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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1079)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Director(s)**") of PINE Technology Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") presents the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 June 2023 (the "**Year**") and the audited consolidated statement of financial position of the Group as at 30 June 2023 together with the comparative figures for the year ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (Restated) *(Notes 1(c) and 5)*
Continuing operations			
Revenue	2	**46,993**	51,776
Cost of sales		**(48,261)**	(47,321)
Gross (loss)/profit		**(1,268)**	4,455
Other income		**605**	484
Other gains and losses, net	3	**(8,037)**	(1,319)
Impairment loss on goodwill		**(18,289)**	(43,991)
Impairment loss on intangible assets		**(58,007)**	–
Selling and distribution expenses		**(2,547)**	(2,227)
General and administrative expenses		**(30,038)**	(32,919)

* *For identification purposes only*

	Notes	2023 *HK$'000*	2022 *HK$'000* (Restated) *(Notes 1(c) and 5)*
Operating loss		**(117,581)**	(75,517)
Finance costs		**(204)**	(743)
Loss before income tax		**(117,785)**	(76,260)
Income tax credit	4	**10,298**	1,512
Loss for the year from continuing operations		**(107,487)**	(74,748)
Discontinued operations	5		
(Loss)/profit for the year from discontinued operation		**(102)**	8,892
Loss for the year	6	**(107,589)**	(65,856)
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2,256)**	(978)
Foreign currency translation reserve reclassified to profit or loss upon dissolution of subsidiaries		**–**	105
Total other comprehensive expense for the year		**(2,256)**	(873)
Total comprehensive expense for the year		**(109,845)**	(66,729)
Loss for the year attributable to:			
Owners of the Company			
– From continuing operations		**(103,123)**	(73,009)
– From discontinued operation		**(102)**	8,892
		(103,225)	(64,117)
Non-controlling interests			
– From continuing operations		**(4,364)**	(1,739)
		(107,589)	(65,856)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
			(Restated)
			(Notes 1(c) and 5)
Total comprehensive expense for the year attributable to:			
Owners of the Company			
– From continuing operations		**(105,524)**	(73,941)
– From discontinued operation		**(102)**	8,892
		(105,626)	(65,049)
Non-controlling interests			
– From continuing operations		**(4,219)**	(1,680)
		(109,845)	(66,729)
Loss per share from continuing and discontinued operations			
Basic and diluted *(HK$)*	7	**(0.078)**	(0.048)
Loss per share from continuing operations			
Basic and diluted *(HK$)*	7	**(0.078)**	(0.055)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**At 30 June 2023** **HK$'000**	At 30 June 2022 *HK$'000* (Restated) *(Notes 1(c) and 5)*	At 1 July 2021 *HK$'000* (Restated) *(Notes 1(c) and 5)*
Non-current assets				
Property, plant and equipment		**108**	1,674	3,048
Right-of-use assets		**1,474**	674	2,200
Goodwill		**–**	18,289	62,283
Intangible assets		**6**	69,479	80,969
Rental deposits	8	**537**	–	723
		2,125	90,116	149,223
Current assets				
Inventories		**19**	–	–
Trade and other receivables	8	**6,314**	5,940	36,886
Loan receivables	9	**–**	19,003	82,204
Contract assets and contract costs		**408**	7,218	3,362
Tax recoverable		**631**	–	8
Bank balances and cash		**98,109**	111,639	37,315
		105,481	143,800	159,775
Current liabilities				
Trade and other payables	10	**16,008**	19,241	14,446
Contract liabilities		**496**	670	5,281
Loan from a director		**286**	1,703	–
Tax payable		**2,566**	1,563	2,722
Lease liabilities		**1,023**	709	1,560
Bank borrowings		**521**	5,873	6,874
		20,900	29,759	30,883
Net current assets		**84,581**	114,041	128,892
Total assets less current liabilities		**86,706**	204,157	278,115

	Notes	At 30 June 2023 HK$'000	At 30 June 2022 HK$'000 (Restated) (Notes 1(c) and 5)	At 1 July 2021 HK$'000 (Restated) (Notes 1(c) and 5)
Non-current liabilities				
Lease liabilities		**476**	–	709
Bank borrowings		**846**	–	4,796
Deferred tax liabilities		**–**	10,421	12,145
		1,322	10,421	17,650
NET ASSETS		**85,384**	193,736	260,465
Capital and reserves				
Share capital	11	**132,670**	132,670	132,670
Reserves		**(96,393)**	9,233	74,282
Equity attributable to owners of the Company		**36,277**	141,903	206,952
Non-controlling interests		**49,107**	51,833	53,513
TOTAL EQUITY		**85,384**	193,736	260,465

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). The consolidated financial statements have been prepared on the historical cost basis.

