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 2014

CHAIRMAN'S STATEMENT

In fiscal year 2014, the revenue of PINE Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") was US$233,705,000, and the gross profit was US$19,743,000, compared to US$214,168,000 and US$22,115,000 for the previous year.

Although the personal computer ("PC") industry remains to be challenging, we manage to increase the revenue by 9% by being aggressive in pursuing market share. And we continue to improve in operational efficiency. The result is an operation expense reduction, total of the selling and distribution expenses and general and administrative expenses, of US$2,744,000 compare with previous year, and a net profit of US$809,000. At the end of the year, the company has a stronger financial position with better account receivables turnover, inventory turnover, and cashflow.

Business review

Last year we successfully rolled out the AMD/XFX R8-series Graphics cards. The response has been positive. The mainstream customers and enthusiasts are moving up to this better and faster cards. Our power supply unit ("PSU") product line continues to gain popularity. Its business grew by 13%. We also have solid growth on the system business for the distribution division.

Overall, we did well in increasing revenue and in improving operational efficiency.

Business outlook

We are rolling out a new generation of the XFX/Radeon R9 series graphics cards. This is a family of powerful graphics cards designed for the ever demanding enthusiast gamers. The top-of-the-line 295X2 is the world's fastest card with 40% performance improvement compared to the previous flag-ship card. On the PSU side, last year we launched 2 fully modular, 80+ Gold rated fanless power supply. This year we will continue to develop more high efficiency, ultra-quiet PSU. Also, our distribution division will continue to expand its product offerings, to drive the business and to leverage the Group's global synergy.

We are confident that we will have another successful year.

Chiu Hang Tai
Chairman

Hong Kong, 17 September 2014

RESULTS

The board of directors of the Company is pleased to present the audited consolidated results of the Group for the year ended 30 June 2014 (the "Year"), together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Notes	**2014**	2013
		US$'000	*US$'000*
Turnover	*2*	**233,705**	214,168
Cost of sales		**(213,962)**	(192,053)
Gross profit		**19,743**	22,115
Other income		**264**	872
Selling and distribution expenses		**(5,154)**	(6,950)
General and administrative expenses		**(12,887)**	(13,835)
Other gains and losses	*3*	**18**	910
Finance costs		**(956)**	(958)
Profit before tax		**1,028**	2,154
Income tax expense	*4*	**(219)**	(96)
Profit for the year	*5*	**809**	2,058
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**69**	(121)
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries		**(3)**	(1,825)
Fair value gain on available-for-sale investments		**148**	64
Reclassification adjustment relating to disposal of available-for-sale investments		**(59)**	–
Other comprehensive income (expense) for the year		**155**	(1,882)
Total comprehensive income for the year		**964**	176
Earnings per share	*6*		
Basic (US cents)		**0.09**	0.22
Diluted (US cents)		**0.09**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	2014 US$'000	2013 US$'000
Non-current assets			
Property, plant and equipment		**5,191**	6,136
Development costs		**219**	792
Trademarks		**290**	294
Available-for-sale investments		**–**	134
Deposit placed for a life insurance policy		**413**	400
Rental deposit		**101**	103
		6,214	7,859
Current assets			
Inventories		**56,274**	59,498
Trade, bills and other receivables	*7*	**44,737**	50,332
Tax recoverable		**4**	15
Pledged bank deposits		**2,702**	2,691
Bank balances and cash		**9,363**	8,626
		113,080	121,162
Current liabilities			
Trade, bills and other payables	*8*	**14,870**	24,616
Tax payable		**1,344**	1,479
Obligations under finance leases		**13**	14
Bank borrowings		**28,158**	28,926
		44,385	55,035
Net current assets		**68,695**	66,127
		74,909	73,986

	Notes	**2014**	2013
		US$'000	*US$'000*
Capital and reserves			
Share capital	*9*	**11,851**	11,844
Share premium and reserves	*9*	**60,808**	59,831
Total equity		**72,659**	71,675
Non-current liabilities			
Obligations under finance leases		**51**	65
Bank borrowings		**2,199**	2,246
Deferred taxation		**–**	–
		2,250	2,311
		74,909	73,986

Notes:

1. Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosure requirements of Hong Kong Listing Rules and the Hong Kong Companies Ordinance. They have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

2. Turnover and segment information

Turnover

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

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

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

Group's brand products	–	manufacture and sales of markets video graphic cards and other computer components under the Group's brand name
Other brand products	–	distribution of other manufacturers' computer components and consumer electronic products and others

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

	Group's brand products		Other brand products		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover						
External sales	**110,164**	117,578	**123,541**	96,590	**223,705**	214,168
Segment result	**2,186**	3,597	**611**	322	**2,797**	3,919
Interest income					**27**	105
Unallocated corporate expense					**(840)**	(912)
Finance costs					**(956)**	(958)
Profit before tax					**1,028**	2,154

Revenue from major products

The Group's major products are derived from the sales of market video graphic cards included in Group's brand products operating segment amounting to US$101,806,000 (2013: US$109,007,000). Others are derived from the sales of other computer components amounting to US$123,009,000 (2013: US$93,887,000) and sales of consumer electronic products and others amounting to US$8,890,000 (2013: US$11,274,000).

Geographical information

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

	Revenue by external customers		Non-current assets	
	2014	2013	**2014**	2013
	US$'000	*US$'000*	***US$'000***	*US$'000*
Canada	**95,722**	73,380	**353**	500
United States	**72,468**	65,855	**3,529**	3,654
Asia	**32,144**	38,399	**1,144**	3,160
Others	**33,371**	36,534	**775**	11
	233,705	214,168	**5,801**	7,325

Note: Non-current assets exclude financial instruments.

Information about major customers

Included in revenue arising from sales of other brand products of US$123,541,000 (2013: US$96,590,000) are revenue of US$18,278,000 (2013: US$15,801,000) which arose from sales to the Group's largest customer.

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

3. Other gains and losses

	2014	2013
	US$'000	*US$'000*
Other gains and losses include:		
(Loss) gain on disposal of property, plant and equipment	**(19)**	15
Gain on disposal of available-for-sale investments (reclassified from other comprehensive income upon disposal)	**59**	–
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries *(note)*	**3**	1,825

Note:

Certain subsidiaries of the Company have completed the liquidation process during the current and prior year. The cumulative exchange differences arising on translation of net assets of these subsidiaries are reclassified from exchange reserve to profit or loss upon liquidation. No significant gain or loss is resulted from the liquidation of these subsidiaries.

4. Income tax expense

	2014	2013
	US$'000	*US$'000*
Current tax		
Hong Kong	**5**	8
PRC Enterprise Income Tax	**122**	93
Other jurisdictions	**120**	145
(Over)underprovision in prior years		
Hong Kong	**(1)**	(1)
PRC Enterprise Income Tax	**16**	23
Other jurisdictions	**(43)**	(42)
	219	226
Deferred taxation	**–**	(130)
	219	96

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

Other jurisdictions mainly included the United States and Canada.

Taxation rising in the People's Republic of China ("PRC") and other jurisdictions (of which United States is at 40%) is calculated at the rates prevailing in the respective jurisdictions.

5. Profit for the year

	2014	2013
	US$'000	*US$'000*
Profit for the year has been arrived at after charging:		
Amortisation charges:		
Development costs (included in cost of sales)	**798**	1,677
Trademarks	**15**	22
Depreciation of property, plant and equipment	**1,208**	1,853

6. Earnings per share

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

	2014	2013
	US$'000	*US$'000*
Earnings for the year attributable to the owners of the Company	**809**	2,058
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**921,498**	920,985
Effect of dilutive potential ordinary shares in respect of share options	**370**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**921,868**	920,985

During the year ended 30 June 2013, the calculation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for the year.

7. **Trade, bills and other receivables**

The Group allows a credit period of 1 to 180 days (2013: 1 to 180 days) to its trade customers. The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	2014	2013
	US$'000	*US$'000*
1 to 30 days	**14,331**	19,138
31 to 60 days	**7,692**	10,581
61 to 90 days	**5,428**	5,097
Over 90 days	**16,328**	13,637
Trade and bills receivables	**43,779**	48,453
Deposits, prepayments and other receivables	**958**	1,879
	44,737	50,332

8. **Trade, bills 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:

	2014	2013
	US$'000	*US$'000*
1 to 30 days	**4,237**	9,876
31 to 60 days	**2,027**	5,615
61 to 90 days	**2,446**	2,602
Over 90 days	**2,818**	1,774
Trade and bills payables	**11,528**	19,867
Deposits in advance, accruals and other payables	**3,342**	4,749
	14,870	24,616

9. Share capital, share premium and reserves

	Share capital	Share premium	Surplus account	Exchange reserve	Capital reserve	Investments revaluation reserve	Share options reserve	Retained profits	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 July 2012	11,844	27,063	2,954	3,644	63	(153)	391	25,688	71,494
Profit for the year	–	–	–	–	–	–	–	2,058	2,058
Other comprehensive (expense) income for the year									
Exchange differences arising on translation of foreign operations	–	–	–	(121)	–	–	–	–	(121)
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries	–	–	–	(1,825)	–	–	–	–	(1,825)
Fair value gain on available-for-sale investments	–	–	–	–	–	64	–	–	64
	–	–	–	(1,946)	–	64	–	–	(1,882)
Total comprehensive (expense) income for the year	–	–	–	(1,946)	–	64	–	2,058	176
Recognition of equity-settled share-based payments	–	–	–	–	–	–	5	–	5
Transfer upon liquidation of a subsidiary	–	–	–	–	(63)	–	–	63	–
Transfer upon expiry of share options	–	–	–	–	–	–	(172)	172	–
At 30 June 2013	11,844	27,063	2,954	1,698	–	(89)	224	27,981	71,675
Profit for the year	–	–	–	–	–	–	–	809	809
Other comprehensive income (expense) for the year									
Exchange differences arising on translation of foreign operations	–	–	–	69	–	–	–	–	69
Reclassification of exchange reserve to profit or loss upon liquidation of a subsidiary	–	–	–	(3)	–	–	–	–	(3)
Fair value gain on available-for-sale investments	–	–	–	–	–	148	–	–	148
Reclassification adjustment relating to disposal of available-for-sale investments	–	–	–	–	–	(59)	–	–	(59)
	–	–	–	66	–	89	–	–	155
Total comprehensive income for the year	–	–	–	66	–	89	–	809	964
Transfer upon expiry of share options	–	–	–	–	–	–	(203)	203	–
Exercise of share options	7	20	–	–	–	–	(7)	–	20
At 30 June 2014	**11,851**	**27,083**	**2,954**	**1,764**	–	–	**14**	**28,993**	**72,659**

DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the Year (2013: Nil).

MANAGEMENT DISCUSS AND ANALYSIS

Liquidity, financial resources and charge of group asset

As at 30 June 2014, the Group's borrowings comprised short-term loans of US$28,158,000 (30 June 2013: US$28,926,000) and long-term loans of US$2,199,000 (30 June 2013: US$2,246,000). The aggregate borrowings US$30,357,000 (30 June 2013: US$31,172,000) were secured by pledged bank deposits and deposit placed for a life insurance policy or by all assets of certain subsidiaries as floating charges to banks.

As at 30 June 2014, total pledged deposits, and all assets of certain subsidiaries as floating charges were amounted US$3,115,000 and US$34,313,000 respectively (30 June 2013: US$3,091,000 and US$38,638,000). The Group continued to maintain a healthy financial and cash position. As at 30 June 2014, the total cash on hand amounted US$9,363,000 (30 June 2013: US$8,626,000).

Capital structure

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

Significant investments and material acquisitions

During the Year under review, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies.

Employee

As at 30 June 2014, the Group had 225 employees, a 7% decrease from 243 employees since 30 June 2013, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff cost, including director's emoluments, was US$8,420,000 for the Year as compared with that of US$8,650,000 for the preceding financial year.

Gearing ratio

As at 30 June 2014, the gearing ratio of the Group based on total liabilities over total assets was 39% (30 June 2013: 44%).

Exchange risk

During the Year 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 year, the Group has used forward foreign currency contracts to minimise 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 30 June 2014 (30 June 2013: Nil).

Segment information

Group's brand products

For the Year, the segment's revenue decreased by 6% to US$110,164,000 from US$117,578,000 last year, the segment profit is US$2,186,000, compare to US$3,597,000 last year, which included a non-recurring exchange gain reclassified from exchange reserve to profit or loss upon liquidation of subsidiaries of US$1,825,000. Going forward, we continue to develop the best products and deliver the best gaming experience to our loyal customers.

Other brand products

The turnover of the distribution division for the Year was increased by 28% to US$123,541,000 from US$96,590,000 last year, the segmental profit is US$611,000, compared to US$322,000 last year. We strive to be lighter and simpler to react better to the dynamics of the business environment.

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 board of directors believe that vesting the roles of the chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Under the supervision of the Board and its independent non-executive directors, a balancing mechanism exists so that the interests of 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 in the way of having one-third of all directors subject to retirement by rotation at each annual general meeting.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such shares.

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

Hong Kong, 17 September 2014

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 and independent non-executive directors are Mr. Li Chi Chung, Mr. So Stephen Hon Cheung and Dr. Huang Zhijian.

* *For identification purpose only*