**–**	–	**22**	15
Independent non-executive directors								
Mr. Li Chi Chung (Note (c))	**8**	15	**–**	–	**–**	–	**8**	15
Mr. So Stephen Hon Cheung	**15**	15	**–**	–	**–**	–	**15**	15
Dr. Huang Zhijian (Note (a))	**15**	15	**–**	–	**–**	–	**15**	15
Dr. Chung Wai Ming (Note (d))	**7**	–	**–**	–	**–**	–	**7**	–
	45	45	**–**	–	**–**	–	**45**	45
	149	122	**515**	306	**2**	2	**666**	430

Notes:

(a) Resigned effective from 4 July 2017.

(b) Appointed effective from 8 June 2017.

(c) Re-designated from independent non-executive director to non-executive director effective from 17 January 2017 and resigned as non-executive director effective from 4 July 2017.

(d) Appointed effective from 17 January 2017 and resigned effective from 4 July 2017.

Mr. Chiu Hang Tai has ceased to act as the chief executive of the Company effective from 4 July 2017 and his emoluments disclosed above included those for services rendered by him as the chief executive.

Mr. Zhang Sanhuo is appointed as the chief executive of the Company effective from 4 July 2017.

No director or chief executive waived any emoluments during the years ended 30 June 2017 and 30 June 2016.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

9. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group include two (2016: two) executive directors of the Company, whose emoluments are included in note 8 above. The emoluments of the remaining three (2016: three) individuals are as follows:

	2017	2016
	US$'000	US$'000
Basic salaries and other benefits	**343**	343
Contributions to retirement benefits schemes	**2**	2
	345	345

Their emoluments were within the following bands:

	2017	2016
	Number	Number
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1

The remuneration of senior management, excluding directors, is within the following band:

	2017	2016
	Number	Number
Nil to HK$1,000,000	**1**	1

During each of the two years ended 30 June 2017 and 30 June 2016, no emolument was paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX CREDIT

	2017 US$'000	2016 US$'000
Current tax:		
Hong Kong Profits Tax	**5**	5
The People's Republic of China ("PRC")		
Enterprise Income Tax	**155**	82
PRC Withholding tax	**–**	134
Other jurisdictions	**13**	8
	173	229
(Over)underprovision in respect of prior years:		
Hong Kong Profits Tax	**(440)**	(875)
PRC Enterprise Income Tax	**17**	25
Other jurisdictions	**(48)**	(11)
	(471)	(861)
Deferred taxation (note 27)	**44**	19
	(254)	(613)

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

PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits for both years.

Other jurisdictions mainly included the United States. Taxation arising in other jurisdictions (of which United States is at 40%) is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the Macao SAR's Offshore Law, Pine Technology (Macao Commercial Offshore) Ltd., a subsidiary of the Company, is exempted for all taxes in Macao, including income tax, industrial tax and stamp duties.

The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by PRC subsidiary for profits generated after 1 January 2008 at rate of 10% for companies incorporated in the British Virgin Islands ("BVI"), which is the beneficial owner of the dividend received.

10. INCOME TAX CREDIT *(Continued)*

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 US$'000	2016 US$'000
Loss before tax	**(5,264)**	(6,975)
Tax at the applicable tax rate of 40% (note)	**(2,106)**	(2,790)
Tax effect of expenses not deductible for tax purpose	**2,815**	2,787
Tax effect of income not taxable for tax purpose	**(8)**	(22)
Utilisation of tax losses previously not recognised	**(423)**	(9)
Tax effect of tax losses not recognised	**–**	499
Tax effect of deductible temporary difference not recognised	**(16)**	(63)
Overprovision in respect of prior years	**(471)**	(861)
Deferred tax provided for withholding tax on income derived in the PRC	**44**	19
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(99)**	(51)
Others	**10**	(122)
Income tax credit for the year	**(254)**	(613)

Note: The tax rate in the jurisdiction where the operation of the Group substantially based is used as the applicable tax rate.

11. LOSS FOR THE YEAR

	2017 US$'000	2016 US$'000
Loss for the year has been arrived at after charging (crediting):		
Amortisation charges:		
Development costs (included in cost of sales)	**220**	199
Trademarks	**13**	18
Auditor's remuneration	**381**	351
Cost of inventories recognised as an expense	**218,219**	147,554
Depreciation of property, plant and equipment	**294**	747
Interest income on bank deposits	**(10)**	(10)
Interest income on deposit placed for a life insurance policy	**(18)**	(16)
Operating lease rentals in respect of rented premises	**615**	1,071
Research and development costs	**93**	32
Staff costs:		
Directors' and chief executive's emoluments (note 8)	**666**	430
Other staff costs	**6,657**	5,896
	7,323	6,326
Write down of inventories	**1,913**	1,104

12. LOSS PER SHARE

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

	2017 US$'000	2016 US$'000
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(4,758)**	(6,362)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**921,585**	921,585

No diluted loss per share for both years was presented as the exercise of the share options would result in a reduction in loss per share for both years.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Furniture, fixtures and equipment US$'000	Computer equipment US$'000	Total US$'000
COST						
At 1 July 2015	4,841	14,721	289	914	2,512	23,277
Exchange adjustments	(10)	(461)	(3)	–	(22)	(496)
Additions	11	29	45	3	3	91
Disposals	–	(10)	(94)	(4)	(2)	(110)
Written off	–	(140)	–	–	–	(140)
At 30 June 2016	4,842	14,139	237	913	2,491	22,622
Exchange adjustments	–	(87)	–	1	(3)	(89)
Additions	27	146	–	8	4	185
Disposals	–	(591)	–	–	–	(591)
Written off	–	(16)	–	(1)	–	(17)
At 30 June 2017	4,869	13,591	237	921	2,492	22,110
DEPRECIATION						
At 1 July 2015	4,187	14,264	217	827	2,407	21,902
Exchange adjustments	(8)	(220)	(1)	–	(20)	(249)
Provided for the year	451	210	30	34	22	747
Eliminated on disposals	–	(5)	(94)	(1)	(1)	(101)
Eliminated on written off	–	(140)	–	–	–	(140)
At 30 June 2016	4,630	14,109	152	860	2,408	22,159
Exchange adjustments	–	(85)	–	1	(3)	(87)
Provided for the year	160	2	31	35	66	294
Eliminated on disposals	–	(513)	–	–	–	(513)
Eliminated on written off	–	(16)	–	(1)	–	(17)
At 30 June 2017	4,790	13,497	183	895	2,471	21,836
CARRYING VALUES						
At 30 June 2017	79	94	54	26	21	274
At 30 June 2016	212	30	85	53	83	463

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

	Estimated useful lives
Leasehold improvements	2 to 10 years
Plant and machinery	2 to 10 years
Motor vehicles	4 to 6 years
Furniture, fixtures and equipment	4 to 6 years
Computer equipment	4 to 5 years

The carrying values of furniture, fixtures and equipment includes an amount of US$15,000 (2016: US$27,000) in respect of assets held under finance leases.

14. DEVELOPMENT COSTS

	US$'000
COST	
At 1 July 2015	5,091
Exchange adjustments	(536)
Additions	216
At 30 June 2016	4,771
Exchange adjustments	(97)
Additions	259
At 30 June 2017	4,933
AMORTISATION	
At 1 July 2015	4,886
Exchange adjustments	(520)
Provided for the year	199
At 30 June 2016	4,565
Exchange adjustments	(94)
Provided for the year	220
At 30 June 2017	4,691
CARRYING VALUES	
At 30 June 2017	242
At 30 June 2016	206

The amortisation period for development costs is two years.

15. TRADEMARKS

	US$'000
COST	
At 1 July 2015	384
Additions	7
Written off	(139)
At 30 June 2016	252
Additions	4
At 30 June 2017	256
AMORTISATION	
At 1 July 2015	106
Provided for the year	18
Written off	(31)
At 30 June 2016	93
Provided for the year	13
At 30 June 2017	106
CARRYING VALUES	
At 30 June 2017	150
At 30 June 2016	159

The above trademarks have finite useful lives and are amortised on a straight-line basis over the shorter of the remaining useful lives or twenty years.

At the end of each reporting period, the directors of the Company conducted review on the Group's trademarks and those trademarks which were not expected to generate future economic benefits to the Group were written off accordingly, if any.

16. INTEREST IN A JOINT VENTURE

	2017 **US$'000**	2016 US$'000
Cost of investment in a joint venture – unlisted	**26**	26
Share of post-acquisition losses	**(26)**	(26)
	–	–

Note: As at 30 June 2017 and 30 June 2016, the Group had the following joint venture:

Name of joint venture	Place of establishment/ operations	Class of shares held	Proportion of ownership interest		Proportion of voting rights held		Nature of business
			2017	2016	**2017**	2016	
XFX Technology LLC	United Arab Emirates	Paid up capital	**49%**	49%	**50%**	50%	Wholesale and distribution of computer components

Summarised financial information of the Group's immaterial joint venture:

	2017 **US$'000**	2016 US$'000
The Group's share of loss and total comprehensive expense for the year	**–**	(26)

17. DEPOSIT PLACED FOR A LIFE INSURANCE POLICY

	2017 US$'000	2016 US$'000
Deposit placed for a life insurance policy – due after one year	**463**	445

The Group entered into a life insurance policy with an insurance company to insure an executive director. Under the policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is approximately US$800,000 (2016: US$800,000). At inception of the life insurance policy, the Group is required to pay an upfront payment of US$400,000, including an insurance premium charge of US$24,000. The Group may request full surrender of the policy at any time and receive cash back based on the value of the life insurance policy at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus the insurance premium charge (the "Cash Value"). If such withdrawal is made between the 1st to 20th policy year, a pre-determined specified surrender charge would be imposed on the Group.

The insurance company will pay the Group a guaranteed interest rate of 3% per annum, which is also the effective interest rate for the deposit placed on initial recognition, determined by discounting the estimated future cash receipts through the expected life of the insurance policy of 29 years, excluding the financial effect of surrender charge.

The directors considered that the possibility of terminating the policy during the 1st to 20th policy year was low and the expected life of the life insurance policy remained unchanged since the initial recognition, accordingly, the difference between the carrying amount of deposit placed for a life insurance policy as at 30 June 2017 and 30 June 2016 and the Cash Value of the life insurance policy is insignificant.

18. INVENTORIES

	2017 US$'000	2016 US$'000
Raw materials	**17,416**	24,107
Work in progress	**4,491**	1,078
Finished goods	**10,271**	14,598
	32,178	39,783

19. TRADE AND OTHER RECEIVABLES

	2017 US$'000	2016 US$'000
Trade receivables	73,781	57,210
Less: Allowance for doubtful debts	(3,452)	(2,450)
	70,329	54,760
Deposits, prepayments and other receivables	1,006	1,844
	71,335	56,604

The Group allows a credit period of 1 to 180 days (2016: 1 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	2017 US$'000	2016 US$'000
1 to 30 days	19,331	15,568
31 to 60 days	12,745	8,616
61 to 90 days	10,618	4,078
Over 90 days	27,635	26,498
	70,329	54,760

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating and limits for each customer. Limits attributed to customers are reviewed once a year. 80% (2016: 67%) of the trade receivables are neither past due nor impaired that are in good credit quality as long credit periods are granted to the respective customers, who have long business relationship with the Group and strong financial position.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$14,208,000 (2016: US$17,798,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss. Although no collateral over these balances is held, the Group has assessed the recoverability of trade receivables with reference to the debt aging, historical settlement experience, subsequent settlements, future expected settlement plan, business relationship with the customers and credit assessment of customers, and considered that the default risk is low, and accordingly no impairment has been provided.

19. TRADE AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables (by due date) which are past due but not impaired:

	2017 **US$'000**	2016 US$'000
Overdue:		
1 to 30 days	**11,889**	5,119
31 to 60 days	**1,689**	3,732
61 to 90 days	**293**	3,191
Over 90 days	**337**	5,756
Total	**14,208**	17,798

Movements in the allowance for doubtful debts:

	2017 **US$'000**	2016 US$'000
At 1 July	**2,450**	2,811
Allowance for doubtful debts recognised, net	**1,099**	152
Amounts written off as uncollectible	**(97)**	(513)
At 30 June	**3,452**	2,450

Allowance for doubtful debts is considered on an individual basis and provided for those non-recoverable. The Group does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

20. AMOUNTS DUE FROM/TO A JOINT VENTURE AND LOAN FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amounts are unsecured, interest-free and repayable on demand.

21. PLEDGED BANK DEPOSITS

The pledged bank deposits have been placed in designated bank accounts in favour of the banks as part of the security for the short-term banking facilities granted to the Group.

The pledged bank deposits, which carry variable interest rates ranging from 0.001% to 0.02% (2016: 0.001% to 0.54%) per annum, will be released upon settlement of relevant bank borrowings.

22. BANK BALANCES AND CASH

Bank balances and cash comprise certain short-term bank deposits at interest rates ranging from 0.001% to 0.25% (2016: 0.001% to 0.25%) per annum with an original maturity of three months or less.

23. 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:

	2017 US$'000	2016 US$'000
1 to 30 days	**16,399**	17,990
31 to 60 days	**11,332**	1,195
61 to 90 days	**1,383**	604
Over 90 days	**497**	338
Trade payables	**29,611**	20,127
Deposits in advance, accruals and other payables	**3,346**	2,615
	32,957	22,742

The average credit period on purchase of goods is 30 to 60 days (2016: 30 to 60 days).

24. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is five (2016: five) years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 5% (2016: 5%) per annum. No arrangement have been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Amounts payable under finance leases:				
Within one year	**22**	13	**20**	12
In more than one year but not more than two years	**–**	22	**–**	20
	22	35	**20**	32
Less: Future finance charges	**(2)**	(3)		
Present value of lease obligations	**20**	32		
Less: Amount due for settlement within twelve months (shown under current liabilities)			**(20)**	(12)
Amount due for settlement after twelve months			**–**	20

25. BANK BORROWINGS

	2017 US$'000	2016 US$'000
Bank borrowings comprise the following:		
Trust receipts, export and import loans – secured	**8,223**	17,100
Other bank loans – secured	**8,434**	8,437
	16,657	25,537

	2017 US$'000	2016 US$'000
Carrying amounts of bank loans that contain a repayable on demand clause (shown under current liabilities) and the maturity analysis based on the scheduled repayment dates set out in the loan agreements are:		
– Within one year	**16,657**	25,537

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable-rate bank borrowings are 2.77% to 4.80% (2016: 2.38% to 4.80%).

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	**Interest rate per annum**	**2017 US$'000**	2016 US$'000
Hong Kong dollars ("HK$") (Note)	Hong Kong Interbank Offered Rate ("HIBOR") plus 2.5% (2016: 2.5% to 3%)	**1,326**	3,100
US$	London Interbank Offered Rate ("LIBOR") plus 1.75% (2016: 1.75% to 2.5%)	**13,037**	18,265
	Singapore Interbank Offered Rate ("SIBOR") plus 1.5%	**–**	2,516
Canadian dollars ("CAD")	Canadian Prime Rate plus 1.95% (2016: 1.95%)	**2,294**	1,656
		16,657	25,537

Note: These borrowings are denominated in currencies other than functional currencies of the relevant group entities.

26. SHARE CAPITAL

Details of the share capital of the Company were as follows:

	Number of shares	Amounts	US$ equivalent
		HK$'000	US$'000
Ordinary shares of HK$0.1 each:			
Authorised			
At 1 July 2015, 30 June 2016 and 30 June 2017	2,000,000,000	200,000	25,747
Issued and fully paid			
At 1 July 2015, 30 June 2016 and 30 June 2017	921,584,783	92,159	11,851

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years presented.

27. DEFERRED TAX LIABILITY

The following are the deferred tax liability recognised and movements thereon during the current and prior year:

	Withholding tax on income derived in the PRC
	US$'000
At 1 July 2015	–
Charged to profit or loss	19
At 30 June 2016	19
Charged to profit or loss	44
At 30 June 2017	63

At 30 June 2017, the Group has estimated tax losses of approximately US$6,233,000 (2016: US$7,263,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$1,426,000 (2016: US$1,402,000) and US$707,000 (2016: US$1,036,000) that will expire in 2034 (2016: 2034) and 2030 (2016: 2030) respectively. Other losses may be carried forward indefinitely.

27. DEFERRED TAX LIABILITY *(Continued)*

At 30 June 2017, no deferred tax liability has been recognised in respect of temporary differences attributable to certain undistributed earnings of subsidiaries of approximately US$3,954,000 (2016: US$3,614,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At 30 June 2017, the Group has deductible temporary differences of US$1,007,000 (2016: US$1,039,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

28. SHARE OPTIONS

Pursuant to a resolution passed on 22 November 2013, the Company has adopted a new share option scheme (the "New Scheme"), for the purpose of providing incentives to directors and eligible employees and, unless otherwise cancelled or amended, expired on 21 November 2023. No further options can be granted under the share option scheme which was adopted on 16 April 2003 (the "Old Scheme") which expired on 15 April 2013.

The New Scheme and the Old Scheme shall be valid and effective until the respective expiry dates, after which period no further share options will be granted but the provisions of these schemes shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto. Under the New Scheme and the Old Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, or any persons who have contributed or will contribute to the Group, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme and the Old Scheme and any other schemes is not permitted to exceed 10% of the shares of the Company in issue at the respective date of shareholders' approval of each scheme (the "Scheme Mandate Limit") or, if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the Scheme Mandate Limit. The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and the Old Scheme and any other share option schemes, must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 in the 12-month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

28. SHARE OPTIONS *(Continued)*

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per option. An option may be exercised in accordance with the terms of the New Scheme and the Old Scheme at any time during the respective effective period of each scheme to be notified by the board of directors which shall not be later than 10 years from the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's share on the date of grant, the average closing price of the share on the Stock Exchange for the five business days immediately preceding the date of grant, and the nominal value.

No share options have been granted, exercised, cancelled or lapsed under the New Scheme since its adoption.

Details of the share options granted under the Old Scheme during the two years ended 30 June 2017 and 30 June 2016 to subscribe for the shares in the Company are as follows:

2017 and 2016

Granted to	Date of grant	Vesting period	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 July 2015 and 30 June 2016	Cancelled during the year (Note)	Number of share options at 30 June 2017
Employees	25.3.2011	25.3.2011 to 24.3.2013	25.3.2013 to 24.3.2021	0.207	1,000,000	(1,000,000)	–
Exercisable at the end of the year					1,000,000		N/A
Weighted average exercise price					0.207		N/A

The Group has not recognised any expense for share options in the profit or loss during both years.

Note: All the outstanding share options granted by the Company under its share option schemes are cancelled under the mandatory unconditional offer in cash upon the completion of a sale and purchase agreement dated 22 March 2017 in relation to the sale and purchase of the shares of the Company, which took place on 5 June 2017. Details of which are set out in the announcements published by the Company dated 24 March 2017 and 5 June 2017.

29. PLEDGE OF ASSETS

Assets of certain subsidiaries with the following carrying amounts have been pledged to secure the Group's borrowings of US$7,794,000 (2016: US$7,155,000).

	2017 **US$'000**	2016 US$'000
Floating charges:		
Property, plant and equipment	**202**	234
Inventories	**8,174**	9,814
Trade and other receivables	**13,134**	13,846
Bank balances and cash	**3,243**	2,414
	24,753	26,308

In addition, deposit placed for a life insurance policy of US$463,000 (2016: US$445,000) and pledged bank deposits of US$670,000 (2016: US$2,722,000) as disclosed in the consolidated statement of financial position have been pledged to secure the Group's borrowings of US$8,863,000 (2016: US$18,382,000).

30. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2017 **US$'000**	2016 US$'000
Within one year	**736**	724
In the second to fifth year inclusive	**713**	960
	1,449	1,684

Operating lease payments represent rentals payable by the Group for certain of its office properties, staff quarters and factory.

Leases are negotiated for terms ranging from one to six years (2016: one to six years) at initial and rentals are fixed for the period of the lease.

31. RETIREMENT BENEFITS SCHEMES

The Group operated defined contribution retirement benefit schemes in various regions outside Hong Kong for all qualifying employees and the Group also operated a defined contribution scheme for its qualifying employees in Hong Kong prior to 1 December 2000 (collectively “Defined Contribution Schemes”). The assets of the Defined Contribution Schemes are held separately from those of the Group in funds under the control of independent trustees. Where there are employees who leave the Defined Contribution Schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The Defined Contribution Schemes are funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee’s basic salary, depending on the length of service with the Group.

With effect from 1 December 2000, the Group joined a Mandatory Provident Fund Scheme (“MPF Scheme”) for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Scheme, the Group contributes 5% of relevant payroll costs capped at HK$1,500 per month to the scheme which contribution is matched by the employee, depending on the length of service with the Group. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefits schemes contributions in respect of the Defined Contribution Schemes and the MPF Scheme charged to the profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

The details of retirement benefits schemes contributions for the Group’s employees, net of forfeited contributions, which have been dealt with in the profit or loss of the Group are as follows:

	2017	2016
	US$’000	US$’000
Retirement benefits schemes contributions	**42**	30

32. RELATED PARTY DISCLOSURES

(a) During the year, the Group entered into the following transactions with a joint venture:

	2017	2016
	US$'000	US$'000
Sales of goods	**5,462**	1,729

Balances with such joint venture are disclosed in the consolidated statement of financial position and related notes.

(b) The remuneration of executive and non-executive directors and other members of key management during the year was as follows:

	2017	2016
	US$'000	US$'000
Short-term employee benefits	**1,007**	771
Post-employment benefits	**4**	4
	1,011	775

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES OF THE COMPANY

	2017	2016
	US$'000	US$'000
Non-current Assets		
Investment in a subsidiary	**7,724**	9,087
Trademark	**4**	4
	7,728	9,091
Current Assets		
Amounts due from subsidiaries	**42,560**	39,626
Bank balances and cash	**14**	33
	42,574	39,659
Current Liabilities		
Other payables	**21**	–
Amount due to a subsidiary	**–**	1
	21	1
Net Current Assets	**42,553**	39,658
Net Assets	**50,281**	48,749
Capital and Reserves		
Share capital	**11,851**	11,851
Share premium and reserves	**38,430**	36,898
Total Equity	**50,281**	48,749

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES OF THE COMPANY *(Continued)*

The followings are the movements of the Company's reserves:

	Share premium US$'000	Surplus account US$'000 (Note)	Share options reserve US$'000	Retained profits US$'000	Total US$'000
At 1 July 2015	27,083	9,036	14	766	36,899
Loss and total comprehensive expense for the year	–	–	–	(1)	(1)
At 30 June 2016	27,083	9,036	14	765	36,898
Profit and total comprehensive income for the year	–	–	–	1,532	1,532
Cancellation of share options	–	–	(14)	14	–
At 30 June 2017	27,083	9,036	–	2,311	38,430

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 group reorganisation in previous years.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes loan from a non-controlling shareholder of a subsidiary and bank borrowings and as disclosed in notes 20 and 25 respectively, net of cash and cash equivalents, and equity attributable to the owner of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt.

35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2017 US$'000	2016 US$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**80,444**	66,483
Financial liabilities		
At amortised costs	**56,138**	48,213

b. Financial risk management objectives and policies

The Group's financial instruments include deposit placed for a life insurance policy, trade and other receivables, amount due from a joint venture, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a joint venture, loan from a non-controlling shareholder of a subsidiary and bank borrowings. Details of these financial instruments are disclosed in respective notes.

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

35. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

Certain financial assets and liabilities of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and will further consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities including inter-company balances at the end of the reporting period are as follows:

	Assets		Liabilities	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Group				
HK$	**1,660**	4,130	**12,577**	3,812
US$	**2,209**	1,599	**3,613**	3,320
Inter-company balances				
Renminbi ("RMB")	**2,111**	3,056	**–**	–

Sensitivity analysis

In the opinion of directors of the Company, since HK$ is pegged to US$, the exposure to exchange fluctuation is limited and hence no sensitivity analysis in relation to HK$ against US$ is presented. The Group therefore mainly exposes to the currency of US$ and RMB, when CAD and US$ are the functional currency of the relevant subsidiaries, respectively.

The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in US$ relative to CAD and in RMB relative to US$.

5% is the sensitivity rate used for the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and also inter-company balances denominated in foreign currencies and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis of the Group also includes currency risk exposure on inter-company balances.

35. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) *Currency risk (Continued)*

Sensitivity analysis (Continued)

The following table details the Group's sensitivity to a 5% when US$ strengthens 5% against CAD or RMB strengthen 5% against US$. There would be an equal and opposite impact when US$ weakens 5% against CAD or RMB weaken 5% against US$.

	Increase in loss	
	2017	2016
	US$'000	US$'000
Group		
US$ against CAD	**(59)**	(60)
Inter-company balances		
RMB against US$	**(106)**	(153)

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances and bank borrowings. The management will consider hedging significant interest rate exposure should the need arise.

The management considered that the exposure to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances is minimal, accordingly, no sensitivity analysis is presented for both years.

In addition, the Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR, SIBOR, FHLB and Canadian Prime Rate arising from the Group's borrowings denominated in HK$, US$ and CAD.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post tax loss for the year ended 30 June 2017 would increase/decrease by US$52,000 (2016: US$104,000).

35. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its trade receivables is generated from a limited number of customers of certain foreign countries. The top five customers of the Group accounted for about 46% (2016: 43%) of the Group's trade receivables as at 30 June 2017. The Group manages its credit risk by closely monitoring the granting of credit period and credit limit and follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds and deposit placed for a life insurance policy is limited because the counterparties are banks and financial institution with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

35. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The table includes both interest and principal cash flow. To the extent interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 3 months	4 to 6 months	7 to 9 months	10 to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount at 30 June
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017								
Trade and other payables	**–**	**31,444**	**499**	**–**	**–**	**–**	**31,943**	**31,943**
Obligations under finance leases	**5.10**	**6**	**6**	**5**	**5**	**–**	**22**	**20**
Bank borrowings at variable interest rate	**3.79**	**16,657**	**–**	**–**	**–**	**–**	**16,657**	**16,657**
Amount due to a joint venture	**–**	**27**	**–**	**–**	**–**	**–**	**27**	**27**
Loan from a non-controlling shareholder of a subsidiary	**–**	**7,511**	**–**	**–**	**–**	**–**	**7,511**	**7,511**
		55,645	**505**	**5**	**5**	**–**	**56,160**	**56,158**
2016								
Trade and other payables	–	22,100	–	–	–	–	22,100	22,100
Obligations under finance leases	5.10	3	3	3	4	22	35	32
Bank borrowings at variable interest rate	3.59	25,537	–	–	–	–	25,537	25,537
Amount due to a joint venture	–	576	–	–	–	–	576	576
		48,216	3	3	4	22	48,248	48,245

35. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than three months" time band in the above maturity analysis. As at 30 June 2017 and 30 June 2016, the carrying amounts of these bank loans amounted to US$16,657,000 and US$25,537,000 respectively.

Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

		Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments		
	Weighted average effective interest rate	**Less than 3 months**	**Total undiscounted cash outflows**	**Carrying amount**
	%	US$'000	US$'000	US$'000
30 June 2017	**3.79**	**16,718**	**16,718**	**16,657**
30 June 2016	3.59	25,668	25,668	25,537

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair value measurements of financial instruments

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

36. DIVIDEND

No dividend had been paid or proposed for both years presented. The directors of the Company do not recommend a dividend in respect of the year ended 30 June 2017.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2017 and 2016 were as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company (Note (a)) 2017 %	2016 %	Principal activities
Advance Always Limited	BVI	US$1	**85**	100	Investment holding
All Advance Limited	BVI	US$1	**85**	100	Investment holding
Eastcom, Inc.	United States of America	US$7,001,000	**85**	100	Wholesale and distribution of computer components
Elite View Development Ltd.	Hong Kong	HK$1	**85**	100	Provision of services to group companies
Green Privado Asset Holdings LLC	United States of America	US$1	**85**	100	Wholesale and distribution of computer components
i. Concept Inc.	Samoa	US$1	**85**	100	Investment holding
Pan Eagle Limited	BVI	US$100	**85**	100	Investment holding
Pine Group Hong Kong Limited	Hong Kong	HK$2	**85**	100	Investment holding
Pine Group Limited	BVI	US$10,000 Common shares and US$2,995,729 Class A shares	**85**	100	Investment holding
Pine Technology (Macao Commercial Offshore) Ltd.	Macao	Patacas 100,000	**85**	100	Wholesale and distribution of computer components
Pine Technology Limited	Hong Kong	HK$3	**85**	100	Wholesale and distribution of computer components
Pine Technology (BVI) Limited (Note (b))	BVI	US$10,000	**85**	100	Investment holding

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company (Note (a)) 2017 %	2016 %	Principal activities
Pineview Industries Limited (Note (c))	Hong Kong	HK$1,000 Ordinary shares and HK$2,400,000 Non-voting 5% deferred shares	**85**	100	Provision of production and other facilities to group companies
Samtack Inc.	Canada	CAD5 Common shares and CAD2,041,250 Class A shares	**85**	100	Wholesale and distribution of computer components
XFX Creation Inc.	BVI	US$1	**85**	100	Trademarks holding
東莞嘉耀電子有限公司 (Note (d))	PRC	RMB26,265,224 contributed capital	**85**	100	Manufacturing of electronics and computer digital audio device

Notes:

(a) The Company directly holds 85% (2016: 100%) of equity interest in Pine Technology (BVI) Limited. The interests of all other companies are indirectly held by the Company.

(b) During the year, the Group disposed 15% interest in Pine Technology (BVI) Limited.

(c) Deferred shares of Pineview Industries Limited amounting to HK$1,800,000 are not held by the Group. The deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the company. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the company only after the distribution of HK$1,000 million, as specified in the Articles of Association, to holders of ordinary shares.

(d) The subsidiary is wholly foreign-owned enterprise registered in the PRC.

The directors of the Company are of the opinions that a complete list of the particulars of all subsidiaries of the Company will be excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the result of the Group.