(b) Adoption of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2022 for the preparation of the consolidated financial statements. The adoption of these new and revised HKFRSs in the current year did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

(c) Change of presentation currency

The Company's functional currency is Hong Kong Dollars ("**HKD**") since majority of the activities of the Company are conducted in HKD. In the prior years, United States Dollar ("**USD**") was regarded as the presentation currency of the Group's consolidated financial statements. During the year, the directors of the Company has decided to adopt HKD as the presentation currency for the consolidated financial statements of the Group. Having considered that the Company's shares are listed on the Stock Exchange and are traded in HKD, the directors of the Company believe that the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. As such, the directors of the Company believes that it is more appropriate to adopt HKD as its presentation currency for the consolidated financial statements of the Group.

The change in presentation currency of the Group was applied retrospectively, as if the new presentation currency had always been applied. The Group has also presented the consolidated statement of financial position as at 1 July 2022 without related notes. The retrospective change of the presentation currency of the Group has had no material effects on the financial positions of the Group as at 30 June 2022 and 1 July 2021 and its financial performance for the year ended 30 June 2022.

All values are rounded to the nearest thousand except when otherwise indicated.

2. REVENUE AND SEGMENT INFORMATION

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 four operating divisions, which are the sales of Group's brand products; sales of other brand products; trading business; and provision of computer software and hardware and system development service. These four 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 *Operating Segments* are as follows:

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

* During the Year, the Company's subsidiary did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong. Therefore, the Group classified the results of the money lending business as discontinued operation (as detailed in Note 5) and the comparative information for the corresponding period in 2022 has been restated.

The Group's revenue is analysed as follows:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Sales of plastic products through trading business	**35,568**	–
Provision for computer software and hardware and system development service	**11,320**	51,776
Sales of other brand products	**105**	–
Revenue from contract with customers	**46,993**	51,776

Disaggregation of revenue from contracts with customers:

For the year ended 30 June 2023 and 2022

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Major products/services		
Sales of plastic products through trading business	**35,568**	–
Provision for computer software and hardware and system development service	**11,320**	51,776
Sales of computer components	**105**	–
Total	**46,993**	51,776
Timing of revenue recognition		
At a point in time	**35,673**	–
Over time	**11,320**	51,776
Total	**46,993**	51,776

Sales of Group's brand products and other brand products

The Group manufactures and sells market video graphics cards, other computer components, consumer electronic products and others under the Group's brand products and other brand products. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The products are sold with volume discounts based on aggregate sales over a 12 months period, if any. Revenue from these sales is recognised based on the prices specified in the contracts, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method. A contract liability is recognised for the expected volume discounts payable to customers in relation to the sales made.

Sales to customers are normally made with credit terms from 90 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of plastic products through trading business

The Group sells plastic products through trading business. Sales are recognised when control of the product is transferred, being when the products are delivered to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts.

Provision for computer software and hardware and system development service

The Group provides computer software and hardware and system development service to the customers. When the progress towards complete satisfaction of the performance obligations of computer software and hardware and system development service contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the surveys of work performed. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of computer software and hardware and system development service contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

Some system integration contracts include multiple deliverables, such as the installation of hardware and software. If the installation is simple, does not include an integration service and could be performed by another party, it is accounted for as a separate performance obligation.

If a contract includes the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

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

For the year ended 30 June 2023

	Group's brand products HK$'000	Other brand products HK$'000	Trading business HK$'000	Computer software and hardware and system development service HK$'000	Consolidated HK$'000
REVENUE					
External sales	**–**	**105**	**35,568**	**11,320**	**46,993**
	–	**105**	**35,568**	**11,320**	**46,993**
SEGMENT RESULTS	**(801)**	**(27)**	**274**	**(98,266)**	**(98,820)**
Interest income					**51**
Unallocated corporate expenses					**(18,812)**
Finance costs					**(204)**
Loss before income tax from continuing operations					**(117,785)**

For the year ended 30 June 2022

	Group's brand products HK$'000 (Restated)	Other brand products HK$'000 (Restated)	Trading business HK$'000 (Restated)	Computer software and hardware and system development service HK$'000 (Restated)	Consolidated HK$'000 (Restated)
REVENUE					
External sales	–	–	–	51,776	51,776
	–	–	–	51,776	51,776
SEGMENT RESULTS	(3,307)	–	(16)	(58,516)	(61,839)
Interest income					23
Unallocated corporate expenses					(13,701)
Finance costs					(743)
Loss before income tax from continuing operations					(76,260)

The accounting policies of the operating segments are the same as the Group's accounting policies. 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.

