MOMENTUM

[moh-**men**-*tuh* m]

1. Force or speed of movement; impetus, as of a physical object or course of events.
2. Driving power or strength.
3. The product of a body's mass and its velocity forward.

[C17: from Latin: movement]

2014

PINE Technology Holdings Limited

STOCK CODE 1079

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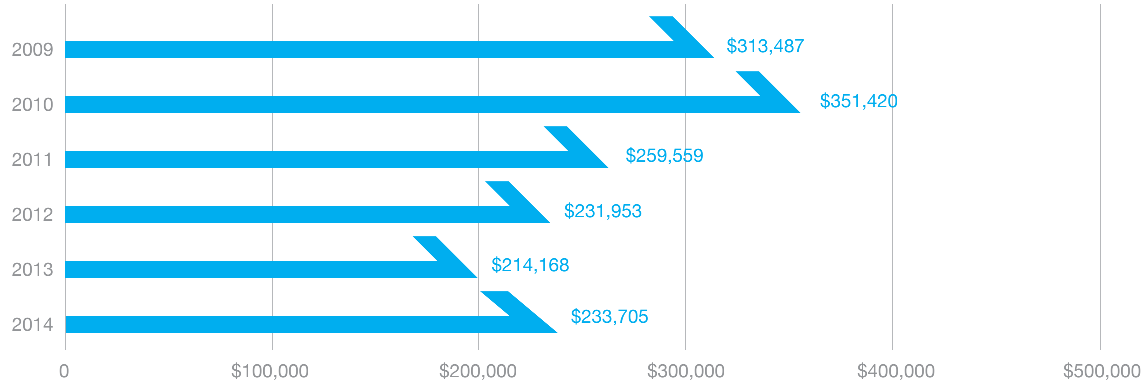

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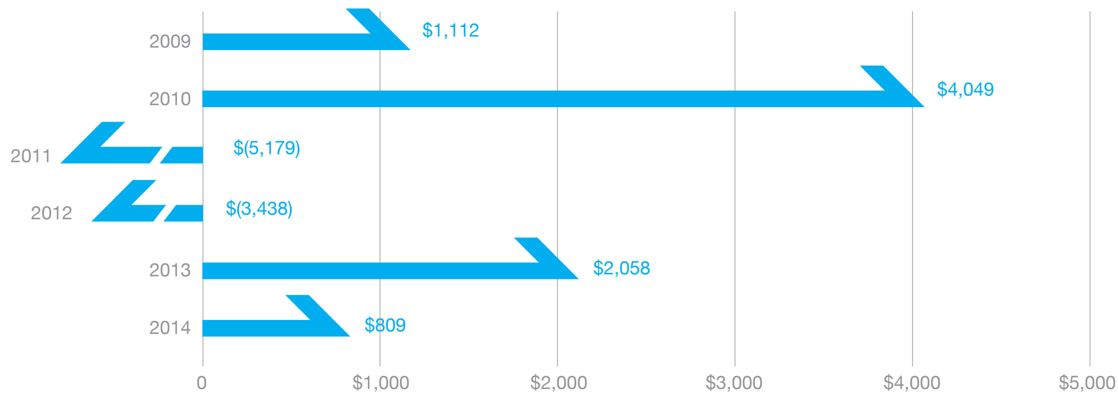

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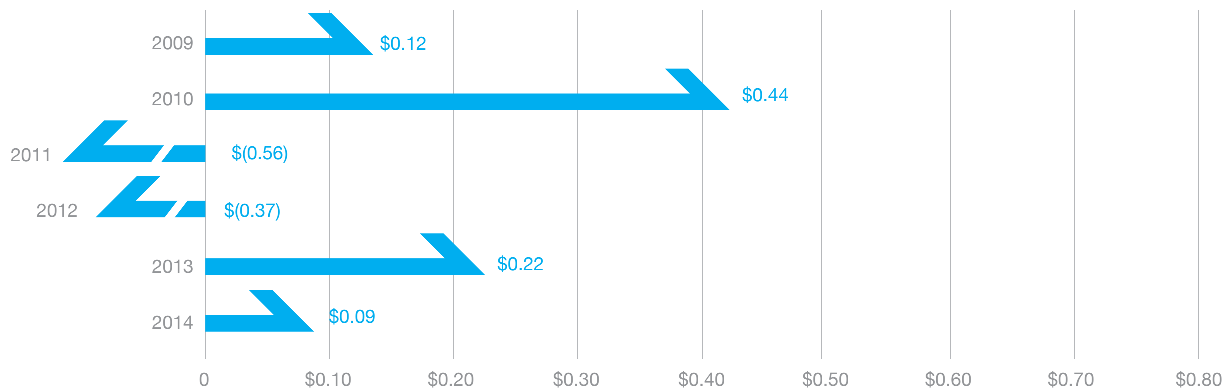

FINANCIAL HIGHLIGHTS

Corporate Information

PINE Technology Holdings Limited and XFX Family of Brands

Board of Directors

Executive Directors
Mr. Chiu Hang Tai
Chairman and Chief Executive Officer
Mr. Chiu Samson Hang Chin
Deputy Chairman

Non-Executive Director
Mr. Chiu Herbert H T

Independent Non-Executive Directors
Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

Company Secretary

Mr. Leung Yiu Ming

Audit Committee

Mr. Li Chi Chung *Chairman*
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

Remuneration Committee

Mr. So Stephen Hon Cheung *Chairman*
Mr. Li Chi Chung
Mr. Chiu Hang Tai

Nomination Committee

Mr. Chiu Hang Tai *Chairman*
Mr. Li Chi Chung
Mr. So Stephen Hon Cheung

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Unit A, 32/F, @Convoy,
169 Electric Road, North Point
Hong Kong

Principal Bankers

China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Manufacturers Bank
Toronto-Dominion Bank
United Overseas Bank Limited
Wing Hang Bank, Ltd.

Principal Share Registrar and Transfer Agent

Coden Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Legal Advisers

As to Hong Kong Law:
Chan, Tang & Kwok Solicitors

Stock Code

1079

Website of the Company

www.pinegroup.com

Corporate Profile

PINE Technology Holdings Limited and XFX Family of Brands

PINE Technology Holdings Limited ("PINE" and together with its subsidiaries "the Group") is one of the world's leading companies in the design, manufacturing and distribution of personal computer ("PC") based products. It has two core business divisions-the XFX division, the one core focus of it is specializing in the design and manufacturing of Video Graphic products for the PC and PC upgrade market under the XFX brand. Leveraging on the strong Gamers' following of the XFX brand, XFX has extended its product family to the design and distribution of the Gaming Power Supply Unit ("PSU") family to further enhance the gaming experience of the XFX enthusiasts. In addition, witnessing and anticipating the fast growing and sprouting business opportunities of the Mobile Devices market, the Group has created a brand new business entity under the brand of AviiQ, focusing on the Digital Mobility market. AviiQ is focusing on the design and distribution of all kind of accessories for this Digital Mobility community, and also leverages on the existing global channel of XFX. The Distribution division distributes a wide range of name brand PC and non-PC products through its extensive distribution network.

The Group's strategy is to continue to leverage the success of its global XFX branding to expand its market share of the global PC gamers' market, to team up with strategic partners to develop innovative products and deliver them to the market through its national and regional distributors, system builders, resellers, retailers and etailers.

The Group is headquartered in the Hong Kong Special Administrative Region (Hong Kong SAR) with its state-of-the-art manufacturing facilities located in mainland China. PINE has its research and development facilities setup in Asia, and its global distribution and service network located throughout North America, Europe and Asia.

Founded in 1989, PINE was listed on the Growth Enterprise Market of The Hong Kong Stock Exchange Limited (the "Stock Exchange") (HKGEM: 8013) on 26 November 1999 and the listing of PINE's shares has been transferred to the Main Board of the Stock Exchange since 18 November 2010 (HKSE: 1079).

Chairman's Statement

PINE Technology Holdings Limited and XFX Family of Brands

In fiscal year 2014, the Group's revenue 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 PC industry remained to be challenging, we managed to increase the revenue by 9% by being aggressive in pursuing market share. And we continue to improve in operational efficiency. The result was an operation expense reduction, total of the selling and distribution expenses and general and administrative expense, of US$2,744,000 compared with previous year, and a net profit of US$809,000. At the end of the year, the Group had 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 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 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, we launched 2 fully modular, 80+ Gold rated fanless power supply last year. This year, we shall 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 leverage the Group's global synergy.

We are confident that we shall have another successful year.

Chiu Hang Tai
Chairman

Hong Kong, 17 September 2014

Management Discussion and Analysis

PINE Technology Holdings Limited and XFX Family of Brands

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 ended 30 June 2014 (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 dymanics of the business environment.

Management Profile

PINE Technology Holdings Limited and XFX Family of Brands

Executive Directors

Mr. Chiu Hang Tai, aged 54, is the chairman of the Company and a co-founder of the Group. He was also appointed as the chief executive officer of the Company in January 2003. He is the chairman of the Nomination Committee, a member of Remuneration Committee and a director of certain subsidiaries of the Company. He is responsible for overall strategic planning and formulation of corporate strategy of the Company. He holds a bachelor degree of science in economics from the Salem State College in the United States (the "US") and a master degree in business administration from Northeastern University in the US. He has over 25 years of experience in the computer industry and also served as director of two health food companies. Mr. Chiu was awarded the 1999 Young Industrialist Award of Hong Kong. He is a brother of Mr. Chiu Samson Hang Chin, an executive director and deputy chairman of the Company and Mr. Chiu Herbert H T, the non-executive director of the Company.

Mr. Chiu Samson Hang Chin, aged 55, is the deputy chairman of the Company and a co-founder of the Group. He is a director of certain subsidiaries of the Company. He is responsible for overall strategic planning and formulation of corporate strategy for the Sales and Distribution Division. He holds a bachelor degree in applied science from the Queen's University in Canada and a master degree in business administration from the York University in Canada. Mr. Chiu has over 30 years of experience in the PC industry. He was awarded the Year 2005 ACCE Chinese Canadian Entrepreneur of year. He is a brother of Mr. Chiu Hang Tai, an executive director, the chairman and the chief executive officer of the Company and Mr. Chiu Herbert H T, the non-executive director of the Company.

Non-executive Director

Mr. Chiu Herbert H T, aged 60, was appointed as the non-executive director in June 2010. He obtained his bachelor degree of business management from the Ryerson University, Toronto, Canada in 1978. After working in the field of public accounting specializing in mining and financial services for six years, Mr. Chiu has then spent 27 years in building and leading Ginco Enterprises Inc. and HFW Holdings Limited, of which he has been both the president and the majority shareholder. Mr. Chiu has considerable knowledge and experience in the investment, finance, agriculture, and commodity fields. Mr. Chiu is a member of The Chartered Professional Accountants of Canada. He is a brother of Mr. Chiu Hang Tai, an executive director, the chairman and the chief executive officer of the Company and Mr. Chiu Samson Hang Chin, an executive director and deputy chairman of the Company.

Independent Non-Executive Directors

Mr. Li Chi Chung, aged 46, was appointed as an independent non-executive director of the Company in June 2000. He is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Li is currently a solicitor practising in Hong Kong. Mr. Li obtained a bachelor degree in laws from the University of Sheffield in England in 1990. He was admitted as a solicitor of the High Court of Hong Kong in 1993 and his practice has been focused on commercial related matters. Mr. Li is an independent non-executive director of Kenford Group Holdings Limited (Stock Code: 0464), the shares of which are listed on the main board of the Stock Exchange. From 23 March 2007 to 12 December 2011, Mr. Li was a non-executive director of Richfield Group Holdings Limited (Stock Code: 0183); and from November 2002 to 28 February 2013, Mr. Li was an independent non-executive director of Eagle Nice (International) Holdings Limited (Stock Code: 2368), the shares of both companies being listed on the main board of the Stock Exchange.

Mr. So Stephen Hon Cheung, aged 58, was appointed as an independent non-executive director of the Company in September 2002. He is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. So is a director of the accounting firm T.M Ho, So & Leung CPA Limited, and is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Professional Accountants of Canada, a member of the Society of Certified Management Accountants of Canada, a member of the Chartered Institute of Management Accountants and a fellow member of the Association of International Accountants. He holds a bachelor degree in commerce from the University of British Columbia, Canada and is now a visiting professor of various universities and colleges in Beijing, Liaoning, Sichuan, Xinjiang, Qinghai and Guangdong of China. He has extensive experience in the commercial sector of manufacturing, wholesale and trading and in public practice working for various companies in Hong Kong, China and Canada. He is also acting as an independent non-executive director of Skyworth Digital Holdings Limited (Stock Code: 0751) and Milan Station Holdings Limited (Stock Code: 1150), the shares of which are companies listed on the main board of the Stock Exchange.

Dr. Huang Zhijian, aged 68, was appointed as an independent non-executive director of the Company in June 2010. He is a member of the Audit Committee. He graduated from the Tsinghua University in Beijing, the People's Republic of China in 1968 and had been a lecturer at the Tsinghua University from 1984 to 1986. He received a Master of Science degree in 1982 and a Doctor of Philosophy degree in 1984 from the Institute of Science and Technology of the University of Manchester, the United Kingdom. Dr. Huang had held senior executive and managerial positions in various companies since 1986 including China Resources Development and Investment Co., Ltd. Dr. Huang has ample experience in and has been involved in the evaluation, negotiation, equity transaction and/or management of various investment projects in different industries including the information technology, telecommunication and the electronics industries. He also serves as an executive director of Grand Investment International Limited (Stock Code: 1160), a company listed on the main board of the Stock Exchange.

Senior Management

Mr. Ng Royson Khing Fah, aged 55, was the president of Samtack Inc. (Canada). Mr. Ng was responsible for managing the Group's operations in Canada and oversees the development of Mass Merchant Strategies. He holds a masters degree in business administration from the University of Sarasota in the US. He has over 20 years experience in the PC industry in North America and Canada. Prior to joining the Group in September 1997, he held various management positions in the retail industry. Mr. Ng left the Group in July 2014.

Mr. Eddie Memon, aged 42, joined the Group in 1997 and is the president of XFX USA. He holds a bachelor degree in management information system from the San Jose State University in the US. Eddie currently heads the team of XFX USA with the sole purpose of managing the brand to reach new heights of the Group.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Directors" and the "Board", respectively) has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively).

The Board is of the view that throughout the year ended 30 June 2014 (the "Year"), the Company has complied with all the code provisions as set out in the CG Code, save and except for code provisions A.2.1 and A.4.2, details of which will be explained below.

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.

Specific enquiry has been made by the Company of all the Directors and all the Directors have confirmed that they had complied with 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.

BOARD OF DIRECTORS

The Board comprises the following Directors:

Executive Directors:
Mr. Chiu Hang Tai *(Chairman and Chief Executive Officer)*
Mr. Chiu Samson Hang Chin *(Deputy Chairman)*

Non-executive Director:
Mr. Chiu Herbert H T

Independent Non-executive Directors:
Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

The biographical information of the Directors are set out in the management profile on pages 7 and 8 of this annual report.

Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin and Mr. Chiu Herbert H T are brothers. Other than this, there is no relationship (including financial, business, family or other materials/relevant relationship(s)) between the Board members.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The positions of the Chairman and CEO of the Company are held by Mr. Chiu Hang Tai who is a co-founder of the Company and has extensive knowledge about the management as well as the business operations of the Company. The Board believes that vesting the roles of the Chairman and CEO 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 the Shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change this structure.

Independent Non-executive Directors

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent.

Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that Non-executive Directors shall be appointed for a specific term, subject to re-election, while code provision A.4.2 states that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Mr. Chiu Herbert H T, the Non-executive Director, and Messrs. Li Chi Chung, So Stephen Hon Cheung and Dr. Huang Zhijian, the Independent Non-executive Directors are appointed for a specific term of 2 years and are subject to the retirement provisions contained in the Bye-laws of the Company.

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 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. At the forthcoming 2014 annual general meeting, Mr. Chiu Samson Hang Chin and Mr. Li Chi Chung shall retire from office and both of them, being eligible, shall offer themselves for re-election.

Pursuant to code provision A.4.3 of the CG Code, Mr. Li Chi Chung has served as an Independent Non-executive Director for more than 9 years and his re-election will be subject to a separate resolution to be approved by the Shareholders.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Members of the Board take decisions objectively in the interests of the Company.

All Directors, including the Non-executive Director and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the service and advice from the company secretary of the Company (the "Company Secretary") and senior management with a view to ensuring that all required procedures, and all applicable rules and regulations are followed. They are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors will disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board adopts a Board Diversity Policy which aims to build and maintain diversity of the Board in terms of skills, professional experience, cultural and educational background, gender, age, and other attributes and strengths that are required for the Company's business from time to time. The policy stipulates that Board appointments will be made on a merit basis and candidates will be considered against objective selection criteria, with due regard for the benefits of diversity on the Board. The Nomination Committee is delegated by the Board to review the Board Diversity Policy on a regular basis, make recommendations to the Board on measurable objectives for achieving diversity of the Board as appropriate and monitor the progress on achieving the objectives.

Continuous Professional Development

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for the Directors will be arranged where necessary.

All Directors have provided their training records to the Company.

During the Year, the Company Secretary has taken not less than 15 hours of relevant professional training.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the respective websites of the Company and the Stock Exchange and are available to Shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3 of this annual report.

Audit Committee

The main duties of 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 four meetings to review the annual financial results and reports in respect of the year ended 30 June 2013, the interim results and report for the six months ended 31 December 2013 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice during the Year.

Remuneration Committee

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors, Non-executive Director and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the Year, the Remuneration Committee met once to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Executive Directors, Non-executive Directors and senior management and other related matters.

Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

The Nomination Committee of the Company was established on 29 March 2012. During the Year, it met once to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the relevant Annual General Meeting. Additional meetings may be held as and when required.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in code provision D.3.1 of the CG Code.

The Audit Committee meets to review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Written Employee Guidelines, and the Company's compliance with the CG Code.

The Board holds meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying the Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Company Secretary is responsible for keeping the minutes of all meetings of the Board and the Board committees.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meeting of the Company held during the Year is set out in the table below:

	Number of meetings attended/total number of meetings held				
Name of Directors	**Board**	**Remuneration Committee**	**Audit Committee**	**Nomination Committee**	**2013 Annual General Meeting**
Executive Directors					
Mr. Chiu Hang Tai	6/6	1/1	–	1/1	1/1
Mr. Chiu Samson Hang Chin	6/6	–	–	–	0/1
Non-executive Director					
Mr. Chiu Herbert H T	5/6	–	–	–	0/1
Independent Non-executive Directors					
Mr. Li Chi Chung	5/6	1/1	4/4	1/1	1/1
Mr. So Stephen Hon Cheung	5/6	1/1	4/4	1/1	1/1
Dr. Huang Zhijian	5/6	–	4/4	–	1/1

Apart from regular Board meetings, the Chairman also held a meeting with all the Non-executive Directors (including Independent Non-executive Directors) without the presence of another Executive Director during the Year.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 22 and 23.

INDEPENDENT AUDITORS' REMUNERATION

An analysis of the remuneration paid and payable to the external auditors of the Company, Messrs Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the Year is set out below:

Service Category	Fees Paid/Payable US$
Audit Services	345,000
Non-audit Services	13,000
– tax services for the Group	
– agreed upon procedures on Group's annual results announcement	
	358,000

INTERNAL CONTROLS

During the Year, the Board conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings are voted by poll pursuant to the Listing Rules and poll results are posted on the respective websites of the Company and the Stock Exchange after each Shareholders' meeting.

1. Convening a Special General Meeting by Shareholders

1.1 Shareholders holding not less than one-tenth of the paid-up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings of the Company may by written requisition deposit at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board, to require a special general meeting to be called by the Board.

1.2 The requisition must state the purposes of the meeting, and must be signed by the requisitionists and may consist of several documents in like form, each signed by one of more requisitionists.

1.3 The signatures and the requisition will be verified by the Company's share registrars. The Board will proceed to convene a special general meeting for the transaction of any business specified in the requisition within 21 days from the date of deposit of such requisition if it has been validly raised.

1.4 If the Board does not within 21 days from the date of the deposit of a valid requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

2. Putting Forward Proposals at General Meetings

2.1 On the requisition in writing of (i) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates, or (ii) not less than one hundred Shareholders, the Company shall be under a duty to:

(a) give to the Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

2.2 The requisition must be signed by the requisitionists and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board and

(i) in the case of requisition requiring notice of a resolution, not less than six weeks before the meeting; and in the case of any other requisition, not less than one week before the meeting.

(ii) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

2.3 The signatures and the requisition will be verified by the Company's share registrars. Upon confirming that the requisition is proper and in order, notice of any such intended resolution shall be given, and any such statement shall be circulated, to the Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each of such Shareholders in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholders by giving notice of the general effect of the resolution in any manner permitted for giving him/her/it notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

3. Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

4. Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit A, 32/F., @Convoy, 169 Electric Road, North Point, Hong Kong (For the attention of the Board of Directors)

For the avoidance of doubt, Shareholder(s) must provide their full name, contact details and identification in order that the Company can give them a reply. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings.

During the Year, the Company has not made any changes to its Bye-laws. An updated version of the Company's Bye-laws is also available on the respective websites of the Company and the Stock Exchange.

Directors' Report

The directors of the Company (the "Directors") have pleasure in presenting their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2014 (the "Year").

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 24.

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

Five-Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 82.

Property, Plant and Equipment

During the Year, the Group acquired additional property, plant and equipment at a cost of approximately US$252,000.

Details of these and other movements during the Year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

Share Capital and Share Options Schemes

Details of the Company's share capital and share option schemes are set out in notes 25 and 27 to the consolidated financial statements, respectively.

Distributable Reserves of the Company

Details of the movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 27 and 28 and the Company's reserves available for distribution to shareholders as at 30 June 2014 were as follows:

	2014	2013
	US$'000	US$'000
Contributed surplus	**9,036**	9,036
Retained profits	**769**	567
	9,805	9,603

Under the Companies Act 1981 at Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Purchase, Sale of 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.

Directors

The Directors during the Year and up to the date of this report are:

Executive directors:

Mr. Chiu Hang Tai – *Chairman and Chief Executive Officer*
Mr. Chiu Samson Hang Chin – *Deputy Chairman*

Non-executive director:

Mr. Chiu Herbert H T

Independent non-executive directors:

Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

The Company's Bye-law provides that one-third of the Directors, with the exception of Chairman, Deputy Chairman, Managing Director and Joint Managing Director, shall retire from office by rotation at each annual general meeting. In order to put in place good corporate governance practice, notwithstanding the provisions of the Company's Bye-laws, the Company intends to have one-third of all the Directors subject to retirement by rotation at each annual general meeting. At the forthcoming 2014 annual general meeting, Mr. Chiu Samson Hang Chin and Mr. Li Chi Chung will retire from office and both of them, being eligible, shall offer themselves for re-election pursuant to Bye-law 111.

Directors' Service Contracts

Mr. Li Chi Chung, who has been proposed for re-election at the forthcoming annual general meeting (the "Re-election"), Mr. So Stephen Hon Cheung and Dr. Huang Zhijian were appointed for a term of 2 years expiring on 8 June 2016, 12 September 2016 and 28 June 2016, respectively.

None of the Directors being proposed for the Re-election has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

At 30 June, 2014, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions:

Ordinary shares of HK$0.1 each of the Company (the "Shares")

Name of director/chief executive	Capacity/Nature of Interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Chiu Hang Tai	Controlled corporation/ Beneficial owner	216,402,465 (Note)	23.48%
Chiu Samson Hang Chin	Beneficial owner	174,889,563	18.98%
Chiu Herbert H T	Beneficial owner	66,051,465	7.17%

Note: Of the 216,402,465 Shares, 19,902,465 Shares are registered in the personal name of Mr. Chiu Hang Tai, an Executive Director, the Chairman and Chief Executive Officer and the remaining 196,500,000 Shares are beneficially owned by and registered in the name of Alliance Express Group Limited, which is incorporated in the British Virgin Islands ("BVI") and its entire issued share capital is beneficially owned by Mr. Chiu Hang Tai.

In addition to the above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, the wife of Mr. Chiu Hang Tai, both beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited, a subsidiary of the Company as at 30 June 2014. The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the subsidiary. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the subsidiary only after the distribution of HK$1,000 million, as specified in the Articles of Association of the subsidiary, to holders of the ordinary shares.

Save as disclosed above, as at 30 June 2014, and other than certain nominee shares in subsidiaries held by Directors in trust for the Company's subsidiaries, none of the Directors or the Company's chief executive or their respective associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code.

Share Options

Particulars of the Company's share option schemes are set out in note 27 to the consolidated financial statements.

The Company's share option scheme adopted by the Shareholders pursuant to a resolution passed on 16 April 2003 (the "Old Scheme") and for the purpose of providing incentives to the Directors and eligible employees or any persons who have contributed or will contribute to the Group was expired on 15 April 2013.

The Company's new share option scheme adopted by the Shareholders pursuant to a resolution passed on 22 November 2013 (the "New Scheme") is established for the purpose of providing incentives to the Directors and eligible employees or any persons who have contributed or will contribute to the Group and, unless otherwise cancelled or amended, will expire on 21 November 2023.

No share options were outstanding as at 30 June 2014, which had been granted to certain Directors to subscribe for the Shares or were exercised or cancelled or lapsed under the New Scheme or the Old Scheme.

All the options granted by the Company to the Directors named below under the Old Scheme on 30 March 2010 exercisable from 30 March 2011 to 29 March 2014 to subscribe for the Share at HK$0.275 each expired on 30 March 2014:

Name of Directors	Number of Shares comprised in the options
Chiu Hang Tai	5,970,000
Chiu Samson Hang Chin	5,470,000

Arrangement to Acquire Shares or Debentures

Other than the share option schemes disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Directors' Interest in Competing Business

None of the Directors and their respective associates had any competing interests which were required to be disclosed pursuant to Rule 8.10 (2)(b)&(c) of the Listing Rules during the Year.

Substantial Shareholders' Interests in Securities

Save as the interests of certain Directors disclosed under the section headed "Directors' and chief executive's interests and short position in shares, underlying shares and debentures", according to the register of interests maintained by the Company pursuant to section 336 of the SFO and as far as the Directors are aware, as at 30 June 2014, the following persons or corporations (other than a Director or chief executive of the Company) had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital:

Name of Substantial Shareholder	Capacity	Number of issued Shares held (long positions)	Approximate percentage of the issued share capital of the Company
Alliance Express Group Limited	Beneficial owner	196,500,000 (Note 1)	21.32%
Chiu Man Wah (Note 2)	Beneficial owner	67,944,591	7.37%

Notes:

1) These Shares are beneficially owned by and registered in the name of Alliance Express Group Limited, which is incorporated in BVI and its entire issued share capital is beneficially owned by Mr. Chiu Hang Tai, an executive director, the chairman and chief executive officer of the Company.

2) The holder is sibling of Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin and Mr. Chiu Herbert H T, who are Directors.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2014.

Convertible Securities, Options, Warrants or Similar Rights

Other than the share options as set out in note 27 to the consolidated financial statements, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 30 June 2014.

Major Customers and Suppliers

For the Year, the top five suppliers of the Group together accounted for approximately 53.4% of the Group's total purchases and the largest supplier accounted for approximately 27.6% of the Group's total purchases.

None of the Directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company had any interests in the Group's five largest customers and suppliers during the Year.

For the Year, the Group's five largest customers accounted for less than 30% of the total sales of the Group.

Emolument Policy

As at 30 June 2014, the Group had 225 employees, compared to 243 employees in the previous financial year. The emolument policy of the employees of the Group is set up by the board of Directors (the "Board") on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Company are determined by the Board. The Remuneration Committee reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, having regard to the Company's operating results, individual performance and comparable market statistics.

As mentioned above, the Company has adopted a share option scheme as an incentive to the Directors and eligible employees.

Details of Directors' emolument and individuals with highest emoluments are set out in notes 8 and 9 to the consolidated financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the Directors' knowledge, at least 25% of the issued Shares were held by the public (i.e. the prescribed minimum public float applicable to the Company under the Listing Rules) throughout the Year and up to the date of this report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Retirement Benefit Schemes/Pension Schemes

Information on the Group's retirement benefit schemes/pension schemes is set out in note 30 to the consolidated financial statements.

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.

Independent Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as an independent auditor of the Company.

On behalf of the Board

Chiu Hang Tai
CHAIRMAN

Hong Kong, 17 September 2014

Deloitte.
德勤

TO THE MEMBERS OF PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of PINE Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 80, which comprise the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	NOTES	2014 US$'000	2013 US$'000
Turnover	5	**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	6	**18**	910
Finance costs	7	**(956)**	(958)
Profit before tax		**1,028**	2,154
Income tax expense	10	**(219)**	(96)
Profit for the year	11	**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	12		
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	13	**5,191**	6,136
Development costs	14	**219**	792
Trademarks	15	**290**	294
Available-for-sale investments	16	**–**	134
Deposit placed for a life insurance policy	17	**413**	400
Rental deposit		**101**	103
		6,214	7,859
Current assets			
Inventories	18	**56,274**	59,498
Trade, bills and other receivables	19	**44,737**	50,332
Tax recoverable		**4**	15
Pledged bank deposits	20	**2,702**	2,691
Bank balances and cash	21	**9,363**	8,626
		113,080	121,162
Current liabilities			
Trade, bills and other payables	22	**14,870**	24,616
Tax payable		**1,344**	1,479
Obligations under finance leases	23	**13**	14
Bank borrowings	24	**28,158**	28,926
		44,385	55,035
Net current assets		**68,695**	66,127
		74,909	73,986

Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	2014 US$'000	2013 US$'000
Capital and reserves			
Share capital	25	**11,851**	11,844
Share premium and reserves		**60,808**	59,831
		72,659	71,675
Non-current liabilities			
Obligations under finance leases	23	**51**	65
Bank borrowings	24	**2,199**	2,246
Deferred taxation	26	**–**	–
		2,250	2,311
		74,909	73,986

The consolidated financial statements on pages 24 to 80 were approved and authorised for issue by the Board of Directors on 17 September 2014 and are signed on its behalf by:

Chiu Hang Tai
DIRECTOR

Chiu Samson Hang Chin
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Share capital US$'000	Share premium US$'000	Surplus account US$'000 (note 1)	Exchange reserve US$'000	Capital reserve US$'000 (note 2)	Investments revaluation reserve US$'000	Share options reserve US$'000	Retained profits US$'000	Total 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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Share capital US$'000	Share premium US$'000	Surplus account US$'000 (note 1)	Exchange reserve US$'000	Capital reserve US$'000 (note 2)	Investments revaluation reserve US$'000	Share options reserve US$'000	Retained profits US$'000	Total US$'000
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

Notes:

(1) Surplus account of the Group represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Pine Technology (BVI) Limited, the subsidiary which was acquired by the Company pursuant to the group reorganisation in previous years.

(2) Capital reserve represents statutory reserves transferred from retained profits as required by the relevant laws and regulations applicable to the Company's subsidiaries in the People's Republic of China ("PRC") at the discretion of the board of directors of respective subsidiaries. Capital reserve has been transferred to retained profits upon liquidation of these subsidiaries during the year ended 30 June 2013.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 US$'000	2013 US$'000
OPERATING ACTIVITIES		
Profit before tax	**1,028**	2,154
Adjustments for:		
Finance costs	**956**	958
Interest income	**(27)**	(105)
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)**	–
Allowance for doubtful debts (reversed) recognised, net	**(341)**	686
Reversal of write down of inventories	**(693)**	(206)
Amortisation of development costs	**798**	1,677
Amortisation of trademarks	**15**	22
Written off of property, plant and equipment	**–**	263
Depreciation of property, plant and equipment	**1,208**	1,853
Share option expenses	**–**	5
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries	**(3)**	(1,825)
Operating cash flow before movements in working capital	**2,901**	5,467
Decrease (increase) in inventories	**3,852**	(2,587)
Decrease (increase) in trade, bills and other receivables	**5,846**	(5,237)
Decrease in trade, bills and other payables	**(9,679)**	(1,113)
Cash generated from (used in) operations	**2,920**	(3,470)
Interest paid on bank borrowings	**(952)**	(955)
Interest paid on finance leases	**(4)**	(3)
Hong Kong Profits Tax refunded (paid)	**6**	(19)
PRC income tax paid	**(166)**	(37)
Overseas tax paid	**(184)**	(28)
Overseas tax refunded	**–**	204
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**1,620**	(4,308)
INVESTING ACTIVITIES		
Interest received	**14**	89
Proceeds from disposal of property, plant and equipment	**17**	53
Proceeds from disposal of available-for-sale investments	**282**	–
Purchase of property, plant and equipment	**(252)**	(353)
Development expenditure incurred	**(224)**	(541)
Additions of trademark	**(11)**	(36)
Placement of pledged bank deposits	**(11)**	(645)
NET CASH USED IN INVESTING ACTIVITIES	**(185)**	(1,433)

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 US$'000	2013 US$'000
FINANCING ACTIVITIES		
Proceeds from issue of shares upon exercise of share options	**20**	–
New bank borrowings raised	**86,515**	80,222
Repayment of bank borrowings	**(87,266)**	(78,487)
Repayment of obligations under finance leases	**(13)**	(14)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(744)**	1,721
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**691**	(4,020)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**8,626**	12,636
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**46**	10
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**9,363**	8,626
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**9,363**	8,626

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit A, 32/F, @ Convoy, 169 Electric Road, North Point, Hong Kong, respectively.

The consolidated financial statements are presented in United States dollars ("US$"), which is the same as the functional currency of the Company.

The principal activities of the Group are the manufacturing and sales of high-quality computer components and consumer electronic products.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in note 36.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("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 the 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[6]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2017

The directors anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including freehold land and building held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment, other than freehold land, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. No depreciation is provided for freehold land which is stated at cost less subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Trademark

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for trademark with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit placed for a life insurance policy, trade, bills and other receivables, pledged bank deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flow discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade, bills and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. United States dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

The fair value of services received determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulated expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to employees (Continued)

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Retirement benefits costs

Payments to the defined contribution retirement benefits schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and estimated selling expenses. The amount written off to the profit or loss is the difference between the carrying value and net realisable value of the inventories. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to market conditions. As at 30 June 2014, the carrying amount of inventories is approximately US$56,274,000, net of allowance for inventories of approximately US$982,000 (2013: the carrying amount of inventories is approximately US$59,498,000, net of allowance for inventories of approximately US$1,677,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2014, the carrying amount of trade receivables is approximately US$43,779,000, net of allowance for doubtful debts of approximately US$2,506,000 (2013: the carrying amount of trade receivables is approximately US$48,453,000, net of allowance for doubtful debts of approximately US$3,033,000).

5. TURNOVER AND SEGMENT INFORMATION

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.

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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

Group's brand products	–	manufacture and sales of market 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.

2014

	Group's brand products US$'000	**Other brand products US$'000**	**Consolidated US$'000**
TURNOVER			
External sales	**110,164**	**123,541**	**233,705**
SEGMENT RESULT	**2,186**	**611**	**2,797**
Interest income			**27**
Unallocated corporate expense			**(840)**
Finance costs			**(956)**
Profit before tax			**1,028**

2013

	Group's brand products US$'000	Other brand products US$'000	Consolidated US$'000
TURNOVER			
External sales	117,578	96,590	214,168
SEGMENT RESULT	3,597	322	3,919
Interest income			105
Unallocated corporate expense			(912)
Finance costs			(958)
Profit before tax			2,154

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents gross profit generated from or gross loss incurred by each segment, net of selling and distribution costs and administration costs directly attributable to each segment without allocation of interest income, corporate expense and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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.

6. OTHER GAINS AND LOSSES

	2014 US$'000	2013 US$'000
Exchange (loss) gain, net	**(366)**	19
(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**	–
Allowance for doubtful debts reversed (recognised), net	**341**	(686)
Written off of property, plant and equipment	**–**	(263)
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries (note)	**3**	1,825
	18	910

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.

7. FINANCE COSTS

	2014 US$'000	2013 US$'000
Interest on:		
Bank borrowings wholly repayable within five years	**952**	955
Finance leases	**4**	3
	956	958

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	2014 US$'000	2013 US$'000
Fees:		
Executive directors	**62**	62
Non-executive director	**15**	15
Independent non-executive directors	**45**	45
	122	122
Other emoluments to executive directors:		
Basic salaries and other benefits	**315**	331
Retirement benefits schemes contributions	**2**	2
	317	333
	439	455

The details of emoluments paid or payable to each of the directors and the chief executive are as follows:

	Directors' fees		**Basic salaries and other benefits**		**Retirement benefits schemes contributions**		**Total**	
	2014 US$'000	2013 US$'000	**2014 US$'000**	2013 US$'000	**2014 US$'000**	2013 US$'000	**2014 US$'000**	2013 US$'000
Executive directors								
Mr. Chiu Hang Tai	**31**	31	**196**	202	**2**	2	**229**	235
Mr. Chiu Samson Hang Chin	**31**	31	**119**	129	**–**	–	**150**	160
	62	62	**315**	331	**2**	2	**379**	395
Non-executive director								
Mr. Chiu Herbert H T	**15**	15	**–**	–	**–**	–	**15**	15
Independent non-executive directors								
Mr. Li Chi Chung	**15**	15	**–**	–	**–**	–	**15**	15
Mr. So Stephen Hon Cheung	**15**	15	**–**	–	**–**	–	**15**	15
Dr. Huang Zhijian	**15**	15	**–**	–	**–**	–	**15**	15
	45	45	**–**	–	**–**	–	**45**	45
	122	122	**315**	331	**2**	2	**439**	455

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

Mr. Chiu Hang Tai is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

No director or chief executive waived any emoluments during the year ended 30 June 2014 and 30 June 2013.

9. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group include two (2013: two) executive directors of the Company, whose emoluments are included in note 8 above. The emoluments of the remaining three (2013: three) individuals are as follows:

	2014 **US$'000**	2013 US$'000
Basic salaries and other benefits	**333**	344
Contributions to retirement benefits schemes	**2**	–
	335	344

Their emoluments were within the following bands:

	2014 **Number**	2013 Number
US$Nil to US$129,000	**2**	2
US$129,001 to US$193,000	**1**	1

The remuneration of senior management, excluding directors, is within the following bands:

	2014 **Number**	2013 Number
US$Nil to US$129,000	**1**	1
US$129,001 to US$193,000	**1**	1

During each of the two years ended 30 June 2014, no emolument was paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX EXPENSE

	2014 US$'000	2013 US$'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 (note 26)	**–**	(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 arising in the PRC and other jurisdictions (of which United States is at 40%) is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the Macao SAR's Offshore Law, Pine Technology (Macao Commercial Offshore) Ltd., a subsidiary of the Company, is exempted for all taxes in Macao, including income tax, industrial tax and stamp duties.

東莞嘉耀電子有限公司, a subsidiary of the Company, was entitled to the two year's exemption from Enterprise Income Tax followed by three years of 50% tax deduction commencing from the first profit-making year with effect from 1 January 2008. Therefore, the applicable tax rate of 東莞嘉耀電子有限公司 is 25% from 1 January 2013 onwards.

10. INCOME TAX EXPENSE *(Continued)*

The tax expense for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 US$'000	2013 US$'000
Profit before tax	**1,028**	2,154
Tax at the applicable tax rate of 40% (note)	**411**	862
Tax effect of expenses not deductible for tax purpose	**56**	230
Tax effect of income not taxable for tax purpose	**(210)**	(752)
Tax effect of utilisation of tax losses previously not recognised	**(82)**	(158)
Tax effect of tax losses not recognised	**427**	247
Tax effect of deductible temporary difference not recognised	**198**	225
Overprovision in respect of prior years	**(28)**	(20)
Effect of tax exemption granted to a subsidiary	**(469)**	(301)
Effect of income tax on concessionary rate	**–**	(34)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(101)**	(83)
Deferred tax associated with undistributed earnings of a subsidiary	**–**	(130)
Others	**17**	10
Tax expense for the year	**219**	96

Note: The tax rate in the jurisdiction where the operation of the Group substantially based is used as the applicable tax rate.

11. PROFIT FOR THE YEAR

	2014 **US$'000**	2013 US$'000
Profit for the year has been arrived at after charging (crediting):		
Amortisation charges:		
Development costs (included in cost of sales)	**798**	1,677
Trademarks	**15**	22
Auditor's remuneration	**379**	463
Cost of inventories recognised as an expense, including reversal of write down of inventories of approximately US$693,000 (2013: US$206,000) which were sold during the year	**213,962**	192,053
Depreciation of property, plant and equipment	**1,208**	1,853
Operating lease rentals in respect of land and buildings	**1,888**	1,497
Research and development costs	**30**	109
Staff costs:		
Directors' and chief executive's emoluments	**439**	455
Other staff costs	**7,981**	8,195
	8,420	8,650
Less: Staff costs capitalised in development costs	**–**	(358)
	8,420	8,292
Interest income on bank deposits	**(14)**	(89)
Interest income on deposit placed for a life insurance policy	**(13)**	(16)

12. 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building in the United States US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Furniture, fixtures and equipment US$'000	Computer equipment US$'000	Total US$'000
COST							
At 1 July 2012	3,416	5,314	14,886	343	905	3,305	28,169
Exchange adjustments	–	(30)	44	(5)	–	(53)	(44)
Additions	–	20	287	90	21	24	442
Disposals/written off	–	(75)	(23)	(174)	(7)	(621)	(900)
At 30 June 2013	3,416	5,229	15,194	254	919	2,655	27,667
Exchange adjustments	–	(7)	3	(1)	1	(11)	(15)
Additions	–	8	159	51	22	12	252
Disposals	–	(21)	(420)	–	(23)	(40)	(504)
At 30 June 2014	3,416	5,209	14,936	304	919	2,616	27,400
DEPRECIATION							
At 1 July 2012	79	4,177	12,489	311	726	2,592	20,374
Exchange adjustments	–	(19)	(32)	(2)	–	(44)	(97)
Provided for the year	60	137	1,334	22	49	251	1,853
Eliminated on disposals/written off	–	(46)	(20)	(174)	(7)	(352)	(599)
At 30 June 2013	139	4,249	13,771	157	768	2,447	21,531
Exchange adjustments	–	(5)	(48)	1	(1)	(9)	(62)
Provided for the year	60	83	906	34	50	75	1,208
Eliminated on disposals	–	(12)	(404)	–	(19)	(33)	(468)
At 30 June 2014	199	4,315	14,225	192	798	2,480	22,209
CARRYING VALUES							
At 30 June 2014	3,217	894	711	112	121	136	5,191
At 30 June 2013	3,277	980	1,423	97	151	208	6,136

Included in freehold land and building is freehold land of US$1,064,000 (2013: US$1,064,000) which can be separated reliably.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for freehold land, are depreciated on a straight-line basis over the following estimated useful lives:

	Estimated useful lives
Building	35 years
Leasehold improvements	2-10 years
Plant and machinery	2-10 years
Motor vehicles	4-6 years
Furniture, fixtures and equipment	4-6 years
Computer equipment	4-5 years

The carrying values of furniture, fixtures and equipment includes an amount of US$61,000 (2013: US$77,000) in respect of assets held under finance leases.

During the year ended 30 June 2013, a computer equipment with a carrying amount of US$263,000 was written off as it was replaced by a new computer equipment due to technical obsolescence.

14. DEVELOPMENT COSTS

	US$'000
COST	
At 1 July 2012	6,222
Exchange adjustments	141
Additions	541
Written off	(965)
At 30 June 2013	5,939
Exchange adjustments	25
Additions	224
Written off	(1,368)
At 30 June 2014	4,820
AMORTISATION	
At 1 July 2012	4,302
Exchange adjustments	133
Provided for the year	1,677
Written off	(965)
At 30 June 2013	5,147
Exchange adjustments	24
Provided for the year	798
Written off	(1,368)
At 30 June 2014	4,601
CARRYING VALUES	
At 30 June 2014	219
At 30 June 2013	792

The amortisation period for development costs is two years.

At the end of the reporting period, the directors of the Company conducted a review on the Group's development costs and concluded that certain technologies which had been fully amortised were not expected to generate future economic benefits to the Group. Accordingly, these development costs were written off.

15. TRADEMARKS

	US$'000
COST	
At 1 July 2012	330
Addition	36
At 30 June 2013	366
Addition	11
At 30 June 2014	377
AMORTISATION	
At 1 July 2012	50
Provided for the year	22
At 30 June 2013	72
Provided for the year	15
At 30 June 2014	87
CARRYING VALUES	
At 30 June 2014	290
At 30 June 2013	294

The above trademarks have finite useful lives and are amortised straight-line basis over the shorter of the remaining useful lives or twenty years.

16. AVAILABLE-FOR-SALE INVESTMENTS

	2014 US$'000	2013 US$'000
Equity securities listed in Hong Kong, at fair value (note)	**–**	134

At 30 June 2013, all available-for-sale investments were stated at fair value, which had been determined by reference to the latest market bid price quoted in an active market.

Note: During the year, the equity securities listed in Hong Kong is disposed of at a consideration of US$282,000. Accordingly, a revaluation gain of approximately US$59,000 is reclassified from other comprehensive income to profit or loss (included in other gains or losses) upon disposal.

17. DEPOSIT PLACED FOR A LIFE INSURANCE POLICY

	2014 **US$'000**	2013 US$'000
Deposit placed for a life insurance policy – due after one year	**413**	400

The Group entered into a life insurance policy with an insurance company to insure an executive director. Under the policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is approximately US$800,000 (2013: US$800,000). At inception of the life insurance policy, the Group is required to pay an upfront payment of US$400,000, including an insurance premium charge of US$24,000. The Group may request full surrender of the policy at any time and receive cash back based on the value of the life insurance policy at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus the insurance premium charge (the "Cash Value"). If such withdrawal is made between the 1st to 20th policy year, a pre-determined specified surrender charge would be imposed on the Group.

At the inception date, the upfront payment is separated into deposit placed and prepayment of life insurance premium. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit placed is carried at amortised cost using the effective interest method. The insurance company will pay the Group a guaranteed interest rate of 3% per annum, which is also the effective interest rate for the deposit placed on initial recognition, determined by discounting the estimated future cash receipts through the expected life of the insurance policy of 29 years, excluding the financial effect of surrender charge.

The carrying amount of deposit placed for a life insurance policy as at 30 June 2014 and 30 June 2013 approximated the Cash Value of the life insurance policy and the expected life of the life insurance policy remained unchanged since the initial recognition. The directors considered that the financial impact of the option to terminate the policy was insignificant.

18. INVENTORIES

	2014 **US$'000**	2013 US$'000
Raw materials	**25,600**	27,405
Work in progress	**1,236**	1,444
Finished goods	**29,438**	30,649
	56,274	59,498

19. TRADE, BILLS AND OTHER RECEIVABLES

	2014	2013
	US$'000	US$'000
Trade and bills receivables	**46,285**	51,486
Less: Allowance for doubtful debts	**(2,506)**	(3,033)
	43,779	48,453
Deposits, prepayments and other receivables	**958**	1,879
	44,737	50,332

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
	43,779	48,453

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customer. Limits attributed to customers are reviewed once a year. 62% (2013: 63%) of the trade receivables are neither past due nor impaired that are in good credit quality as long credit periods are granted to the respective customers, who have long business relationship with the Group and strong financial position.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$15,275,000 (2013: US$16,246,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss. Although no collateral over these balances is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the end of the reporting period, and considered that the default risk is low, and accordingly no impairment has been provided.

19. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables (by due date) which are past due but not impaired:

	2014 **US$'000**	2013 US$'000
1 to 30 days	**7,861**	7,433
31 to 60 days	**1,829**	2,585
61 to 90 days	**703**	2,041
Over 90 days	**4,882**	4,187
Total	**15,275**	16,246

Movements in the allowance for doubtful debts:

	2014 **US$'000**	2013 US$'000
At 1 July	**(3,033)**	(2,769)
Exchange realignment	**4**	19
Impairment losses reversed (recognised), net	**341**	(686)
Amounts written off as uncollectible	**182**	403
At 30 June	**(2,506)**	(3,033)

Allowance for doubtful debts is considered on an individual basis and provided for those non-recoverable. The Group does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

20. PLEDGED BANK DEPOSITS

The pledged bank deposits have been placed in designated bank accounts in favour of the banks as part of the security for the short-term banking facilities granted to the Group.

The pledged bank deposits, which carry variable interest rates ranging from 0.03% to 0.50% (2013: 0.03% to 0.50%) per annum, will be released upon settlement of relevant bank borrowings.

21. BANK BALANCES AND CASH

Bank balances and cash comprise certain short-term bank deposits at interest rates ranging from 0.001% to 0.25% (2013: 0.001% to 0.25%) per annum with an original maturity of three months or less.

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22. 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 **US$'000**	2013 US$'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

The average credit period on purchase of goods is 30 to 60 days (2013: 30 to 60 days).

23. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is five (2013: five) years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 6% (2013: 6%) per annum. No arrangement have been entered into for contingent rental payments.

	Minimum lease payments		**Present value of minimum lease payments**	
	2014 **US$'000**	2013 US$'000	**2014** **US$'000**	2013 US$'000
Amounts payable under finance leases				
Within one year	**16**	16	**13**	14
In more than one year but not more than two years	**16**	16	**14**	14
In more than two years but not more than five years	**39**	58	**37**	51
	71	90	**64**	79
Less: Future finance charges	**(7)**	(11)		
Present value of lease obligations	**64**	79		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(13)**	(14)
Amount due for settlement after 12 months			**51**	65

24. BANK BORROWINGS

	2014 **US$'000**	2013 US$'000
Bank borrowings comprise the following:		
Trust receipts, export and import loans		
– secured	**9,706**	7,700
– unsecured	**7,038**	6,413
	16,744	14,113
Other bank loans		
– secured	**13,459**	16,290
– unsecured	**154**	769
	13,613	17,059
	30,357	31,172

	2014 **US$'000**	2013 US$'000
Carrying amounts of bank loans that do not contain repayable on demand clause and are repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	**46**	47
More than one year, but not exceeding two years	**49**	46
More than two years, but not more than five years	**2,154**	2,200
	2,249	2,293
Carrying amounts of bank loans that contain a repayable on demand clause (shown under current liabilities) and the maturity analysis based on the scheduled repayment set out in the loan agreements are:		
Within one year	**28,108**	28,725
More than one year, but not exceeding two years	**–**	154
	28,108	28,879
	30,357	31,172
Less: amounts due within one year shown under current liabilities	**(28,158)**	(28,926)
Amounts shown under non-current liabilities	**2,199**	2,246

24. BANK BORROWINGS *(Continued)*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable-rate bank borrowings are 1.88% to 5.97% (2013: 2.02% to 6.38%).

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	Interest rate per annum	2014 US$'000	2013 US$'000
Hong Kong dollars ("HK$") (note)	Hong Kong Interbank Offered Rate ("HIBOR") plus 1.73% to 3% (2013: 1.73% to 2.5%)	**2,140**	2,272
US$	London Interbank Offered Rate ("LIBOR") plus 1.75% to 2.5% (2013: 1.75% to 2.5%)	**19,991**	20,571
	Singapore Interbank Offered Rate ("SIBOR") plus 1.5% (2013: 1.5%)	**3,509**	1,922
	7-year Federal Home Loan Bank Rate of San Francisco ("FHLB") plus 3.25% (2013: 3.25%)	**2,249**	2,293
Canadian dollars ("CAD")	Canadian Prime Rate plus 1.75% (2013: 2%)	**2,468**	4,114
		30,357	31,172

Note: These borrowings are denominated in currencies other than functional currencies of the relevant group entities.

25. SHARE CAPITAL

Details of the share capital of the Company were as follows:

	Number of shares	Value HK$'000	United States dollars equivalent US$'000
Ordinary shares of HK$0.1 each:			
Authorised			
At 1 July 2012, 30 June 2013 and 30 June 2014	2,000,000,000	200,000	25,747
Issued and fully paid			
At 1 July 2012 and 30 June 2013	920,984,783	92,099	11,844
Exercise of share options	600,000	60	7
At 30 June 2014	921,584,783	92,159	11,851

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

26. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	US$'000
At 1 July 2012	130
Credit to profit or loss for the year	(130)
At 30 June 2013 and 30 June 2014	–

At 30 June 2014, the Group has estimated tax losses of approximately US$6,349,000 (2013: US$5,640,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$1,957,000 (2013: US$1,752,000) and US$345,000 (2013: US$526,000) that will expire in 2034 (2013: 2033) and 2030 (2013: 2030) respectively. US$56,000 tax losses is expired in the current year. Other losses may be carried forward indefinitely.

26. DEFERRED TAXATION *(Continued)*

At 30 June 2014, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries was approximately US$4,660,000 (2013: US$4,448,000). No deferred tax liability has been recognised in respect of such temporary difference of approximately US$4,660,000 (2013: US$4,448,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At 30 June 2014, the Group has deductible temporary differences of US$1,198,000 (2013: US$731,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

27. SHARE OPTIONS

Pursuant to a resolution passed on 22 November 2013, the Company has adopted a new share option scheme (the "New Scheme"), for the purpose of providing incentives to directors and eligible employees and, unless otherwise cancelled or amended, expired on 21 November 2023. No further options can be granted under the share option scheme which was adopted on 16 April 2003 (the "Old Scheme") which expired on 15 April 2013.

The New Scheme and the Old Scheme shall be valid and effective until the respective expiry dates, after which period no further share options will be granted but the provisions of these schemes shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto. Under the New Scheme and the Old Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, or any persons who have contributed or will contribute to the Group, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme and the Old Scheme and any other schemes is not permitted to exceed 10% of the shares of the Company in issue at the respective date of shareholders' approval of each scheme (the "Scheme Mandate Limit") or, if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the Scheme Mandate Limit. The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and the Old Scheme and any other share option schemes, must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 in the 12-month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

27. SHARE OPTIONS *(Continued)*

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per option. An option may be exercised in accordance with the terms of the New Scheme and the Old Scheme at any time during the respective effective period of each scheme to be notified by the board of directors which shall not be later than 10 years from the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's share on the date of grant, the average closing price of the share on the Stock Exchange for the five business days immediately preceding the date of grant, and the nominal value.

No share options have been granted, exercised, cancelled or lapsed under the New Scheme since its adoption.

Details of the share options granted under the Old Scheme during the two years ended 30 June 2014 to subscribe for the shares in the Company are as follows:

2014

Granted to	Date of grant	Vesting period	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 July 2013	Granted	Exercised	Expired	Number of share options at 30 June 2014
Directors	30.3.2010	30.3.2010 - 29.3.2011	30.3.2011 - 29.3.2014	0.275	11,440,000	–	–	(11,440,000)	–
Senior management	30.3.2010	30.3.2010 - 29.3.2011	30.3.2011 - 29.3.2014	0.275	3,000,000	–	–	(3,000,000)	–
Employees	6.10.2009	N/A	6.10.2009 - 5.10.2013	0.150	4,000,000	–	–	(4,000,000)	–
	30.3.2010	30.3.2010 - 29.3.2011	30.3.2011 - 29.3.2014	0.275	1,200,000	–	(600,000)	(600,000)	–
	25.3.2011	25.3.2011 - 24.3.2013	25.3.2013 - 24.3.2021	0.207	1,000,000	–	–	–	1,000,000
					20,640,000	–	(600,000)	(19,040,000)	1,000,000
Exercisable at the end of the year									1,000,000
Weighted average exercise price					0.247	–	0.275	0.249	0.207

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

27. SHARE OPTIONS *(Continued)*

2013

Granted to	Date of grant	Vesting period	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 July 2012	Granted	Exercised	Expired	Number of share options at 30 June 2013
Directors	5.10.2007	5.10.2007 - 4.10.2009	5.10.2009 - 4.10.2012	0.464	4,961,000	–	–	(4,961,000)	–
	30.3.2010	30.3.2010 - 29.3.2011	30.3.2011 - 29.3.2014	0.275	11,440,000	–	–	–	11,440,000
Senior management	5.10.2007	5.10.2007 - 4.10.2009	5.10.2009 - 4.10.2012	0.464	3,968,800	–	–	(3,968,800)	–
	30.3.2010	30.3.2010 - 29.3.2011	30.3.2011 - 29.3.2014	0.275	3,000,000	–	–	–	3,000,000
Employees	5.10.2007	5.10.2007 - 4.10.2009	5.10.2009 - 4.10.2012	0.464	5,953,200	–	–	(5,953,200)	–
	6.10.2009	N/A	6.10.2009 - 5.10.2013	0.150	4,000,000	–	–	–	4,000,000
	30.3.2010	30.3.2010 - 29.3.2011	30.3.2011 - 29.3.2014	0.275	1,200,000	–	–	–	1,200,000
	25.3.2011	25.3.2011 - 24.3.2013	25.3.2013 - 24.3.2021	0.207	1,000,000	–	–	–	1,000,000
					35,523,000	–	–	(14,883,000)	20,640,000
Exercisable at the end of the year									20,640,000
Weighted average exercise price					0.338	–	–	0.464	0.247

For the year ended 30 June 2014, the Group has not recognised any expense for share options (2013: the Group has recognised the total expense of US$5,000) in the profit or loss.

28. PLEDGE OF ASSETS

Assets of certain subsidiaries with the following carrying amounts have been pledged to secure the Group's borrowings of US$12,818,000 (2013: US$15,008,000).

	2014 US$'000	2013 US$'000
Fixed charge:		
Freehold land and building	**3,220**	3,277
Floating charges:		
Property, plant and equipment	**629**	855
Inventories	**14,065**	15,764
Trade and other receivables	**15,074**	17,481
Bank balances	**1,325**	1,261
	34,313	38,638

In addition, deposit placed for a life insurance policy of US$413,000 (2013: US$400,000) and pledged bank deposits of US$2,702,000 (2013: US$2,691,000) as disclosed in the consolidated statement of financial position have been pledged to secure the Group's borrowings of US$10,347,000 (2013: US$8,982,000).

29. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2014 US$'000	2013 US$'000
Within one year	**897**	980
In the second to fifth year inclusive	**2,010**	2,357
More than five years	**91**	599
	2,998	3,936

Operating lease payments represent rentals payable by the Group for certain of its office properties, staff quarters and factory.

Leases are negotiated for terms ranging from one to ten years at initial and rentals are fixed for the period of the lease.

30. RETIREMENT BENEFITS SCHEMES

During the year, the Group operated defined contribution retirement benefit schemes in various regions outside Hong Kong for all qualifying employees and the Group also operated a defined contribution scheme for its qualifying employees in Hong Kong prior to 1 December 2000 (collectively "Defined Contribution Schemes"). The assets of the Defined Contribution Schemes are held separately from those of the Group in funds under the control of independent trustees.

Where there are employees who leave the Defined Contribution Schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Defined Contribution Schemes are funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee's basic salary, depending on the length of service with the Group.

With effect from 1 December 2000, the Group joined a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees.

Under the rules of the MPF Scheme, the Group contributes 5% of relevant payroll costs or HK$1,500 per month to the scheme with effective from 1 June 2014 (HK$1,250 per month before 1 June 2014) which contribution is matched by the employee, depending on the length of service with the Group. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefits schemes contributions in respect of the Defined Contribution Schemes and the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

The details of retirement benefits schemes contributions for the Group's employees, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss and other comprehensive income of the Group are as follows:

	2014 **US$'000**	2013 US$'000
Gross retirement benefits schemes contributions	**38**	27
Less: Forfeited contributions for the year	**–**	(9)
Net retirement benefits schemes contributions	**38**	18

At the end of the reporting period, the Group had no significant forfeited contributions available to reduce the contributions payable by the Group in the future years.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

31. RELATED PARTY DISCLOSURES

The remuneration of executive and non-executive directors and other members of key management during the year was as follows:

	2014 **US$'000**	2013 US$'000
Short-term employee benefits	**770**	799
Post-employment benefits	**4**	2
	774	801

32. MAJOR NON-CASH TRANSACTION

During the year ended 30 June 2013, the Group entered into a finance lease arrangement in respect of its fixtures and equipment with a total capital value at the inception of the leases of US$89,000.

33. CAPITAL RISK MANAGEMENT

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 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 as disclosed in note 24, net of cash and cash equivalents, and equity attributable to the owner of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider 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.

34. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2014 US$'000	2013 US$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**57,005**	61,282
Available-for-sale investments	**–**	134
	57,005	61,416
Financial liabilities		
At amortised costs	**44,980**	52,374

b. Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, deposit placed for a life insurance policy, trade, bills and other receivables, pledged bank deposits, bank balances and cash, trade, bills and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes.

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

34. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

Certain financial assets and liabilities of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and will further consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities including inter-company balances at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Group				
HK$	**3,936**	3,725	**5,383**	6,241
US$	**2,668**	1,794	**652**	2,331
Inter-company balances				
Renminbi ("RMB")	**3,083**	2,354	**–**	–

Sensitivity analysis

In the opinion of directors of the Company, since HK$ is pegged to US$, the exposure to exchange fluctuation is limited and hence no sensitivity analysis in relation to HK$ against US$ is presented. The Group therefore mainly exposes to the currency of US$ and RMB, when CAD and US$ are the functional currency of the relevant subsidiaries, respectively.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in US$ relative to CAD and in RMB relative to US$.

5% (2013: 5%) is the sensitivity rate used for the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and also inter-company balances denominated in foreign currencies and adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rates. The sensitivity analysis of the Group also includes currency risk exposure on inter-company balances.

34. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

The following table details the Group's sensitivity to a 5% (2013: 5%) when US$ strengthens 5% (2013: 5%) against CAD or RMB strengthen 5% (2013: 5%) against US$. There would be an equal and opposite impact when US$ weakens 5% (2013: 5%) against CAD or RMB weaken 5% (2013: 5%) against US$.

	Increase (decrease) in post tax profit	
	2014	2013
	US$'000	US$'000
Group		
US$ against CAD	**66**	(19)
Inter-company balances		
RMB against US$	**154**	118

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances and bank borrowings. The management will consider hedging significant interest rate exposure should the need arise.

The management considered that the exposure to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances is minimal, accordingly, no sensitivity analysis is presented for both years.

In addition, the Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR, SIBOR, FHLB and Canadian Prime Rate arising from the Group's borrowings denominated in HK$, US$ and CAD.

34. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 (2013: 50) basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2013: 50) basis points higher/lower and all other variables were held constant, the Group's post tax profit for the year ended 30 June 2014 would decrease/increase by US$25,000 (2013: US$128,000).

(iii) Other price risk

The Group's investments in equity instruments are measured at fair values at 30 June 2013 end of the reporting period. Therefore, the Group is exposed to equity price risk in relation to these investments. The management manages this exposure by reviewing the fair value of investments regularly.

Other price sensitivity

The sensitivity analysis below has been determined based on the exposure of equity instruments to price risks at the reporting date. If the market price of the equity instruments had been 15% higher while all other variables were held constant, the investments revaluation reserve for the year ended 30 June 2013 would increase by US$20,100. However, if the market price of the equity instruments had been 15% lower while all other variables were held constant, the profit for the year would decrease by US$109,100 when the drop is considered as an impairment.

34. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its trade receivables is generated from a limited number of customers of certain foreign countries. The top five customers of the Group accounted for about 46% (2013: 37%) of the Group's trade receivables as at 30 June 2014. The Group manages its credit risk by closely monitoring the granting of credit period and credit limit and follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds and deposit placed for a life insurance policy is limited because the counterparties are banks and financial institution with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

34. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The table includes both interest and principal cash flow. To the extent interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 3 months	4 to 6 months	7 to 9 months	10 to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount at 30 June
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2014								
Trade, bills and other payables	**-**	**14,236**	**355**	**32**	**-**	**-**	**14,623**	**14,623**
Obligations under finance leases	**5.10**	**4**	**4**	**4**	**4**	**55**	**71**	**64**
Bank borrowings at variable interest rate	**3.94**	**28,155**	**48**	**48**	**46**	**2,591**	**30,888**	**30,357**
		42,395	**407**	**84**	**50**	**2,646**	**45,582**	**45,044**
2013								
Trade, bills and other payables	-	21,170	32	-	-	-	21,202	21,202
Obligations under finance leases	5.53	4	4	4	4	74	90	79
Bank borrowings at variable interest rate	3.76	28,930	48	48	44	2,784	31,854	31,172
		50,104	84	52	48	2,858	53,146	52,453

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 30 June 2014 and 30 June 2013, the carrying amounts of these bank loans amounted to US$28,108,000 and US$28,879,000 respectively.

Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within five years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

34. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments

	Less than 3 months US$'000	4 to 6 months US$'000	7 to 12 months US$'000	Over 1 year US$'000	Total undiscounted cash outflows US$'000	Carrying amount US$'000
30 June 2014	**28,247**	**–**	**–**	**–**	**28,247**	**28,108**
30 June 2013	28,427	157	311	155	29,050	28,879

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of the available-for-sale investments traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

At 30 June 2013, the only financial instrument of the Group that was measured subsequent to initial recognition at fair value (fell under level 1 of the fair value hierarchy) was listed equity securities (available-for-sale financial assets), of which the fair value was derived from quoted bid prices in an active market.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

35. DIVIDEND

No dividend in respect of the year ended 30 June 2013 has been paid during the year. The directors of the Company do not recommend a dividend in respect of the year ended 30 June 2014.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2014 and 2013 were as follows:

Name of subsidiary	Place of incorporation or registration/operations	Issued and fully paid share capital	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
			2014	2013	
			%	%	
Advance Always Limited	British Virgin Islands	US$1	**100**	100	Investment holding
Eastcom, Inc.	United States of America	US$7,001,000	**100**	100	Wholesaling and distribution of computer components
Elite View Development Ltd.	Hong Kong	HK$1	**100**	100	Provision of services to group companies
Green Privado Asset Holdings LLC	United States of America	US$1	**100**	100	Property investment
i. Concept Inc.	Samoa	US$1	**100**	100	Investment holding
Pan Eagle Limited	British Virgin Islands	US$100	**100**	100	Investment holding
Pine Group Hong Kong Limited	Hong Kong	HK$2	**100**	100	Investment holding
Pine Group (North America) Limited	United Kingdom	Great Britain Pound 35,100	**100**	100	Investment holding
Pine Group Limited	British Virgin Islands	US$10,000 Common shares US$2,995,729 Class A shares	**100**	100	Investment holding
Pine Lab TW Co. Ltd. (note b)	Republic of China	New Taiwan dollar 1,000,000	**-**	100	Provision of research and development services
Pine Technology (Macao Commercial Offshore) Ltd	Macao	Patacas 100,000	**100**	100	Wholesaling and distribution of computer components
Pine Technology Limited	Hong Kong	HK$3	**100**	100	Wholesaling and distribution of computer components
Pine Technology (BVI) Limited (note c)	British Virgin Islands	US$10,000	**100**	100	Investment holding

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation or registration/operations	Issued and fully paid share capital	Proportion of nominal value of issued capital/registered capital held by the Company 2014 %	2013 %	Principal activities
Pineview Industries Limited (note d)	Hong Kong	HK$1,000 Ordinary shares and HK$2,400,000 Non-voting 5% deferred shares	**100**	100	Provision of production and other facilities to group companies
Samtack Inc.	Canada	CAD5 Common shares CAD2,041,250 Class A shares	**100**	100	Wholesaling and distribution of computer components
XFX Creation Inc.	British Virgin Islands	US$1	**100**	100	Trademarks holding
東莞嘉耀電子有限公司 (note a)	PRC	RMB26,265,224 contributed capital	**100**	100	Manufacturing of electronics and computer digital audio device

Notes:

(a) Subsidiaries in the PRC are wholly foreign owned enterprises.

(b) Pine Lab TW Co. Ltd. completed the liquidation process during the year ended 30 June 2014.

(c) The Company directly holds the entire interest in Pine Technology (BVI) Limited. The interests of all other companies are indirectly held by the Company.

(d) Deferred shares of the company amounting to HK$1,800,000 are not held by the Group. The deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the company. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the company only after the distribution of HK$1,000 million, as specified in the Articles of Association, to holders of ordinary shares.

The directors of the Company are of the opinions that a complete list of the particulars of all subsidiaries of the Company will be excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the result of the Group.

None of the subsidiaries had any debt securities outstanding at 30 June 2014 or at any time during the year.

Summarised Statement of Financial Position of the Company

	2014 US$'000	2013 US$'000
ASSETS AND LIABILITIES		
Investment of subsidiaries	**9,087**	9,087
Amounts due from subsidiaries	**39,526**	39,526
Other assets	**138**	118
	48,751	48,731
CAPITAL AND RESERVES		
Share capital	**11,852**	11,844
Share premium	**27,083**	27,063
Reserves	**9,816**	9,824
	48,751	48,731

Financial Summary

	Year ended 30 June				
	2010	2011	2012	2013	**2014**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
RESULTS					
Turnover	351,420	259,559	231,953	214,168	**233,705**
Cost of sales	(311,411)	(237,451)	(209,897)	(192,053)	**(213,962)**
Gross profit	40,009	22,108	22,056	22,115	**19,743**
Other income	287	314	361	872	**264**
Selling and distribution expenses	(9,355)	(7,789)	(7,825)	(6,950)	**(5,154)**
General and administrative expenses	(22,042)	(20,519)	(17,733)	(13,835)	**(12,887)**
Other gains and losses	(2,639)	1,495	783	910	**18**
Finance costs	(727)	(1,020)	(880)	(958)	**(956)**
Profit (loss) before tax	5,533	(5,411)	(3,238)	2,154	**1,028**
Income tax (expense) credit	(1,484)	232	(200)	(96)	**(219)**
Profit (loss) for the year	4,049	(5,179)	(3,438)	2,058	**809**

	As at 30 June				
	2010	2011	2012	2013	**2014**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
ASSETS, LIABILITIES AND EQUITY					
Total assets	153,364	120,934	128,276	129,021	**119,294**
Total liabilities	(72,581)	(46,370)	(56,782)	(57,346)	**(46,635)**
	80,783	74,564	71,494	71,675	**72,659**
Equity attributable to owners of the Company	80,783	74,564	71,494	71,675	**72,659**

PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
Stock Code 股份代號 1079
Annual Report 年報 2014
www.pinegroup.com

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