PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1079)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

The board of directors (the "Directors") of PINE Technology Holdings Limited (the "Company"), is pleased to present the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2017

		Six months ended 31 December	
		2017	2016
		Unaudited	Unaudited
	Notes	***US$'000***	*US$'000*
Revenue	*2*	**154,329**	120,882
Cost of sales		**(146,853)**	(112,371)
Gross profit		**7,476**	8,511
Other income		**451**	51
Selling and distribution expenses		**(1,905)**	(1,892)
General and administrative expenses		**(6,617)**	(5,036)
Other gains and losses		**(263)**	21
Finance costs		**(345)**	(485)
Share of result of a joint venture		**4**	–
(Loss) profit before tax	*3*	**(1,199)**	1,170
Income tax expense	*4*	**(225)**	(163)
(Loss) profit for the period		**(1,424)**	1,007

* *For identification purposes only*

	Notes	Six months ended 31 December **2017** **Unaudited** ***US$'000***	2016 Unaudited *US$'000*
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**350**	(393)
Total comprehensive (expense) income for the period		**(1,074)**	614
(Loss) profit for the period attributable to:			
Owners of the Company		**(1,449)**	1,007
Non-controlling interest		**25**	–
		(1,424)	1,007
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(1,151)**	614
Non-controlling interest		**77**	–
		(1,074)	614
(Loss) earnings per share	*5*		
Basic (US cents)		**(0.14)**	0.11
Diluted (US cents)		**N/A**	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	31 December 2017 Unaudited US$'000	30 June 2017 Audited US$'000
Non-current Assets			
Property, plant and equipment		**230**	274
Development costs		**277**	242
Trademarks		**146**	150
Interest in a joint venture		**4**	–
Deposit placed for a life insurance policy		**474**	463
Rental deposits		**62**	39
		1,193	1,168
Current Assets			
Inventories		**72,289**	32,178
Trade and other receivables	*6*	**46,034**	71,335
Amount due from a joint venture		**2,579**	1,188
Tax recoverable		**9**	9
Pledged bank deposits		**–**	670
Bank balances and cash		**20,929**	7,069
		141,840	112,449
Current Liabilities			
Trade and other payables	*7*	**47,544**	32,957
Amount due to a joint venture		**252**	27
Loan from a non-controlling shareholder of a subsidiary		**7,511**	7,511
Tax payable		**90**	75
Obligations under finance leases		**–**	20
Bank borrowings		**16,987**	16,657
		72,384	57,247
Net Current Assets		**69,456**	55,202
Total Assets less Current Liabilities		**70,649**	56,370

	Notes	**31 December 2017 Unaudited** ***US$'000***	30 June 2017 Audited *US$'000*
Capital and Reserves			
Share capital		**14,214**	11,851
Share premium and reserves		**54,174**	42,394
Equity attributable to owners of the Company		**68,388**	54,245
Non-controlling interest		**2,139**	2,062
Total Equity		**70,527**	56,307
Non-current Liability			
Deferred tax liability		**122**	63
		70,649	56,370

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Attributable to owners of the Company								
	Share capital US$'000	Share premium US$'000	Surplus account US$'000	Exchange reserve US$'000	Share options reserve US$'000	Retained Profits US$'000	Total US$'000	Non-controlling interest US$'000	Total US$'000
At 1 July 2016 (audited)	11,851	27,083	2,954	527	14	16,064	58,493	–	58,493
Profit for the period	–	–	–	–	–	1,007	1,007	–	1,007
Other comprehensive expense for the period									
Exchange differences arising on translation of foreign operations	–	–	–	(393)	–	–	(393)	–	(393)
Total comprehensive (expense) income for the period	–	–	–	(393)	–	1,007	614	–	614
At 31 December 2016 (unaudited)	11,851	27,083	2,954	134	14	17,071	59,107	–	59,107
At 1 July 2017 (audited)	**11,851**	**27,083**	**2,954**	**394**	**–**	**11,963**	**54,245**	**2,062**	**56,307**
(Loss) profit for the period	**–**	**–**	**–**	**–**	**–**	**(1,449)**	**(1,449)**	**25**	**(1,424)**
Other comprehensive income for the period									
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**298**	**–**	**–**	**298**	**52**	**350**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**298**	**–**	**(1,449)**	**(1,151)**	**77**	**(1,074)**
Recognition of equity settled share-based payment	**–**	**–**	**–**	**–**	**391**	**–**	**391**	**–**	**391**
Issue of shares under shares subscription	**551**	**2,756**	**–**	**–**	**–**	**–**	**3,307**	**–**	**3,307**
Issue of shares under shares placing	**1,812**	**9,784**	**–**	**–**	**–**	**–**	**11,596**	**–**	**11,596**
At 31 December 2017 (unaudited)	**14,214**	**39,623**	**2,954**	**692**	**391**	**10,514**	**68,388**	**2,139**	**70,527**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017	2016
	Unaudited	Unaudited
	US$'000	*US$'000*
Net cash used in operating activities	**(2,035)**	(5,554)
Net cash from (used in) investing activities	**455**	(192)
Financing activities		
Net proceeds from issue of new shares under share subscriptions	**3,269**	–
Net proceeds from placement of new shares	**11,473**	–
Others	**452**	4,967
Cash from financing activities	**15,194**	4,967
Net increase (decrease) in cash and cash equivalents	**13,614**	(779)
Cash and cash equivalents at 1 July	**7,069**	5,931
Effect of foreign exchange rate changes	**246**	(105)
Cash and cash equivalents at 31 December	**20,929**	5,047