For the year ended 30 June 2023

	Group's brand products *HK$'000*	**Computer software and hardware and system development service** *HK$'000*	**Consolidated** *HK$'000*
Reversal of impairment loss on trade receivables, net	**–**	**–**	**–**
Impairment loss on goodwill	**–**	**18,289**	**18,289**
Impairment loss on intangible assets	**–**	**58,007**	**58,007**
Amortisation of intangible assets	**–**	**11,466**	**11,466**
Depreciation of right-of-use assets	**1,225**	**–**	**1,225**
Depreciation of property, plant and equipment	**–**	**733**	**733**

For the year ended 30 June 2022

	Group's brand products *HK$'000* (Restated)	Computer software and hardware and system development service *HK$'000* (Restated)	Consolidated *HK$'000* (Restated)
Reversal of impairment loss on trade receivables, net	–	(187)	(187)
Impairment loss on goodwill	–	43,991	43,991
Amortisation of intangible assets	–	11,490	11,490
Depreciation of right-of-use assets	1,529	–	1,529
Depreciation of property, plant and equipment	–	1,420	1,420

Geographical information

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

	Revenue by external customers		Non-current assets	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Asia	**46,993**	51,776	**1,588**	90,116
	46,993	51,776	**1,588**	90,116

Information about major customers

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Sales of plastic products through trading business:		
– Customer A	**28,854**	–
Provision for computer software and hardware and system development service:		
– Customer B*	**1,471**	17,488

* This customer did not contribute over 10% of the Group's revenue for the year ended 30 June 2023, the figures shown were for comparative purpose only.

3. OTHER GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Reversal of impairment loss on trade receivables, net	**–**	187
Foreign exchange loss	**(6,100)**	(1,584)
Loss on disposal of subsidiaries	**(1,183)**	–
Write-off of property, plant and equipment	**(616)**	–
Others	**(138)**	78
	(8,037)	(1,319)

4. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax		
Hong Kong Profits Tax	**123**	212
Deferred tax	**(10,421)**	(1,724)
Income tax credit	**(10,298)**	(1,512)

For the years ended 30 June 2023 and 2022, Hong Kong Profits Tax is calculated under two-tier profit tax rate regime. First HK$2 millions of estimated assessable profits is taxed at a rate of 8.25% and the remaining estimated assessable profits is taxed at 16.5%. The Group have selected one of the Hong Kong subsidiaries to apply the two-tier profits tax rate.

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

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

5. DISCONTINUED OPERATION

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

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

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

The loss for the year from discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and the other comprehensive income have been restated to represent the money lending business as a discontinued operation.

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Revenue – loan interest income	**–**	9,196
General and administrative expenses	**(102)**	(304)
(Loss)/profit for the year	**(102)**	8,892

6. LOSS FOR THE YEAR

The Group's loss for the year from continuing operations is stated after charging/(crediting) the following:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Amortisation on intangible assets:		
Trademarks	**1**	1
Customer relationship	**11,465**	11,489
Auditor's remuneration	**960**	1,260
Depreciation of property, plant and equipment	**733**	1,412
Depreciation of right-of-use assets	**1,225**	1,529
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	**20,828**	29,438
Retirement benefits scheme contributions	**1,402**	1,183
	22,230	30,621
Interest income on bank deposits	**(51)**	(23)
Short-term lease expenses	**242**	1,331

7. LOSS PER SHARE

From continuing and discontinued operation

The calculation of basic loss per share attributable to owners of the Company from continuing and discontinued operations is based on the loss of approximately HK$103,225,000 (2022: HK$64,117,000) for the year attributable to owners of the Company and the weighted average number of approximately 1,326,702,000 (2022: 1,326,702,000) ordinary shares in issue during the Year.

From continuing operations

Basic and diluted loss per share for the Year from continuing operations is HK$0.078 per share (2022: HK$0.055 per share), based on the loss of approximately HK$103,123,000 (2022: HK$73,009,000) for the Year from continuing operations attributable to owners of the Company divided by the weighted average number of approximately 1,326,702,000 (2022: 1,326,702,000) ordinary shares in issue during the Year.

