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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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

The board of directors (the “Directors”) of PINE Technology Holdings Limited (the “Company”), is pleased to present the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2015.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 31 December 2015*

|                                     |              | <b>Six months ended</b> |                 |
|-------------------------------------|--------------|-------------------------|-----------------|
|                                     |              | <b>31 December</b>      |                 |
|                                     |              | <b>2015</b>             | 2014            |
|                                     |              | <b>Unaudited</b>        | Unaudited       |
|                                     | <i>Notes</i> | <b>US\$'000</b>         | US\$'000        |
| Revenue                             | 2            | <b>80,823</b>           | 92,418          |
| Cost of sales                       |              | <u><b>(74,793)</b></u>  | <u>(86,330)</u> |
| Gross profit                        |              | <b>6,030</b>            | 6,088           |
| Other income                        |              | <b>73</b>               | 23              |
| Selling and distribution expenses   |              | <b>(1,873)</b>          | (2,123)         |
| General and administrative expenses |              | <b>(5,125)</b>          | (5,905)         |
| Other gains and losses              |              | <b>113</b>              | 91              |
| Finance costs                       |              | <u><b>(367)</b></u>     | <u>(451)</u>    |
| Loss before tax                     | 3            | <b>(1,149)</b>          | (2,277)         |
| Income tax expense                  | 4            | <u><b>(50)</b></u>      | <u>(101)</u>    |
| Loss for the period                 |              | <u><b>(1,199)</b></u>   | <u>(2,378)</u>  |

\* For identification purpose only

**Six months ended**  
**31 December**  
**2015**                      2014  
**Unaudited**                      Unaudited  
*US\$'000*                      *US\$'000*

*Notes*

**Other comprehensive expense:**

**Item that may be reclassified subsequently to  
profit or loss:**

Exchange differences arising on translation  
of foreign operations

(791)                      (254)

Other comprehensive expense for the period

(791)                      (254)

Total comprehensive expense for the period

(1,990)                      (2,632)

Loss per share

5

– Basic (US cents)

(0.13)                      (0.26)

– Diluted (US cents)

N/A                      N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

|  |              | <b>31 December<br/>2015</b>   | 30 June<br>2015     |
|--|--------------|-------------------------------|---------------------|
|  | <i>Notes</i> | <b>Unaudited<br/>US\$'000</b> | Audited<br>US\$'000 |
| <b>Non-current assets</b>                  |              |                               |                     |
| Property, plant and equipment              |              | 971                           | 1,375               |
| Development costs                          |              | 199                           | 205                 |
| Trademarks                                 |              | 269                           | 278                 |
| Deposit placed for a life insurance policy |              | 437                           | 429                 |
| Rental deposits                            |              | 58                            | 58                  |
|  |              | <u>1,934</u>                  | <u>2,345</u>        |
| <b>Current assets</b>                      |              |                               |                     |
| Inventories                                |              | 37,636                        | 42,669              |
| Trade and other receivables                | 6            | 61,961                        | 54,704              |
| Tax recoverable                            |              | 76                            | 82                  |
| Pledged bank deposits                      |              | 2,716                         | 2,713               |
| Bank balances and cash                     |              | 9,466                         | 8,677               |
|  |              | <u>111,855</u>                | <u>108,845</u>      |
| <b>Current liabilities</b>                 |              |                               |                     |
| Trade and other payables                   | 7            | 15,429                        | 15,398              |
| Tax payable                                |              | 2,209                         | 2,044               |
| Obligations under finance leases           |              | 5                             | 12                  |
| Bank borrowings                            |              | 32,616                        | 28,215              |
|  |              | <u>50,259</u>                 | <u>45,669</u>       |
| <b>Net current assets</b>                  |              | <u>61,596</u>                 | <u>63,176</u>       |
|  |              | <u>63,530</u>                 | <u>65,521</u>       |
| <b>Capital and reserves</b>                |              |                               |                     |
| Share capital                              |              | 11,851                        | 11,851              |
| Share premium and reserves                 |              | 51,649                        | 53,639              |
|  |              | <u>63,500</u>                 | <u>65,490</u>       |
| <b>Non-current liability</b>               |              |                               |                     |
| Obligations under finance leases           |              | 30                            | 31                  |
|  |              | <u>63,530</u>                 | <u>65,521</u>       |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

|  | Share<br>capital<br>US\$'000 | Share<br>premium<br>account<br>US\$'000 | Surplus<br>account<br>US\$'000 | Exchange<br>reserve<br>US\$'000 | Share<br>options<br>reserve<br>US\$'000 | Retained<br>profits<br>US\$'000 | Total<br>US\$'000 |
|--|------------------------------|---|--------------------------------|---------------------------------|---|---------------------------------|-------------------|
| At 1 July 2014 (audited)                   | 11,851                       | 27,083                                  | 2,954                          | 1,764                           | 14                                      | 28,993                          | 72,659            |
| Other comprehensive expense for the period | -                            | -                                       | -                              | (254)                           | -                                       | -                               | (254)             |
| Loss for the period                        | -                            | -                                       | -                              | -                               | -                                       | (2,378)                         | (2,378)           |
| Total comprehensive expense for the period | -                            | -                                       | -                              | (254)                           | -                                       | (2,378)                         | (2,632)           |
| At 31 December 2014 (unaudited)            | <u>11,851</u>                | <u>27,083</u>                           | <u>2,954</u>                   | <u>1,510</u>                    | <u>14</u>                               | <u>26,615</u>                   | <u>70,027</u>     |
| At 1 July 2015 (audited)                   | <b>11,851</b>                | <b>27,083</b>                           | <b>2,954</b>                   | <b>1,162</b>                    | <b>14</b>                               | <b>22,426</b>                   | <b>65,490</b>     |
| Other comprehensive expense for the period | -                            | -                                       | -                              | (791)                           | -                                       | -                               | (791)             |
| Loss for the period                        | -                            | -                                       | -                              | -                               | -                                       | (1,199)                         | (1,199)           |
| Total comprehensive expense for the period | -                            | -                                       | -                              | (791)                           | -                                       | (1,199)                         | (1,990)           |
| At 31 December 2015 (unaudited)            | <u>11,851</u>                | <u>27,083</u>                           | <u>2,954</u>                   | <u>371</u>                      | <u>14</u>                               | <u>21,227</u>                   | <u>63,500</u>     |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

|  | Six months ended    |                     |
|--|---------------------|---------------------|
|  | 31 December         |                     |
|  | 2015                | 2014                |
|  | Unaudited           | Unaudited           |
|  | US\$'000            | US\$'000            |
| Net cash used in operating activities                | (3,737)             | (3,609)             |
| Net cash used in investing activities                | (146)               | (144)               |
| Net cash from (used in) financing activities         | <u>4,394</u>        | <u>(1,938)</u>      |
| Net increase (decrease) in cash and cash equivalents | 511                 | (5,691)             |
| Cash and cash equivalents at 1 July                  | 8,677               | 9,363               |
| Effect of foreign exchange rate changes              | <u>278</u>          | <u>214</u>          |
| Cash and cash equivalents at 31 December             | <u><u>9,466</u></u> | <u><u>3,886</u></u> |

## NOTES TO CONDENSED INTERIM ACCOUNTS:

### 1. BASIS OF PRESENTATION

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

The accounting policies and method of computation used in the preparation of condensed interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015.

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

### 2. REVENUE AND SEGMENT INFORMATION

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

An analysis of the Group’s unaudited revenue and results for the six months ended 31 December 2015 and its comparatives are as follows:

|                                | Group brand products |                | Other brand products |               | Consolidated   |                |
|--------------------------------|----------------------|----------------|----------------------|---------------|----------------|----------------|
|                                | 2015                 | 2014           | 2015                 | 2014          | 2015           | 2014           |
|                                | Unaudited            | Unaudited      | Unaudited            | Unaudited     | Unaudited      | Unaudited      |
|                                | US\$'000             | US\$'000       | US\$'000             | US\$'000      | US\$'000       | US\$'000       |
| <b>Revenue</b>                 |                      |                |                      |               |                |                |
| External sales                 | <u>44,965</u>        | <u>43,782</u>  | <u>35,858</u>        | <u>48,636</u> | <u>80,823</u>  | <u>92,418</u>  |
| <b>Result</b>                  |                      |                |                      |               |                |                |
| Segment result                 | <u>(799)</u>         | <u>(1,846)</u> | <u>435</u>           | <u>483</u>    | <u>(364)</u>   | <u>(1,363)</u> |
| Interest Income                |                      |                |                      |               | 5              | 6              |
| Unallocated corporate expenses |                      |                |                      |               | (423)          | (469)          |
| Finance costs                  |                      |                |                      |               | (367)          | (451)          |
| <b>Loss before tax</b>         |                      |                |                      |               | <u>(1,149)</u> | <u>(2,277)</u> |

### 3. LOSS BEFORE TAX

| Six months ended<br>31 December |           |
|---------------------------------|-----------|
| 2015                            | 2014      |
| Unaudited                       | Unaudited |
| US\$'000                        | US\$'000  |

Loss before tax has been arrived at after charging:

|                               |     |     |
|-------------------------------|-----|-----|
| Depreciation and amortisation | 374 | 472 |
|-------------------------------|-----|-----|

### 4. INCOME TAX EXPENSE

| Six months ended<br>31 December |           |
|---------------------------------|-----------|
| 2015                            | 2014      |
| Unaudited                       | Unaudited |
| US\$'000                        | US\$'000  |

The charge comprises:

|   |           |            |
|---|-----------|------------|
| – Hong Kong Profits Tax                   | 2         | 3          |
| – Taxation arising in other jurisdictions | 48        | 98         |
|   | <u>50</u> | <u>101</u> |

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

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

## 5. LOSS PER SHARE

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

|   | <b>Six months ended</b> |                |
|---|-------------------------|----------------|
|   | <b>31 December</b>      |                |
|   | <b>2015</b>             | 2014           |
|   | <b>Unaudited</b>        | Unaudited      |
|   | <b>US\$'000</b>         | US\$'000       |
| Loss for the purpose of:<br>basic and diluted earnings per share                            | <u>(1,199)</u>          | <u>(2,378)</u> |
|   | <i>'000</i>             | <i>'000</i>    |
| Weighted average number of ordinary shares for the<br>purpose of basic earnings per share   | <b>921,585</b>          | 921,585        |
| Effect of dilutive potential ordinary share in respect of:<br>– Share options               | <u>N/A</u>              | <u>N/A</u>     |
| Weighted average number of ordinary shares for the<br>purpose of diluted earnings per share | <u><b>921,585</b></u>   | <u>921,585</u> |

No diluted loss per share for the six months ended 31 December 2015 and 31 December 2014 as the exercise of the share options would result in a reduction in loss per share for both periods.

## 6. TRADE AND OTHER RECEIVABLES

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

|   | <b>31 December</b>   | 30 June       |
|---|----------------------|---------------|
|   | <b>2015</b>          | 2015          |
|   | <b>Unaudited</b>     | Audited       |
|   | <b>US\$'000</b>      | US\$'000      |
| 1 to 30 days                                | <b>16,136</b>        | 16,692        |
| 31 to 60 days                               | <b>9,668</b>         | 7,686         |
| 61 to 90 days                               | <b>7,272</b>         | 7,143         |
| Over 90 days                                | <u><b>28,476</b></u> | <u>22,466</u> |
| Trade receivables                           | <b>61,552</b>        | 53,987        |
| Deposits, prepayments and other receivables | <u><b>409</b></u>    | <u>717</u>    |
|   | <u><b>61,961</b></u> | <u>54,704</u> |



## 7. TRADE AND OTHER PAYABLES

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

|  | <b>31 December<br/>2015<br/>Unaudited<br/>US\$'000</b> | 30 June<br>2015<br>Audited<br>US\$'000 |
|--|--|--|
| 1 to 30 days                                     | <b>6,200</b>   | 4,417                                  |
| 31 to 60 days                                    | <b>4,619</b>   | 5,108                                  |
| 61 to 90 days                                    | <b>702</b>   | 1,443                                  |
| Over 90 days                                     | <b>369</b>   | 566                                    |
| Trade payables                                   | <b>11,890</b>  | 11,534                                 |
| Deposits in advance, accruals and other payables | <b>3,539</b>   | 3,864                                  |
|  | <b>15,429</b>  | 15,398                                 |

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: Nil).

## BUSINESS REVIEW

Business in the first 6 months was still weak. The Group's revenue was US\$80,823,000 and gross profit was US\$6,030,000, compared to US\$92,418,000 revenue and US\$6,088,000 gross profit from the same period last year.

The good news is that the XFX business is actually better than the same period last year by 3%. And the group's overall profit margin is also higher than last year by almost 1%. We also reduced our inventory level by US\$5,033,000 and our operation expenses, not including finance costs, by \$1,030,000. The net result is that the group incurred a loss of US\$1,199,000, compared to a loss of US\$2,378,000 for the same period last year.

## BUSINESS OUTLOOK

We expect the PC industry to remain soft. The weak global economic climate and the strong dollar does not help the situation. Therefore we will continue to limit capital expenditure and reduce spending. And we will exercise cautionary discipline in our overall business planning and execution in the new year of 2016.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Liquidity, financial resources and charge of group asset**

As at 31 December 2015, the Group's borrowings are short-term loans of US\$32,616,000 (30 June 2015: US\$28,215,000). The aggregate borrowings US\$32,616,000 (30 June 2015: US\$28,215,000) were secured by pledged bank deposits and deposit placed for a life insurance policy, guaranteed or by all assets of certain subsidiaries as floating charges to banks.

As at 31 December 2015, total pledged deposits (including deposit placed for a life insurance policy) and all assets of certain subsidiaries as floating charges were amounted US\$3,153,000 and US\$32,134,000 respectively (30 June 2015: US\$3,142,000 and US\$30,167,000). The Group continued to maintain a healthy financial and cash position. As at 31 December 2015, the total cash on hand amounted US\$9,466,000 (30 June 2015: US\$8,677,000).

### **Capital structure**

There was no change in the capital structure of the Group as at 31 December 2015, as compared with that as at 30 June 2015.

### **Significant investments and material acquisitions**

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 31 December 2015.

### **Staff**

As at 31 December 2015, the Group had 172 office staff, a 9% decrease from 189 office staff since June 2015, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff cost, including Directors' emoluments, was US\$3,308,000 for the six months period ended 31 December 2015 as compared with that of approximately US\$4,045,000 for the corresponding period in the 2014.

### **Gearing ratio**

As at 31 December 2015, the gearing ratio of the Group based on total liabilities over total assets was approximately 44%. (30 June 2015: approximately 41%)

## **Exchange risk**

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

## **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 December 2015. (30 June 2015: Nil)

## **Segment Information**

### ***Group brand products***

For the six months period ended 31 December 2015, the segment's revenue was US\$44,965,000 compared to US\$43,782,000 from the same period last year. It incurred a loss of US\$799,000 compared to US\$1,846,000 from last year. We will continue to manage our inventory level effectively.

### ***Other brand products***

In this same period, the segment's revenue was US\$35,858,000 compared to US\$48,636,000 from last year. Profit was US\$435,000 versus US\$483,000 from last year. We will continue to broaden the non-PC product offerings to complement the PC business and to improve the profit margin.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the period, except for the deviations from Code Provision A.2.1 and A.4.2 details of which will be explained 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. Chiu Hang Tai assumes the role of both the Chairman and the Chief Executive Officer of the Group. 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 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-laws provides that one-third of the Directors, with the exception of Chairman or Deputy Chairman, Managing Director or joint Managing Director, shall retire from office by rotation at each annual general meeting. Notwithstanding the provisions of the Company's Bye-laws, the Company intends to comply with the Code Provision A.4.2 by way of having one-third of all the Company's Directors subject to retirement by rotation at each annual general meeting.

## **AUDIT COMMITTEE**

The Company established an audit committee on 9 November 1999 with written terms of reference. The audit committee comprised the three Independent Non-executive Directors, namely Messrs. Li Chi Chung, So Stephen Hon Cheung and Dr. Huang Zhijian. The audit committee has reviewed the draft of this announcement and has provided advice and comments thereon.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 31 December 2015, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase, or sell any of such shares.

By order of the Board  
**PINE Technology Holdings Limited**  
**Chiu Hang Tai**  
*Chairman*

Hong Kong, 19 February 2016

*As at the date of this announcement, executive directors are Mr. Chiu Hang Tai and Mr. Chiu Samson Hang Chin. Non-executive director is Mr. Chiu Herbert H T. Independent non-executive directors are Mr. Li Chi Chung, Mr. So Stephen Hon Cheung and Dr. Huang Zhijian.*