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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 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of PINE Technology Holdings Limited (the “**Company**”) presents the audited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2021 (the “**Year**”) and the audited consolidated statement of financial position of the Group as at 30 June 2021 together with the comparative figures for the year ended 30 June 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	<i>Notes</i>	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Revenue	2	12,219	109,386
Cost of sales		<u>(7,827)</u>	<u>110,650</u>
Gross profit/(loss)		4,392	(1,264)
Other income		250	301
Other gains/(losses), net	3	967	(3,228)
Selling and distribution expenses		(285)	(2,806)
General and administrative expenses		<u>(7,287)</u>	<u>11,796</u>
Operating loss		(1,963)	(18,793)
Finance costs		<u>(162)</u>	<u>347</u>

* For identification purposes only

	<i>Notes</i>	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Loss before income tax		(2,125)	(19,140)
Income tax credit/(expense)	4	<u>34</u>	<u>(113)</u>
Loss for the year	5	<u>(2,091)</u>	<u>(19,253)</u>
Other comprehensive income/(loss):			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		385	(346)
Foreign currency translation reserve reclassified to profit or loss upon dissolution of subsidiaries		<u>(136)</u>	<u>–</u>
Total other comprehensive income/(loss) for the year		<u>249</u>	<u>(346)</u>
Total comprehensive loss for the year		<u>(1,842)</u>	<u>(19,599)</u>
Loss for the year attributable to:			
Owners of the Company		(2,524)	(17,318)
Non-controlling interests		<u>433</u>	<u>(1,935)</u>
		<u>(2,091)</u>	<u>(19,253)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(2,298)	(17,608)
Non-controlling interests		<u>456</u>	<u>(1,991)</u>
		<u>(1,842)</u>	<u>(19,599)</u>
Loss per share			
Basic and diluted (<i>US cents</i>)	6	<u>(0.19)</u>	<u>(1.31)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Non-current assets			
Property, plant and equipment		391	556
Right-of-use assets		282	240
Goodwill		7,985	7,985
Intangible assets		10,380	11,855
Rental deposits		94	–
		<u>19,132</u>	<u>20,636</u>
Current assets			
Inventories		–	335
Trade and other receivables	7	4,729	7,256
Loan receivables	8	10,539	9,888
Contract assets and contract costs		431	102
Contingent consideration		–	208
Tax recoverable		1	12
Bank balances and cash		4,784	4,252
		<u>20,484</u>	<u>22,053</u>
Current liabilities			
Trade and other payables	9	1,852	3,734
Contract liabilities		677	140
Loan from a director		–	391
Tax payable		349	203
Lease liabilities		200	340
Bank borrowings		881	702
		<u>3,959</u>	<u>5,510</u>
Net current assets		<u>16,525</u>	<u>16,543</u>
Total assets less current liabilities		<u>35,657</u>	<u>37,179</u>

	<i>Notes</i>	2021 US\$'000	2020 US\$'000
Non-current liabilities			
Lease liabilities		91	–
Bank borrowings		616	–
Deferred tax liabilities		1,557	1,944
		<u>2,264</u>	<u>1,944</u>
NET ASSETS		<u>33,393</u>	<u>35,235</u>
Capital and reserves			
Share capital	10	17,045	17,045
Reserves		9,489	11,787
		<u>26,534</u>	<u>28,832</u>
Equity attributable to owners of the Company		6,859	6,403
Non-controlling interests		<u>6,859</u>	<u>6,403</u>
TOTAL EQUITY		<u>33,393</u>	<u>35,235</u>

Notes:

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

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, as modified by the revaluation of investments at fair value through profit or loss which is carried at its fair values.

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 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not 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.