From a discontinued operation

Basic and diluted loss per share for the Year from a discontinued operation is HK$0.00008 per share (2022: earnings per share from a discontinued operation is HK$0.007 per share), based on the loss of approximately HK$102,000 (2022: profit from a discontinued operation of approximately HK$8,892,000) for the Year from a discontinued operation attributable to owners of the Company divided by the weighted average number of approximately 1,326,702,000 (2022: 1,326,702,000) ordinary shares in issue during the Year.

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2023 and 2022.

8. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Current		
Trade receivables	**3,479**	1,794
Less: allowance for doubtful debts	**–**	(234)
Trade receivables, net	**3,479**	1,560
Deposits, prepayments and other receivables	**2,835**	4,380
	6,314	5,940
Non-current		
Rental deposits	**537**	–
	6,851	5,940

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
1 to 30 days	**757**	234
31 to 60 days	**764**	–
61 to 90 days	**–**	–
Over 90 days	**1,958**	1,326
	3,479	1,560

Reconciliation of loss allowance for trade receivables:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
At beginning of year	**234**	421
Increase in loss allowance for the year	**–**	234
Reversal of loss allowance for the year	**–**	(421)
Amount written-off	**(226)**	–
Exchange adjustments	**(8)**	–
At end of year	**–**	234

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. The expected credit losses are measured based on individual assessment, taking into account the past due status of debtors, adjusted as appropriate to refect account condition and estimates of future conditions.

During the Year, the Group had no impairment loss or reversal of impairment loss (2022: net reversal of impairment loss of approximately HK$187,000) for trade receivables upon the settlement of balance.

9. LOAN RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Fixed-rate loan receivables	**–**	19,003

All loan receivables were fully settled during the Year. The loan receivables as at 30 June 2022 were unsecured, carried fixed-rate interest of 8% per annum and repayable within one year.

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

Before accepting any new borrower, the Group carries out research on the creditability of the new borrower, assesses the potential customer's credit quality and defines loan terms with borrower. The credit of the borrowers granted with loans are reviewed once a year.

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

10. 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 year, accruals and other payables:

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
1 to 30 days	**772**	250
31 to 60 days	**–**	–
61 to 90 days	**–**	1,404
Over 90 days	**5,819**	12,940
Trade payables	**6,591**	14,594
Accruals and other payables	**9,417**	4,647
	16,008	19,241

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

11. SHARE CAPITAL

	Number of shares	Amounts
		HK$'000
Ordinary shares of HK$0.1 each:		
Authorised		
At 1 July 2021, 30 June 2022 and 30 June 2023	2,000,000,000	200,000
Issued and fully paid		
At 1 July 2021, 30 June 2022 and 30 June 2023	1,326,701,739	132,670

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 of the Company (the "**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 bank borrowings, net of cash and cash equivalents, and equity attributable to the owners of the Company, comprising issued share capital, share premium and reserves.

The Directors review the capital structure periodically taking into account 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.

12. DIVIDEND

No dividend had been paid or proposed for both years presented. The Directors do not recommend the payment of any dividend for the Year (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Continuing Operation

Revenue

During the Year, the Group has been engaged in (i) sales of other brand products; (ii) trading of plastic products; and (iii) provision of computer software and hardware and system development service.

The Group's revenue from its continuing operations for the Year experienced a year-on-year decrease of approximately 9%, amounting to approximately HK$46,993,000 (2022: approximately HK$51,776,000 (restated)). This decline was primarily attributed to a significant decrease of approximately 78% in the Group's revenue from the provision of computer software and hardware and system development services and was a result of adverse market conditions in the PRC throughout the Year.

The Group generated revenue of approximately HK$35,568,000 from the trading of plastic products in the Year (2022: Nil) and a revenue of approximately HK$105,000 from the sales of other brand products (2022: Nil). This partially offset the significant decline in revenue from the provision of computer software and hardware and system development service.

Gross profit and gross profit margin

The Group experienced a decrease in revenue from its continuing operations while cost of sales from its continuing operations increased correspondingly, resulting in the Group's gross profit from continuing operations changing from approximately HK$4,455,000 (restated) in the last year to a gross loss from continuing operations of approximately HK$1,268,000 in the Year. The gross profit margin from continuing operations declined from approximately 8.6% (restated) in the previous year to a gross loss margin from continuing operations of approximately 2.7% in the Year.

Other Income

Other income from continuing operations mainly represents income incidental to the Group's business, principally including sundry income, bank interest income and government subsidy. Other income from continuing operations, amounted to approximately HK$605,000 for the Year, represents approximately a 25% increase when compared with approximately HK$484,000 (restated) last year.