None of the subsidiaries had any debt securities outstanding at 30 June 2017 or at any time during the year.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interest

The table below shows details of non-wholly-owned subsidiary of the Company that has material non-controlling interest:

Name of subsidiary	Place of incorporation	Proportion of ownership and voting rights held by non-controlling interests		Loss allocated to non-controlling interest		Accumulated non-controlling interest	
		2017	2016	**2017**	2016	**2017**	2016
				US$'000	US$'000	**US$'000**	US$'000
Pine Technology (BVI) Limited	BVI	**15%**	N/A	**252**	N/A	**2,062**	N/A

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017
	US$'000
Current assets	**112,434**
Non-current assets	**1,165**
Current liabilities	**(99,787)**
Non-current liabilities	**(63)**
	13,749
Equity attributable to owners of the Company	**11,687**
Non-controlling interest of Pine Technology (BVI) Limited	**2,062**
	13,749

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interest *(Continued)*

	2017
	US$'000
Revenue	**231,015**
Expenses	**(236,004)**
Loss for the year	**(4,989)**
Loss attributable to owners of the Company	**(4,737)**
Loss attributable to the non-controlling interest of Pine Technology (BVI) Limited	**(252)**
Loss for the year	**(4,989)**
Other comprehensive expense attributable to owners of the Company	**(133)**
Other comprehensive income attributable to non-controlling interest of Pine Technology (BVI) Limited	**40**
Other comprehensive expense for the year	**(93)**
Total comprehensive expense attributable to owners of the Company	**(4,870)**
Total comprehensive expense attributable to non-controlling interest of Pine Technology (BVI) Limited	**(212)**
Total comprehensive expense for the year	**(5,082)**
Net cash outflow from operating activities	**(501)**
Net cash inflow from investing activities	**1,614**
Net cash inflow from financing activities	**108**
Net cash inflow	**1,221**

38. MAJOR NON-CASH TRANSACTION

Pursuant to a deed of assignment dated 5 June 2017 entered by a director of the Company, a non-controlling shareholder of a subsidiary and Pine Technology (Macao Commercial Offshore) Limited, a subsidiary of the Company, the director has assigned to the non-controlling shareholder of a subsidiary all his rights, titles, benefits and interests in a loan to Pine Technology (Macao Commercial Offshore) Limited amount to US$4,103,000 (equivalent to HK$32,000,000).

39. EVENTS AFTER THE END OF THE REPORTING PERIOD

Upon the completion of the mandatory unconditional cash offer by Sage Global Holdings Limited ("Sage Global") on 3 July 2017 to acquire 181,599,638 shares of the Company in according to the terms and conditions set out in the composite document issued by the Company dated 7 June 2017, together with the 539,964,042 shares in the Company acquired from the former controlling shareholders of the Company on 5 June 2017, Sage Global become the controlling shareholders of the Company and held 721,563,680 shares of the Company, representing approximately 78.30% of the issued share capital of the Company.

On 30 August 2017, the Company entered into two separate subscription agreements (the "Subscription Agreements") with each of two independent third parties (the "Subscribers"). Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and Subscribers have conditionally agreed to subscribe for a total of 43,000,000 new shares of the Company (the "Subscription Shares") at the subscription price of HK$0.60 per Subscription Share. The total number of 43,000,000 Subscription Shares to be allotted and issued under the Subscriptions represents approximately 4.67% of the issued share capital of the Company as at 30 August 2017 and approximately 4.46% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The subscriptions are completed on 1 September 2017.

After taking into the consideration of the completion of the subscriptions of 43,000,000 shares on 1 September 2017, Sage Global held approximately 74.80% total issued share capital of the Company.

Five Years Financial Summary

	Year ended 30 June				
	2013	2014	2015	2016	**2017**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
RESULTS					
Revenue	214,168	233,705	169,576	155,488	**230,914**
Cost of sales	(192,053)	(213,962)	(161,066)	(148,857)	**(220,352)**
Gross profit	22,115	19,743	8,510	6,631	**10,562**
Other income	872	264	279	339	**102**
Selling and distribution expenses	(6,950)	(5,154)	(4,138)	(3,418)	**(3,399)**
General and administrative expenses	(13,835)	(12,887)	(10,908)	(9,658)	**(10,440)**
Other gains and losses	910	18	1,365	(102)	**(1,201)**
Finance costs	(958)	(956)	(874)	(741)	**(888)**
Share of result of a joint venture	–	–	–	(26)	**–**
Profit (loss) before tax	2,154	1,028	(5,766)	(6,975)	**(5,264)**
Income tax (expense) credit	(96)	(219)	(801)	613	**254**
Profit (loss) for the year	2,058	809	(6,567)	(6,362)	**(5,010)**

	At 30 June				
	2013	2014	2015	2016	**2017**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
ASSETS, LIABILITIES AND EQUITY					
Total assets	129,021	119,294	111,190	107,905	**113,617**
Total liabilities	(57,346)	(46,635)	(45,700)	(49,412)	**(57,310)**
	71,675	72,659	65,490	58,493	**56,307**
Equity attributable to owners of the Company	71,675	72,659	65,490	58,493	**54,245**

COMMITTED TO GAMING

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)
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