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 five operating divisions, which are the sales of Group’s brand products; sales of other brand products; money lending service; trading business and provision of computer software and hardware and system development service. These five 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
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

The Group's revenue is analysed as follows:

	2021	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Sales of Group's brand products	2	55,369
Sales of other brand products	4,294	39,740
Sales of chemical products through trading business	–	6,308
Provision of computer software and hardware and system development service	6,760	6,868
	<hr/>	<hr/>
Revenue from contracts with customers	11,056	108,285
Interest income from money lending service	1,163	1,101
	<hr/>	<hr/>
Total revenue	12,219	109,386
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue from contracts with customers:

For the year ended 30 June 2021

	Group's brand products	Other brand products	Computer software and hardware and system development service	Consolidated
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Major products/services				
Sales of market video graphics cards	2	–	–	2
Sales of other computer components	–	4,294	–	4,294
Provision of computer software and hardware and system development service	–	–	6,760	6,760
	<hr/>	<hr/>	<hr/>	<hr/>
Total	2	4,294	6,760	11,056
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition				
At a point in time	2	4,294	1,859	6,155
Over time	–	–	4,901	4,901
	<hr/>	<hr/>	<hr/>	<hr/>
Total	2	4,294	6,760	11,056
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the year ended 30 June 2020

	Group's brand products <i>US\$'000</i>	Other brand products <i>US\$'000</i>	Trading business <i>US\$'000</i>	Computer software and hardware and system development service <i>US\$'000</i>	Consolidated <i>US\$'000</i>
Major products/services					
Sales of market video graphics cards	55,369	–	–	–	55,369
Sales of other computer components	–	17,375	–	–	17,375
Sales of consumer electronic products and others	–	22,365	–	–	22,365
Trading of chemical products	–	–	6,308	–	6,308
Provision of computer software and hardware and system development service	–	–	–	6,868	6,868
Total	<u>55,369</u>	<u>39,740</u>	<u>6,308</u>	<u>6,868</u>	<u>108,285</u>
Timing of revenue recognition					
At a point in time	55,369	39,740	6,308	255	101,672
Over time	–	–	–	6,613	6,613
Total	<u>55,369</u>	<u>39,740</u>	<u>6,308</u>	<u>6,868</u>	<u>108,285</u>

Sales of Group's brand products and other brand products and trading of chemical products

The Group manufactures and sells market video graphics cards, other computer components, consumer electronic products and others under the Group's brand products, other brand products and chemical products to the customers. 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.

Provision of 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 2021

	Group's brand products <i>US\$'000</i>	Other brand products <i>US\$'000</i>	Money lending service <i>US\$'000</i>	Trading business <i>US\$'000</i>	Computer software and hardware and system development service <i>US\$'000</i>	Consolidated <i>US\$'000</i>
REVENUE						
External sales	2	4,294	-	-	6,760	11,056
Loan interest income	-	-	1,163	-	-	1,163
	<u>2</u>	<u>4,294</u>	<u>1,163</u>	<u>-</u>	<u>6,760</u>	<u>12,219</u>
SEGMENT RESULT	(2,314)	(1,010)	993	(268)	1,153	(1,446)
Interest income						10
Unallocated corporate expenses						(527)
Finance costs						(162)
Loss before income tax						<u>(2,125)</u>

For the year ended 30 June 2020

	Group's brand products <i>US\$'000</i>	Other brand products <i>US\$'000</i>	Money lending service <i>US\$'000</i>	Trading business <i>US\$'000</i>	Computer software and hardware and system development service <i>US\$'000</i>	Consolidated <i>US\$'000</i>
REVENUE						
External sales	55,369	39,740	–	6,308	6,868	108,285
Loan interest income	–	–	1,101	–	–	1,101
	<u>55,369</u>	<u>39,740</u>	<u>1,101</u>	<u>6,308</u>	<u>6,868</u>	<u>109,386</u>
SEGMENT RESULT	(13,767)	(1,928)	736	(127)	(730)	(15,816)
Interest income						3
Unallocated corporate expenses						(2,980)
Finance costs						<u>(347)</u>
Loss before income tax						<u>(19,140)</u>

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 is presented as the information is not reported to the CODM for the purposes of resources allocation and performance assessment.

Other segment information

For the year ended 30 June 2021

	Group's brand products US\$'000	Other brand products US\$'000	Money lending service US\$'000	Trading business US\$'000	Computer software and hardware and system development service US\$'000	Consolidated US\$'000
Impairment loss/(reversal of impairment loss) on prepayment, trade and other receivables, net	-	-	-	256	(457)	(201)
Amortisation of intangible assets	1	-	-	-	1,473	1,474
Depreciation of right-of-use assets	117	-	-	-	-	117
Depreciation of property, plant and equipment	-	-	-	-	21	21
Fair value change in contingent consideration	-	-	-	-	208	208
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208</u>	<u>208</u>

For the year ended 30 June 2020

	Group's brand products US\$'000	Other brand products US\$'000	Money lending service US\$'000	Trading business US\$'000	Computer software and hardware and system development service US\$'000	Consolidated US\$'000
Impairment losses on trade receivables, net	1,443	-	-	-	481	1,924
Amortisation of intangible assets	54	-	-	-	1,473	1,527
Depreciation of right-of-use assets	413	-	-	-	-	413
Depreciation of property, plant and equipment	-	95	-	-	21	116
Reversal of impairment losses on amount due from a joint venture	(2)	-	-	-	-	(2)
Fair value change in contingent consideration	-	-	-	-	870	870
Impairment losses on development costs	110	-	-	-	-	110
Impairment losses on property, plant and equipment	2	-	-	-	-	2
Impairment losses on trademarks	6	-	-	-	-	6
Impairment losses on right-of-use assets	92	-	-	-	-	92
Gain on disposal of property, plant and equipment	(232)	-	-	-	-	(232)
	<u>(232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232)</u>

Geographical information

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

	Revenue by external customers		Non-current assets	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
Canada	14	17,375	–	–
The United States	4,282	50,362	–	79
Asia	7,923	23,491	19,038	20,557
Europe	–	17,651	–	–
Others	–	507	–	–
	<u>12,219</u>	<u>109,386</u>	<u>19,038</u>	<u>20,636</u>

Information about major customers

	2021	2020
	US\$'000	US\$'000
Provision of computer software and hardware and system development service		
Customer A	1,520	1,401
Customer B	1,443	372
	<u>2,963</u>	<u>1,773</u>

* Customer A and Customer B did not contribute over 10% of the Group's revenue for the year ended 30 June 2020, the figures shown were for comparative purpose only.

3. OTHER GAINS/(LOSSES), NET

	2021	2020
	US\$'000	US\$'000
Reversal of impairment loss/(impairment losses) on prepayment, trade and other receivables, net	201	(1,924)
Foreign exchange gain/(loss), net	838	(458)
Fair value change in contingent consideration	(208)	(870)
Gain on dissolution of subsidiaries	136	–
Reversal of impairment loss on amount due from a joint venture	–	2
Impairment losses on development costs	–	(110)
Impairment losses on property, plant and equipment	–	(2)
Impairment losses on trademarks	–	(6)
Impairment losses on right-of-use assets	–	(92)
Loss on disposal of property, plant and equipment	–	232
	<u>967</u>	<u>(3,228)</u>

4. INCOME TAX (CREDIT)/EXPENSE

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Current tax:		
Hong Kong Profits Tax	5	5
The PRC Enterprise Income Tax	160	183
Withholding tax on the PRC dividend income	188	151
	<u>353</u>	<u>339</u>
(Over)/under-provision in respect of prior years:		
Hong Kong Profits Tax	–	(6)
PRC Enterprise Income Tax	–	6
	<u>–</u>	<u>–</u>
Deferred tax	<u>(387)</u>	<u>(226)</u>
Income tax (credit)/expense	<u>(34)</u>	<u>113</u>

For the years ended 30 June 2021 and 2020, Hong Kong Profits Tax is calculated under two-tier profits tax rate regime. First HK\$2 million of estimated assessable profits is taxed at a rate of 8.25% and the remaining estimated assessable profits is taxed at 16.5%. The Group has selected one of the Hong Kong subsidiaries to apply the two-tier profits tax rate.

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

5. LOSS FOR THE YEAR

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

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Amortisation on intangible assets:		
Development costs	–	53
Trademarks	1	1
Customer relationship	1,473	1,473
Auditor's remuneration	221	412
Cost of inventories sold	4,313	110,315
Depreciation of property, plant and equipment	181	276
Depreciation of right-of-use assets	349	764
Interest income on bank deposits	(10)	(3)
Short-term lease expenses	373	690
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	5,778	9,187
Retirement benefits scheme contributions	203	115
Equity-settled share based payments to directors	–	227
	<u>5,981</u>	<u>9,529</u>
Equity-settled share based payments to consultants	–	213
Reversal of impairment loss on inventories (included in cost of inventories sold)	–	(9,953)
	<u>–</u>	<u>(9,953)</u>

6. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately US\$2,524,000 (2020: approximately US\$17,318,000) and the weighted average number of ordinary shares of 1,326,702,000 (2020: 1,326,702,000) in issue during the Year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2021 and 2020.

7. TRADE AND OTHER RECEIVABLES

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Current		
Trade receivables	3,081	6,192
Less: allowance for doubtful debts	<u>(54)</u>	<u>(496)</u>
Trade receivables, net	<u>3,027</u>	<u>5,696</u>
Deposits, prepayments and other receivables	<u>1,702</u>	<u>1,560</u>
	<u>4,729</u>	<u>7,256</u>
Non-current		
Deposits	<u>94</u>	<u>–</u>
	<u>4,823</u>	<u>7,256</u>

The Group allows a credit period of 1 to 180 days (2020: 1 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowances for doubtful debt, presented based on invoice date:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
1 to 30 days	1,515	3,357
31 to 60 days	20	1,357
61 to 90 days	56	269
Over 90 days	<u>1,436</u>	<u>713</u>
	<u>3,027</u>	<u>5,696</u>

The reconciliation of loss allowance for trade receivables:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
At beginning of year	496	2,394
Increase in loss allowance for the year	–	1,984
Reversal of loss allowance for the year	(457)	(60)
Amount written-off	(20)	(3,812)
Exchange adjustments	<u>35</u>	<u>(10)</u>
At end of year	<u>54</u>	<u>496</u>

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. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Over 30 days past due	Over 60 days past due	Over 90 days past due	Total
As at 30 June 2021					
Weighted average expected loss rate	0%	0%	0%	5%	
Receivable amount (US\$'000)	1,823	20	56	1,182	3,081
Loss allowance (US\$'000)	–	–	–	54	54

	Current	Over 30 days past due	Over 60 days past due	Over 90 days past due	Total
As at 30 June 2020					
Weighted average expected loss rate	0%	0%	0%	41%	
Receivable amount (US\$'000)	3,357	1,357	269	1,209	6,192
Loss allowance (US\$'000)	–	–	–	496	496

Trade receivables with carrying amount of approximately US\$185,000 (2020: approximately US\$193,000) are pledged to secure general banking facilities granted to the Group.

8. LOAN RECEIVABLES

	2021 US\$'000	2020 US\$'000
Fixed-rate loan receivables	10,539	9,888

Unsecured loan receivables carry fixed-rate interest of 12% per annum (2020: 12% per annum) and with maturity of one year (2020: one year). All amounts of principal will be receivable on respective maturity dates.

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 the borrower. The credit of the borrowers granted with loans is reviewed once a year.

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

9. 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:

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
1 to 30 days	239	737
31 to 60 days	–	7
Over 60 days	455	4
Trade payables	694	748
Accruals and other payables	1,158	2,986
	<u>1,852</u>	<u>3,734</u>

The average credit period on purchases of goods is 30 to 60 days (2020: 30 to 60 days).

10. SHARE CAPITAL

	Number of shares	Amounts <i>HK\$'000</i>	US\$ equivalent <i>US\$'000</i>
Ordinary shares of HK\$0.1 each:			
Authorised			
As at 1 July 2019, 30 June 2020 and 30 June 2021	<u>2,000,000,000</u>	<u>200,000</u>	<u>25,747</u>
Issued and fully paid			
As at 1 July 2019, 30 June 2020 and 30 June 2021	<u>1,326,701,739</u>	<u>132,670</u>	<u>17,045</u>

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.

11. DIVIDEND

No dividend had been paid or proposed for both years presented. The Directors do not recommend a dividend in respect of the year ended 30 June 2021 (2020: Nil).

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the Year, the Group's revenue was approximately US\$12,219,000, representing an approximate 89% decrease compared to that of approximately US\$109,386,000 last year. The Company turned a gross loss of approximately US\$1,264,000 last year to a gross profit of approximately US\$4,392,000 during the Year.

Operating expenses, including selling and distribution expenses, general and administrative expenses and finance costs, decreased by approximately US\$7,215,000, or approximately 48%, from approximately US\$14,949,000 last year to approximately US\$7,734,000 for the Year. The decline of the operating expenses was mainly resulted from further tightened control on spending throughout the Year.

There were no impairment losses on goodwill and there was a decrease in the change in fair value in contingent consideration for the Year. Other gains of the Group was approximately US\$967,000 for the Year as compared to the other losses of approximately US\$3,228,000 last year. The change was mainly due to the reversal of impairment losses on trade and other receivables and the decrease in the change in fair value in contingent consideration.

The Group recorded a loss attributable to the owners of the Company of approximately US\$2,524,000 for the Year as compared with the loss attributable to owners of the Company of approximately US\$17,318,000 last year.

Liquidity, Financial Resources and Charge on Group Assets

The Group has total current assets of approximately US\$20,484,000 as at 30 June 2021 and approximately US\$22,053,000 as at 30 June 2020. The Group's total current liabilities amounted to approximately US\$3,959,000 as at 30 June 2021 and approximately US\$5,510,000 as at 30 June 2020.

The Group's net current assets and equity attributable to owners of the Company as at 30 June 2021 were approximately US\$16,525,000 and approximately US\$26,534,000 respectively (2020: approximately US\$16,543,000 and approximately US\$28,832,000).

The Group's current ratio, defined as total current assets over total current liabilities, increased from 4 as at 30 June 2020 to 5.17 as at 30 June 2021. 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.

As at 30 June 2021, trade and other receivables with carrying amount of approximately US\$185,000 (2020: approximately US\$193,000) are pledged to secure general banking facilities granted to the Group.

The Group's cash and bank balances increased from approximately US\$4,252,000 as at 30 June 2020 to approximately US\$4,784,000 as at 30 June 2021. Bank borrowings increased from approximately US\$702,000 as at 30 June 2020 to approximately US\$1,497,000 as at 30 June 2021. 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 US\$3,287,000 (2020: net cash and bank balances of approximately US\$3,550,000) as at 30 June 2021.

Total liabilities as at 30 June 2021 were approximately US\$6,223,000, representing a decrease of approximately US\$1,231,000, or approximately 17%, relative to the year end of 30 June 2020. The decrease was principally attributable to a decrease of approximately US\$1,882,000 in trade and other payables and an increase of approximately US\$795,000 in bank borrowings.

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.

Share Capital and Capital Structure of the Company

As at 30 June 2021, the Company had 1,326,701,739 ordinary shares (the "Shares") of HK\$0.1 each in issue (2020: 1,326,701,739 Shares).

Gearing Ratio

As at 30 June 2021, the gearing ratio of the Group based on total liabilities over total assets was approximately 16% (2020: approximately 17%).

Foreign Exchange Exposure

The Group carried on its trading transactions mainly in US dollars, Hong Kong dollars, Canadian dollars and Renminbi. It is the Group's policy to continue maintaining the balance of its sales and purchases in the same currency. The Group did not have any hedging arrangement on foreign exchange. 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

The US-China trade dispute and the outbreak of 2019 Novel Coronavirus Disease (the “COVID-19”), which have both subsisted for over a year, have adversely affected the global economy and consumer confidence as well as our 2021 financial results.

Group’s brand products

For the Year, the segment’s revenue was approximately US\$2,000, representing an approximate 100% decrease compared to approximately US\$55,369,000 last year. The segment’s loss was reduced to approximately US\$2,314,000, compared to last year’s loss of approximately US\$13,767,000.

Other brand products

The revenue of the other brand products was approximately US\$4,294,000, representing an approximate 89% decrease compared to approximately US\$39,740,000 last year. The segment’s loss was reduced to approximately US\$1,010,000, compared to last year’s loss of approximately US\$1,928,000.

Money lending service

For the Year, the segment’s revenue was approximately US\$1,163,000, representing an approximate 6% increase compared to approximately US\$1,101,000 last year. The segment’s profit was approximately US\$993,000, representing an approximate 35% increase, compared to last year’s profit of approximately US\$736,000.

Trading business

For the Year, there was no revenue generated from this segment, compared to that of approximately US\$6,308,000 last year. The segment’s loss was approximately US\$268,000, representing an approximate 111% increase, compared to last year’s loss of approximately US\$127,000.

Computer software and hardware and system development service

For the Year, the segment’s revenue was approximately US\$6,760,000, representing an approximate 2% decrease compared to approximately US\$6,868,000 last year. The gross profit margin slightly increased from 42% last year to 45% for the Year. As a result, a segment loss of approximately US\$730,000 last year turned into a segment profit of approximately US\$1,153,000 for the Year. The increase in segment profit was mainly due to the increase in the gross profit and the fact that no impairment loss was recognised for the Year while US\$481,000 was recognised last year.

Business Outlook

Looking forward to the coming year, the development of the COVID-19 pandemic (the “**Pandemic**”) remains as the most major uncertainty, which, coupled with the increasing geopolitical risks, is expected to hinder the recovery of the global economy.

The prospects of the Group in the coming year will be hinged critically on how fast the Pandemic can be fully contained. Looking forward, the Pandemic will have continuous impact in different business segments. The Group will stay alert during the Pandemic and impose necessary measures to minimise any negative impact to the business and the staff of the Group.

Taking into account the abovementioned challenges, the management of the Group is nevertheless confident that opportunities still exist and the Group believes that it can continue to succeed and utilise its competitive strengths and advantages.

The Group’s core team will continue to rely on its independent software research and development capabilities (the “**R&D**”) to consolidate the technological advantages of R&D and strive to gain more market share in the computer software and system development service in the PRC from 2021 and onwards.

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.

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 2021, the Group had 106 employees, including 2 executive Directors 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 US\$5,981,000 for the Year as compared with that of approximately US\$9,529,000 last year.

Capital Commitment and Contingent Liabilities

The Group had no material capital commitment and contingent liabilities as at 30 June 2021 (2020: Nil).

Sufficiency of Public Float

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 as at the date of this announcement.

Events after the reporting period

The Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

PROFIT GUARANTEE

Pursuant to the sale and purchase agreement dated 9 July 2018 (as amended and supplemented by a supplemental agreement thereto dated 13 July 2018) entered into amongst Talent Crest Limited, a wholly-owned subsidiary of the Company, as purchaser, Harmonious Miles Limited, as vendor, and Mr. Wu Chung Man Ronnie, as guarantor, in relation to the acquisition of the entire equity interest of Eternal Abundant Limited (together with its subsidiaries, the “**Eternal Abundant Group**”), the vendor has warranted and guaranteed to the purchaser that the audited consolidated profit after tax as shown in the audited consolidated accounts of the Eternal Abundant Group for the 12-month period commencing from the date falling on the first anniversary of the completion date of the said acquisition (i.e. 23 July 2018) (the “**2nd Profit Guarantee Period**”) shall not be less than HK\$15.5 million (the “**2nd Guaranteed Profit**”).

As disclosed in the announcement of the Company dated 27 November 2020, the audited consolidated profit after tax of the Eternal Abundant Group for the 2nd Profit Guarantee Period was not less than HK\$15.5 million. Therefore, the 2nd Guaranteed Profit has been met.

ANNUAL GENERAL MEETING

The annual general meeting (the “**AGM**”) of the Company is expected to be held on 30 November 2021. The notice of AGM will be sent to the Shareholders at least 20 clear business 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 all 3 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 has complied with the code provisions (the “**Code Provision(s)**”) in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the Year, except for the deviations from Code Provision A.2.1 and A.4.2, details of which are set out below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Sanhuo assumes the role of both the chairman (the “**Chairman**”) and the chief executive officer of the Company. 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.

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company’s Bye-law 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 Directors subject to retirement by rotation at each annual general meeting.

COMPLIANCE WITH THE MODEL CODE FOR 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 as the code of conduct regarding directors’ securities transaction. 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 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S 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.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

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 the 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 the preliminary announcement.

AUDIT COMMITTEE

The main duties of the audit committee of the Board (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 two meetings to review the annual financial results and report in respect of the Year, the interim results and report for the six months ended 31 December 2020 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met with the Company’s auditors twice during the Year for the purpose of reviewing the Company’s financial reports and accounts.

PUBLICATION OF ANNUAL RESULTS AND 2021 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 2021 annual report containing all the information required by the Listing Rules will be dispatched 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, 29 September 2021

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