Other Gains and Losses, net

Other losses from continuing operations of the Group were approximately HK$8,037,000 for the Year as compared to other losses from continuing operations of approximately HK$1,319,000 (restated) last year. The change was mainly due to the depreciation of the Renminbi, resulting in an increase in foreign exchange losses for the Year.

*Impairment Loss on Goodwill and Intangible Assets-Customer Relationship (the "**Intangible Assets**")*

The Group's financial performance was negatively impacted by the Intangible Assets during the Year.

The impairment loss on goodwill of approximately HK$18,289,000 (2022: approximately HK$43,991,000 (restated)) (the "**Impairment Loss A**") and the impairment loss on Intangible Assets of approximately HK$58,007,000 (2022: Nil) (the "**Impairment Loss B**") recognised during the Year were mainly related to a PRC subsidiary (the "**PRC Subsidiary**"). The Group acquired the PRC Subsidiary in July 2018, which provides computer software and hardware and system development services in the PRC.

According to the Hong Kong Accounting Standard 36 "Impairment of Assets" ("**HKAS 36**") issued by the Hong Kong Institute of Certified Public Accountants, the recoverable amount of an asset is required to be measured whenever there is an indication that the asset may be impaired.

The Group determined the recoverable amount of goodwill and intangible assets based on the value in use (the "**VIU**") of the cash generating units ("**CGUs**") that are expected to benefit from a business combination. For the purposes of impairment testing, goodwill and intangible assets are allocated to each of the Group's CGUs that is expected to benefit from the business combination. The carrying amount of goodwill and intangible assets arised from the acquisition of the PRC Subsidiary during the year ended 30 June 2019 had been allocated to the computer software and hardware and system development service segment. A CGU to which goodwill and intangible assets has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired, which is based on the estimation of the recoverable amount of the CGU, being the higher of the VIU or fair value less costs of disposal.

The VIU calculation takes into account the future cash flow expected to arise from the CGU and a suitable discount rate in arriving at the present value. Where the actual cash flow is less than expected, or any change in facts and circumstances results in downward revision of future cash flow, the VIU of a CGU may be reduced accordingly. In the event that the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount will be reduced to the recoverable amount, and an impairment loss will be recognised.

(a) Details of the underlying reasons for, or the events and circumstances leading to the recognition of the Impairment Loss A and Impairment Loss B

As detailed in the Note 2 to the consolidated financial statement, the computer software and hardware and system development service segment's revenue was approximately HK$11,320,000 for the Year, representing an approximate 78% decrease as compared to approximately HK$51,776,000 (restated) for the last year.

During the first half of the Year, the implementation of strict lockdown measures and anti-pandemic policies in the PRC had a discouraging effect on business activities, thereby adversely affecting the operation and development of the PRC Subsidiary. In the second half of the Year, the global economy continued to decline, posing significant challenges to the PRC's economy. The reduced demand for informatization construction further impacted the business development plan of the PRC Subsidiary. Consequently, a considerable portion of the customer base exhibited a decreased willingness to invest in or upgrade their computer software and hardware, leading to a declined in significant project opportunities during the Year. This, in turn, resulted in the loss of existing core customers (the "**Core Customers**") and posed difficulties in attracting new customers for the PRC Subsidiary, thereby affecting its overall performance. As a result, the PRC Subsidiary was unable to secure significant contracts or projects and recorded an operating loss for the Year.

As detailed in the valuation report at the time of acquisition in July 2018, Intangible Assets arose from the acquisition of the PRC Subsidiary and was valued by an independent external valuer (the "**Valuer**") adopting the multi-period excess earnings method under the income approach. At the time of acquisition, the PRC Subsidiary's Intangible Assets were evaluated based on the PRC Subsidiary's Core Customers of the five years preceding the acquisition. As at the valuation date, the PRC Subsidiary's relationships with the majority of the Core Customers have been well-established, strong and achieved through track records of quality product deliveries. These Intangible Assets enable the PRC Subsidiary to have a stable source of revenue and also provide a solid foundation for business growth and development.

In view of the above and in preparing the consolidated financial statements of the Group for the Year, after taking into account that (i) the PRC economic recovery remained uncertain at the material time; (ii) the PRC Subsidiary was unable to achieve the growth rate forecasted for the Year; (iii) almost all of the existing significant contracts and projects of the PRC Subsidiary had been completed in the Year, but no significant contracts or projects had been obtained by the PRC Subsidiary during the Year; (iv) the PRC Subsidiary fail to obtain any significant new contracts or projects from its Core Customers during the Year; and (v) the market sentiment in the PRC was unfavourable to business activities in general at the material time, the management of the Group has revised and adjusted downwards the next five-year revenue, gross margin and net margin forecast of the PRC Subsidiary for the five financial years ending 30 June 2028 (the "**Adjustments**"), leading to a significant reduction in the VIU of the CGUs and the recoverable amount of the CGUs for the Year. As such, the management of the Group recognised the Impairment Loss A and Impairment Loss B during the Year.

(b) The valuation method, and the reason(s) for adopting such method

The Valuer has referenced to the HKAS 36 pursuant to which an estimate of the future cash flow that the entity expects to derive from the asset has to be reflected in the calculation of an asset's VIU. Hence, the Valuer has adopted the discounted cash flow method under the income approach in assessing the VIU of the PRC Subsidiary.

The Valuer has been adopting the income approach in arriving at the VIU of the PRC Subsidiary since the completion of the acquisition of the PRC Subsidiary during the year ended 30 June 2019. Hence, the valuation method adopted in assessing the VIU of the CGUs for the Year was consistent with the previous valuations.

(c) Reasons for any significant changes in the value of inputs or assumptions from those previously adopted

In the light of the reasons disclosed above in the paragraph headed "(a) Details of the underlying reasons for, or the events and circumstances leading to the recognition of the Impairment Loss A and Impairment Loss B", the actual performance of the PRC Subsidiary was sub-par as compared to last year and remained to be loss-making in the Year. Accordingly, the management of the Group has made the Adjustments to reflect the latest situation that (i) the PRC Subsidiary was unable to achieve the growth rate forecast for the Year; (ii) almost all of the existing significant contracts and projects of the PRC Subsidiary had been completed in the Year, but no significant contracts or projects had been obtained by the PRC Subsidiary during the Year; (iii) the PRC Subsidiary fail to obtain any significant new contracts or projects from its Core Customers during the Year; and (iv) the market sentiment in the PRC was unfavourable to business activities in general at the material time. Given that the Adjustments, being the key inputs to the valuation of the VIU of the CGUs, have been made and adopted, the valuation of the VIU of the CGUs for the Year has correspondingly decreased as compared to that of last year.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly employee salaries, employee benefits and housing provident fund. The Group's selling and distribution expenses from continuing operations maintained at a generally stable level and recorded approximately HK$2,547,000 and approximately HK$2,227,000 (restated) for the Year and last year respectively.

General and Administrative Expenses

General and administrative expenses comprised mainly staff costs (including Directors' remuneration) in relation to the Group's administrative personnel, office expenses, depreciation of right-of-use assets, amortisation of intangible assets, travelling and other expenses. General and administrative expenses from continuing operations decreased from approximately HK$32,919,000 (restated) last year to approximately HK$30,038,000 for the Year, representing a decrease of approximately 9%. The lower general and administrative expenses from continuing operations for the Year were recorded mainly due to tightened cost controls implemented across various general and administrative expenditures throughout the Year.

Finance Costs

The Group's finance costs primarily represent interest expenses on bank borrowings. Finance costs from continuing operations decreased from approximately HK$743,000 (restated) last year, to approximately HK$204,000 for the Year, representing a decrease of approximately 73%, primarily due to a reduction in the Group's bank borrowings, resulting in a corresponding decrease in loan interest expenses throughout the Year.

Income tax credit

The Group recorded income tax credit from continuing operations in the amount of approximately HK$10,298,000 (2022: approximately HK$1,512,000 (restated)). The increase in income tax credit was mainly due to the decrease in deferred tax liabilities.

Loss for the Year

Loss attributable to the owners of the Company from continuing operations amounted to approximately HK$103,123,000 for the Year as compared with a loss attributable to the owners of the Company from continuing operations amounted to approximately HK$73,009,000 (restated) for last year. The increased in net loss reported by the Group was mainly arising from the decrease in turnover and gross profit, and also the impairment loss recognised in respect of goodwill and intangible assets for the Year.

Liquidity and Financial Resources

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

The Group has maintained its funds at a sound and healthy financial resource level. The Group's net current assets and equity attributable to owners of the Company as of 30 June 2023 were approximately HK$84,581,000 and approximately HK$36,277,000 respectively (2022: approximately HK$114,041,000 (restated) and approximately HK$141,903,000 (restated)). As of 30 June 2023, net current assets included bank balances and cash totalling approximately HK$98,109,000 (2022: approximately HK$111,639,000 (restated)).

The Group's outstanding bank borrowings as of 30 June 2023 amounted to approximately HK$1,367,000 (2022: approximately HK$5,873,000 (restated)), with a great decrease of approximately 77% as compared with that of last year.

The Group has maintained a healthy balance sheet with net cash and bank balances (total cash and bank balances less total bank borrowings) of approximately HK$96,742,000 (2022: approximately HK$105,766,000 (restated)) as of 30 June 2023.

The current ratio, being the ratio of current assets to current liabilities, was approximately 5.05 times as of 30 June 2023 (2022: approximately 4.83 times).

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

Pledge of Group's assets

The Group did not have any charge on assets for the Year (2022: Nil).

Share Capital and Capital Structure of the Company

As at 30 June 2023, the Company had 1,326,701,739 ordinary shares of HK$0.10 each in issue (2022: 1,326,701,739 Shares).

Gearing Ratio

As at 30 June 2023, the gearing ratio of the Group based on total liabilities over total assets was approximately 21% (2022: approximately 17%).

Foreign Exchange Exposure

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

Business Review

During the first half of the Year due to the 2019 novel coronavirus disease (the "**COVID-19**") pandemic, the implementation of strict lockdown measures and anti-pandemic policies in the PRC had a discouraging effect on business activities of the Group, thereby adversely affecting the operation and development of the Group. In the latter half of the Year, the global economy continued to decline, posing significant challenges to the PRC's economy. These factors brought a negative impact on the overall market sentiment and the Group's financial performance of the Year was adversely affected.

Group's brand products

There was no segment revenue generated from the Group's brand products during the Year and the last year. The segment's loss in the Group's brand products was reduced to approximately HK$801,000, compared to that of approximately HK$3,307,000 (restated) last year.

Other brand products

The segment revenue and segment loss from other brand products was approximately HK$105,000 and approximately HK$27,000 respectively for the Year (2022: no segment revenue and segment loss). Going forward, the Group will allocate more resources to develop this business segment and actively seek out new customers to achieve business growth. The Group aims to strengthen its market position and realize the long-term potential in this segment. Beyond top-line growth, the Group also aims to improve profitability levels to deliver sound financial performance.

Money Lending Service

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

Trading business

During the Year, the revenue from this segment increased significantly and a certain number of orders from customers were obtained. The segment revenue and segment profits from trading business was approximately HK$35,568,000 and approximately HK$274,000 respectively for the Year (2022: no segment revenue and segment loss). In response to the ongoing volatility and uncertainty in global plastic materials prices, the Group will take a more conservative and cautious approach to operate this business segment in the coming year. The Group will also selectively seek out new customers where opportunities present minimal risk.

Computer software and hardware and system development service

The COVID-19 pandemic affected the performance of the computer software and hardware and system development service segment. As mentioned in the annual report of the Company for the year ended 30 June 2022, in view of the poor economic sentiments in the PRC, which is the Group's major market, customers of the Group remain to be very conservative in their software development. They are only willing to allocate a limited budget for maintaining their normal operation and are reluctant to commence new projects or upgrade their software system. Thus, the opportunities to obtain new contracts were significantly reduced. Except those necessary maintenance contracts, customers have less motivation to commence new program, upgrade existing system or acquire new hardware.

In view of the business conditions referred to above under paragraph headed "Impairment Loss on Goodwill and Intangible Assets – Customer Relationship – (a) Details of the underlying reasons for, or the events and circumstances leading to the recognition of the Impairment Loss A and Impairment Loss B", business in the computer software and hardware and system development service segment slowed down and was unable to achieve the growth rate forecast for the Year. Based on the valuation carried out by an independent professional valuer, the recoverable amount of this segment has been adjusted, resulting in the need to recognize impairment loss on goodwill and intangible assets generated by this segment for the Year.

For the Year, the computer software and hardware and system development service segment's revenue was approximately HK$11,320,000, representing an approximate 78% decrease compared to approximately HK$51,776,000 (restated) last year. As a result, a segment loss increased from approximately HK$58,516,000 (restated) last year to approximately HK$98,266,000 for the Year, representing a increase of approximately 68%. The segment loss for the Year mainly represents the net effect of loss arising from this segment of approximately HK$10,504,000 (2022: approximately HK$3,035,000 (restated)) and other loss arising from business combination including amortization of intangible assets of approximately HK$11,466,000 (2022: approximately HK$11,490,000 (restated)), recognition of impairment loss on goodwill of approximately HK$18,289,000 (2022: approximately HK$43,991,000 (restated)) and recognition of impairment loss on intangible assets of approximately HK$58,007,000 (2022: Nil). For detailed information regarding the impairment loss on goodwill and intangible assets, please refer to the paragraph headed "Impairment Loss on Goodwill and Intangible Assets – Customer Relationship" under the section headed "Management Discussion and Analysis – Financial Review".

Business Outlook

Although COVID-19 has passed, geopolitical conflicts and tensions, the global interest rate environment, and the unpredictable post-pandemic recovery in the PRC's economies will continue to cause uncertainties and external headwinds for the Group's businesses.

Looking ahead, despite the gradual easing of trade frictions between the United State of America and the PRC, the impact of inflation, politicization of trade and technology mechanisms, and other factors should not be overlooked. The global economy recovery is slow and still facing considerable downside risks. The international environment remains complex, and pressure from contracting domestic demand, shock on supply chain and weakening expectations are still emerging.

The Group will stay tuned to the development of various businesses, industrial and market changes, maintain prudent operating practices and seize development opportunities by seeking potential partners which can assist the Group to grow and develop in different areas.

In the coming year, giving the poor market sentiment, the management is not optimistic on the prospect of the computer software and hardware and system development service segment. Taking into consideration the ample political and economical uncertainties, the Group will run the business in a prudent way in the coming year. The management will tend to utilize the cash resources on hand for the expansion of the Group's business of sales of other brand products and trading business.

Significant Investments and Material Acquisitions and/or Disposals

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

Future Plan for Material Investments or Capital Assets

As at 30 June 2023, the Group did not have any plan for material investments or capital assets in the coming year.

Employees and Remuneration Policy

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions, individual performance, qualification, experience and the remuneration policies, which are reviewed on a regular basis. As at 30 June 2023, the Group had 26 employees, including 1 executive Director and 3 independent non-executive Directors, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff costs, including Directors' emoluments, were approximately HK$22,230,000 for the Year as compared with that of approximately HK$30,621,000 (restated) last year.

Capital Commitment and Contingent Liabilities

The Group had no material capital commitment and contingent liabilities as at 30 June 2023 (2022: Nil).

OTHER INFORMATION

Final Dividends

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the Directors' knowledge as at the date of this announcement, the Company has maintained a sufficient public float throughout the Year and as at the date of this announcement.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Change of Presentation Currency

As disclosed in the announcement of the Company dated 31 August 2023, the Group has changed its presentation currency from USD to HKD for the preparation of the Group's consolidated financial statements for the Year. Having considered that the Company's shares are listed on the Stock Exchange and are traded in HKD, the Board believes that the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. As such, the Board believes that it is more appropriate to adopt HKD as its presentation currency for the consolidated financial statements of the Group.

Event after the reporting period

Save as disclosed in this announcement, the Group has no material events subsequent to 30 June 2023 being the end of the Year and up to the date of this announcement.

Annual General Meeting

The annual general meeting (the "**AGM**") of the Company is expected to be held on 30 November 2023. The notice of AGM will be sent to the Shareholders at least 21 days before AGM.

Independence of Independent Non-executive Directors

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from each of the independent non-executive Directors, namely Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong in accordance with Rule 3.13 of the Listing Rules. The Board has reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired as at the date of this announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. Save for code provisions C.2.1 and B.2.2 of the CG Code, the Company has fully complied with the CG Code during the Year.

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

As Mr. Zhang Sanhuo is the chairman (the "**Chairman**") and the chief executive officer (the "**Chief Executive Officer**") of the Company, his appointment as both the Chairman and Chief Executive Officer deviates from code provision C.2.1 of the CG Code. The positions of the Chairman and Chief Executive Officer are held by Mr. Zhang Sanhuo who has extensive knowledge about the management. The Company believes that this structure is conducive to strong and consistent leadership, enabling the Company to formulate and implement strategies efficiently and effectively. Under the supervision of the Board and 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.

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the Year.

Pursuant to paragraph A.3 of Appendix 10 to the Listing Rules, the Directors are prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results (the "**Black-out Period**").

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

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

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this preliminary announcement.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely, Mr. So Stephen Hon Cheung (chairman of the committee), Mr. Zhou Chunsheng and Mr. Tian Hong.

The Audit Committee was established with written terms of reference that sets out the authorities and duties of the Audit Committee adopted by the Board. The functions of risk management, internal control and corporate governance were adopted into the terms of reference of Audit Committee in compliance with the Listing Rules.

The Audit Committee, together with the Group's auditor have reviewed the Group's audited consolidated financial statements for the Year. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control measures with senior management members.

PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.irasia.com/listco/hk/pine*) and the 2023 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 September 2023

As at the date of this announcement, the executive Director is Mr. Zhang Sanhuo; and the independent non-executive Directors are Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong.