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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1079)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

CHAIRMAN'S STATEMENT

Fiscal 2015 was a challenging year. There was a 27% drop on revenue and 57% drop on gross profit. The revenue of PINE Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") was US$169,576,000, and the gross profit was US$8,510,000, compared to US$233,705,000 and US$19,743,000 respectively for the previous year. Net loss for the year was US$6,567,000, compared to net profit for the year was US$809,000 in prior year.

Business review

In the past year, the demand for PC remained weak. The US Dollars was very strong against almost every currency. That has a huge negative impact on our overall business. And the delay of the AMD 3 series release makes the competition even tougher. As a result, Pinegroup had a disappointing year.

Business outlook

Windows 10 was finally released in July. We also started to ship the new AMD 3 series graphics cards. This will re-ignite the upgrade cycle overall. But there are still political and financial instability in some regions. Coupled with the strong US dollar, we expect some weakness and uncertain factor in the overall business environment.

Chiu Hang Tai
Chairman

Hong Kong, 18 September 2015

* *For identification purpose only*

RESULTS

The board of directors of the Company is pleased to present the audited consolidated results of the Group for the year ended 30 June 2015, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	**2015** *US$'000*	2014 *US$'000*
Turnover	*2*	**169,576**	233,705
Cost of sales		**(161,066)**	(213,962)
Gross profit		**8,510**	19,743
Other income		**279**	264
Selling and distribution expenses		**(4,138)**	(5,154)
General and administrative expenses		**(10,908)**	(12,887)
Other gains and losses	*3*	**1,365**	18
Finance costs		**(874)**	(956)
(Loss) profit before tax		**(5,766)**	1,028
Income tax expense	*4*	**(801)**	(219)
(Loss) profit for the year	*5*	**(6,567)**	809
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(773)**	69
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries		**171**	(3)
Fair value gain on available-for-sale investments		**–**	148
Reclassification adjustment relating to disposal of available-for-sale investments		**–**	(59)
Other comprehensive (expense) income for the year		**(602)**	155
Total comprehensive (expense) income for the year		**(7,169)**	964
(Loss) earnings per share	*6*		
Basic (US cents)		**(0.71)**	0.09
Diluted (US cents)		**N/A**	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	2015 US$'000	2014 US$'000
Non-current assets			
Property, plant and equipment		**1,375**	5,191
Development costs		**205**	219
Trademarks		**278**	290
Deposit placed for a life insurance policy		**429**	413
Rental deposits		**58**	101
		2,345	6,214
Current assets			
Inventories		**42,669**	56,274
Trade and other receivables	7	**54,704**	44,737
Tax recoverable		**82**	4
Pledged bank deposits		**2,713**	2,702
Bank balances and cash		**8,677**	9,363
		108,845	113,080
Current liabilities			
Trade and other payables	8	**15,398**	14,870
Tax payable		**2,044**	1,344
Obligations under finance leases		**12**	13
Bank borrowings		**28,215**	28,158
		45,669	44,385
Net current assets		**63,176**	68,695
		65,521	74,909
Capital and reserves			
Share capital	9	**11,851**	11,851
Share premium and reserves	9	**53,639**	60,808
		65,490	72,659
Non-current liabilities			
Obligations under finance leases		**31**	51
Bank borrowings		**–**	2,199
		31	2,250
		65,521	74,909

Notes:

1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. They have been prepared on the historical cost basis at the end of each reporting period.

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the amendments to HKFRSs and the new Interpretation 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.

2. TURNOVER AND SEGMENT INFORMATION

Turnover

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

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

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

Group's brand products	–	manufacture and sales of 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.

	Group's brand products		Other brand products		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover						
External sales	**92,980**	110,164	**76,596**	123,541	**169,576**	233,705
Segment result	**(4,578)**	2,186	**529**	611	**(4,049)**	2,797
Interest income					**28**	27
Unallocated corporate expenses					**(871)**	(840)
Finance costs					**(874)**	(956)
(Loss) profit before tax					**(5,766)**	1,028

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$86,613,000 (2014: US$101,806,000). Others are derived from the sales of other computer components amounting to US$73,930,000 (2014: US$123,009,000) and sales of consumer electronic products and others amounting to US$9,033,000 (2014: US$8,890,000).

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	
	2015	2014	**2015**	2014
	US$'000	*US$'000*	***US$'000***	*US$'000*
Canada	**47,705**	95,722	**199**	353
United States	**64,434**	72,468	**74**	3,529
Asia	**43,638**	32,144	**1,034**	1,144
Others	**13,799**	33,371	**609**	775
	169,576	233,705	**1,916**	5,801

Note: Non-current assets exclude financial instruments.

Information about major customers

Included in revenue arising from sales of Group's brand products of US$92,980,000 (2014: other brand products of US$123,541,000) are revenue of US$11,611,000 (2014: US$18,278,000) which arose from sales to the Group's largest customer.

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

3. OTHER GAINS AND LOSSES

	2015	2014
	US$'000	*US$'000*
Other gains and losses include:		
Gain (loss) on disposal of property, plant and equipment	**1,498**	(19)
Gain on disposal of available-for-sale investments (reclassified from other comprehensive income upon disposal)	**–**	59
Reclassification of exchange reserve to profit or loss upon liquidation of subsidiaries *(note)*	**(171)**	3

Note:

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

4. INCOME TAX EXPENSE

	2015	2014
	US$'000	*US$'000*
Current tax		
Hong Kong Profits Tax	**7**	5
The People's Republic of China ("PRC") Enterprise Income Tax	**161**	122
Other jurisdictions	**674**	120
(Over)underprovision in prior years		
Hong Kong Profits Tax	**(2)**	(1)
PRC Enterprise Income Tax	**9**	16
Other jurisdictions	**(48)**	(43)
	801	219

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

PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits for both years.

Other jurisdictions mainly included the United States and Canada. Taxation arising in 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.

5. (LOSS) PROFIT FOR THE YEAR

	2015	2014
	US$'000	*US$'000*
(Loss) profit for the year has been arrived at after charging:		
Amortisation charges:		
Development costs (included in cost of sales)	**243**	798
Trademarks	**19**	15
Depreciation of property, plant and equipment	**499**	1,208

6. (LOSS) EARNINGS PER SHARE

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

	2015	2014
	US$'000	*US$'000*
(Loss) earnings for the year attributable to the owners of the Company	**(6,567)**	809
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**921,585**	921,498
Effect of dilutive potential ordinary shares in respect of share options	**N/A**	370
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**N/A**	921,868

No diluted loss per share for the year ended 30 June 2015 is presented as the exercise of the share options would result in a reduction in loss per share for the year ended 30 June 2015.

7. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 1 to 180 days (2014: 1 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	2015	2014
	US$'000	*US$'000*
1 to 30 days	**16,692**	14,331
31 to 60 days	**7,686**	7,692
61 to 90 days	**7,143**	5,428
Over 90 days	**22,466**	16,328
Trade receivables	**53,987**	43,779
Deposits, prepayments and other receivables	**717**	958
	54,704	44,737

8. TRADE AND OTHER PAYABLES

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

	2015	2014
	US$'000	*US$'000*
1 to 30 days	**4,417**	4,237
31 to 60 days	**5,108**	2,027
61 to 90 days	**1,443**	2,446
Over 90 days	**566**	2,818
Trade payables	**11,534**	11,528
Deposits in advance, accruals and other payables	**3,864**	3,342
	15,398	14,870

9. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Share capital *US$'000*	Share premium *US$'000*	Surplus account *US$'000*	Exchange reserve *US$'000*	Investments revaluation reserve *US$'000*	Share options reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*
At 1 July 2013	11,844	27,063	2,954	1,698	(89)	224	27,981	71,675
Profit for the year	–	–	–	–	–	–	809	809
Other comprehensive income (expense) for the year								
Exchange differences arising on translation of foreign operations	–	–	–	69	–	–	–	(69)
Reclassification of exchange reserve to profit or loss upon liquidation of a subsidiary	–	–	–	(3)	–	–	–	(3)
Fair value gain on available-for-sale investments	–	–	–	–	148	–	–	148
Reclassification adjustment relating to disposal of available-for-sale investments	–	–	–	–	(59)	–	–	(59)
	–	–	–	66	89	–	–	155
Total comprehensive income for the year	–	–	–	66	89	–	809	964
Transfer upon expiry of share options	–	–	–	–	–	(203)	203	–
Exercise of share options	7	20	–	–	–	(7)	–	20
At 30 June 2014	11,851	27,083	2,954	1,764	–	14	28,993	72,659
Loss for the year	–	–	–	–	–	–	(6,567)	(6,567)
Other comprehensive (expense) income for the year								
Exchange differences arising on translation of foreign operations	–	–	–	(773)	–	–	–	(773)
Reclassification of exchange reserve to profit or loss upon liquidation of a subsidiary	–	–	–	171	–	–	–	171
	–	–	–	(602)	–	–	–	(602)
Total comprehensive expense for the year	–	–	–	(602)	–	–	(6,567)	(7,169)
At 30 June 2015	**11,851**	**27,083**	**2,954**	**1,162**	**–**	**14**	**22,426**	**65,490**

DIVIDEND

The directors of the Company do not recommend a dividend for year ended 30 June 2015 (2014: Nil).

MANAGEMENT DISCUSS AND ANALYSIS

Liquidity, financial resources and charge of group asset

As at 30 June 2015, the Group's borrowings are short-term loans of US$28,215,000 (2014: comprised of short-term loans of US$28,158,000 and long-term loans of US$2,199,000). The aggregate borrowings of US$28,215,000 (2014: US$30,357,000) were secured by pledged bank deposits and deposit placed for a life insurance policy, guaranteed or by all assets of certain subsidiaries as floating charges to banks.

As at 30 June 2015, total pledged deposits, and all assets of certain subsidiaries as floating charges were amounted US$3,142,000 and US$30,167,000 respectively (2014: US$3,115,000 and US$34,313,000). The Group continued to maintain a healthy financial and cash position. As at 30 June 2015, the total cash on hand amounted US$8,677,000 (2014: US$9,363,000).

Capital structure

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

Significant investments and material acquisitions

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

Employee

As at 30 June 2015, the Group had 189 employees, a 16% decrease from 225 employees since 30 June 2014, 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$7,037,000 for the year ended 30 June 2015 as compared with that of US$8,420,000 for the preceding financial year.

Gearing ratio

As at 30 June 2015, the gearing ratio of the Group based on total liabilities over total assets was 41% (2014: 39%).

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 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 2015 (2014: Nil).

Segment information

Group's brand products

For the year, the segment's revenue decreased by 16% from US$110,164,000 to US$92,980,000, the segment's loss was US$4,578,000 (2014: the segment's profit was US$2,186,000). Going forward, we continue to develop the best products and deliver the best gaming experience to delight our loyal customers.

Other brand products

The turnover of the other brand products decreased by 38% from US$123,541,000 to US$76,596,000, the segment's profit was US$529,000 (2014: US$611,000). We strive to do better to react faster to the dynamics of the business environment.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the period, except for the deviations from Code Provision A.2.1 and A.4.2, details of which will be explained below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chiu Hang Tai assumes the role of both the Chairman and the Chief Executive Officer of the Group. The Company believes that this structure is conducive to strong and consistent leadership, enabling the Company to formulate and implement strategies efficiently and effectively. Under the supervision of the Board and its independent non-executive directors, a balancing mechanism exists so that the interests of shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change this structure.

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Bye-law provides that one-third of the directors, with the exception of Chairman or Deputy Chairman, Managing Director or joint Managing Director, shall retire from office by rotation at each annual general meeting. Notwithstanding the provisions of the Company's Bye-laws, the Company intends to comply with the Code Provision A.4.2 in the way of having one-third of all directors subject to retirement by rotation at each annual general meeting.

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 review of the consolidated financial statements of the Group for the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

Hong Kong, 18 September 2015

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