NOTES TO CONDENSED INTERIM ACCOUNTS

1. BASIS OF PRESENTATION

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

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017, except as described as below:

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA for the first time:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 30 June 2018.

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

2. REVENUE AND SEGMENT INFORMATION

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

An analysis of the Group's unaudited revenue and results for the six months ended 31 December 2017 and its comparatives are as follows:

	Group brand products		Other brand products		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	Unaudited	Unaudited	**Unaudited**	Unaudited	**Unaudited**	Unaudited
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue	**116,611**	83,462	**37,718**	37,420	**154,329**	120,882
Segment result	**1,521**	1,552	**(416)**	533	**1,105**	2,085
Interest income					**8**	5
Unallocated corporate expenses					**(1,967)**	(435)
Finance costs					**(345)**	(485)
(Loss) profit before tax					**(1,199)**	1,170

3. (LOSS) PROFIT BEFORE TAX

	Six months ended 31 December	
	2017	2016
	Unaudited	Unaudited
	US$'000	*US$'000*
(Loss) profit before tax has been arrived at after charging:		
Depreciation and amortisation	**210**	204

4. INCOME TAX EXPENSE

	Six months ended 31 December	
	2017	2016
	Unaudited	Unaudited
	US$'000	*US$'000*
The charge comprises:		
– Hong Kong Profits Tax	**3**	3
– Other jurisdictions	**222**	160
	225	163

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

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

5. (LOSS) EARNINGS PER SHARE

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

	Six months ended 31 December	
	2017	2016
	Unaudited	Unaudited
	US$'000	*US$'000*
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(1,449)**	1,007
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,013,074**	921,585
Effect of dilutive potential ordinary share in respect of outstanding share options	**N/A**	424
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**N/A**	922,009

No diluted loss per share for the six months ended 31 December 2017 was presented as the exercise of the share options would result in a reduction in loss per share for the period.

6. TRADE AND OTHER RECEIVABLES

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

	31 December 2017	30 June 2017
	Unaudited	Audited
	US$'000	*US$'000*
1 to 30 days	**29,752**	19,331
31 to 60 days	**7,885**	12,745
61 to 90 days	**4,472**	10,618
Over 90 days	**3,557**	27,635
Trade receivables	**45,666**	70,329
Deposits, prepayments and other receivables	**368**	1,006
	46,034	71,335

7. TRADE AND OTHER PAYABLES

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

	31 December 2017 Unaudited ***US$'000***	30 June 2017 Audited *US$'000*
1 to 30 days	**35,809**	16,399
31 to 60 days	**4,330**	11,332
61 to 90 days	**2,143**	1,383
Over 90 days	**1,514**	497
Trade payables	**43,796**	29,611
Deposits in advance, accruals and other payables	**3,748**	3,346
	47,544	32,957

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2017 (31 December 2016: Nil).

BUSINESS REVIEW

In the first six months of the fiscal year, the Group's revenue was approximately US$154,329,000 and gross profit was approximately US$7,476,000 compared to the same period last year of US$120,882,000 and US$8,511,000 respectively. The selling and distribution, and general and administrative expenses were increased to a total of approximately US$8,522,000, representing 5.5% of revenue compared with last year of approximately US$6,928,000, representing 5.7% of revenue.

During the period under review, our own brand division took an aggressive strategy to pursue the market share. As a result, the overall company's revenue increased by 28%, but the gross profit dropped by 12.2% compared to last year, and the selling and distribution, and general and administrative expenses was up by 23%. This resulted to a net loss of approximately US$1,424,000.

BUSINESS OUTLOOK

We expect that the competition will continue to be intense for both the business segments. As such, we will continue our aggressive strategy to go after the market share and to remain competitive. At the same time, we will also continue to be prudent in managing the accounts receivable and the inventory level.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group's financial position

The Group's net current assets and equity attributable to owners of the Company as at 31 December 2017 were approximately US$69,456,000 and approximately US$68,388,000 respectively (30 June 2017: approximately US$55,202,000 and approximately US$54,245,000). The Group's current ratio at the end of the reporting period was approximately 2.0 (30 June 2017: approximately 2.0). The Group financed its operations by internally generated cash flows, banking facilities provided by its bankers and placing of new shares. The Group continues to maintain a prudent approach in managing its financial requirements.

Liquidity, financial resources and charge of group asset

As at 31 December 2017, the Group's bank borrowings are short-term loans of approximately US$16,987,000 (30 June 2017: approximately US$16,657,000) which were secured by deposit placed for a life insurance policy, guaranteed or by all assets of certain subsidiaries as floating charges to banks.

As at 31 December 2017, deposit placed for a life insurance policy and all assets of certain subsidiaries as floating charges amounted to approximately US$474,000 and approximately US$35,542,000 respectively (30 June 2017: approximately US$463,000 and approximately US$24,753,000). The Group continued to maintain a healthy financial and cash position. As at 31 December 2017, the total cash on hand approximately amounted to US$20,929,000 (30 June 2017: approximately US$7,069,000).

Capital structure

Saved as disclosed below under the section "Fund raising activities", there was no other change in the capital structure of the Group for the six months ended 31 December 2017.

Fund raising activities

As disclosed in the announcement of the Company dated 28 July 2017, the Company entered into a placing agreement dated 28 July 2017 in relation to the placing of convertible bonds with an aggregate principal amount of 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 independent subscribers for the subscription of a total of 43,000,000 new ordinary shares of HK$0.10 each at a subscription price of HK$0.60 per subscription share (the "Subscriptions"). The closing market price of the shares of the Company on the date of the Subscription

Agreements was HK$0.60. The Subscriptions were completed on 1 September 2017 and a total of 43,000,000 new ordinary shares with a nominal value of HK$4,300,000 were issued to the two independent subscribers at a net issue price of HK$0.593 per subscription share with net proceeds of approximately HK$25.50 million (equivalent to approximately US$3,269,000). It was proposed that the net proceeds from the Subscriptions would 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 completion of the placing took place on 11 October 2017, where an aggregate of 141,316,956 new shares have been successfully placed to not less than six placees, who and whose ultimate beneficial owner(s) (if applicable) are independent third parties, at the placing price of HK$0.64 per placing share with net proceeds of approximately HK$89.49 million (equivalent to approximately US$11,473,000). The net proceeds were intended to be used as to approximately HK$10 million for general working capital of the Group and as to approximately HK$79.49 million for new business opportunities that may be identified by the Company from time to time. As further disclosed in the announcement of the Company dated 12 February 2018, the Company intended to apply as to approximately HK$70 million of such placing proceeds for the development of money lending business of the Group.

Gearing ratio

As at 31 December 2017, the gearing ratio of the Group based on total liabilities over total assets was approximately 51% (30 June 2017: approximately 50%).

Exchange risk

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

Segment Information

Group brand products

For the six months ended 31 December 2017, the segment's revenue was approximately US$116,611,000, an increase of 40% compared to approximately US$83,462,000 from the same period last year. Profit was approximately US$1,521,000 compared to approximately US$1,552,000 last year. We will continue to go after the market share aggressively.

Other brand products

In this same period, the segment's revenue was approximately US$37,718,000 compared to approximately US$37,420,000 from last year, and the net loss was approximately US$416,000 compared to profit of approximately US$533,000 last year. We will continue to broaden the non-PC product offerings and to improve the operational efficiency to reduce the overhead cost.

Significant investments and material acquisitions

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 31 December 2017.

Staff

As at 31 December 2017, the Group had 158 office staff, a 1% decrease from 159 office staff since 30 June 2017, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff cost, including Directors' emoluments, was approximately US$4,292,000 for the six months ended 31 December 2017 as compared with that of approximately US$3,545,000 for the corresponding period in the 2016.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2017 (30 June 2017: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

As disclosed in the announcement of the Company dated 15 November 2017, Mr. Li Jiàn ("Mr. Li") had been appointed as the chief executive officer of the Company (the "CEO"). The Company had complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules during the six months ended 31 December 2017 since the appointment of Mr. Li, except for the deviation from Code Provision A.4.2, details of which will be explained below:

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

AUDIT COMMITTEE

The Company established an audit committee on 9 November 1999 with written terms of reference. The audit committee comprised the three Independent Non-executive Directors, namely Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong. The audit committee has reviewed this announcement and has provided advice and comments thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2017, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase, or sell any of such shares.

By order of the Board
PINE Technology Holdings Limited
Zhang Sanhuo
Chairman

Hong Kong, 26 February 2018

As at the date of this announcement, the executive Directors are Mr. Zhang Sanhuo, Mr. Chan Cheuk Ho and Mr. Chiu Hang Tai; and the independent non-executive Directors are Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong.