



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

INTERIM
REPORT | 2021
中期報告



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Zhang Sanhuo

(Chairman and Chief Executive Officer)

Mr. Chiu Hang Tai (Resigned with effect from
2 December 2020)

Mr. Chan Cheuk Ho

Independent Non-executive Directors

Mr. So Stephen Hon Cheung

Mr. Zhou Chunsheng

Mr. Tian Hong

Company Secretary

Mr. Chan Cheuk Ho

Authorised Representatives

Mr. Zhang Sanhuo

Mr. Chan Cheuk Ho

Audit Committee

Mr. So Stephen Hon Cheung *(Chairman)*

Mr. Zhou Chunsheng

Mr. Tian Hong

Remuneration Committee

Mr. So Stephen Hon Cheung *(Chairman)*

Mr. Zhang Sanhuo

Mr. Zhou Chunsheng

Mr. Tian Hong

Nomination Committee

Mr. Zhang Sanhuo *(Chairman)*

Mr. So Stephen Hon Cheung

Mr. Zhou Chunsheng

Mr. Tian Hong

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business

Unit 1201, 12/F.

148 Electric Road, North Point

Hong Kong

Principal Bankers

Bank of Communications (Hong Kong) Limited

Bank of China Guangdong Branch

Industrial and Commercial Bank of China

(Guangdong Provincial Branch)

Principal Share Registrar and Transfer Agent

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Independent Auditors

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Legal Adviser

As to Hong Kong Law:

Michael Li & Co Solicitors

Stock Code

1079

Website of the Company

www.pinegroup.com

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of PINE Technology Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2020 (the “**Period**”) together with the comparative figures for the corresponding period of the financial year ended 30 June 2020 and the relevant explanatory notes.

BUSINESS REVIEW

Revenue

Revenue for the Period decreased by approximately 89% compared to the corresponding period last year to approximately US\$8,652,000 as the 2019 Novel Coronavirus Disease (the “**COVID-19**”) pandemic exerted severe pressure on the turnover performance of the Group, especially on the segment of the Group’s brand products. During the Period, revenue from the Group’s brand products decreased from approximately US\$42,408,000 for the corresponding period last year to approximately US\$2,000. For the Period, the Group’s financial result was principally derived from the sales of other brand products (the “**Other Brand**”), computer software and hardware and system development (the “**System Development**”) and money lending service. Revenue from Other Brand, System Development and money lending service represented approximately 49.6%, 43.7% and 6.6% respectively of the Group’s total revenue for the Period (six months ended 31 December 2019: approximately 34%, 2.2% and 0.7% respectively).

During the Period, the Group continued to conduct Other Brand’s sales, however, under the tension between the People’s Republic of China (“**PRC**”) and the United States and the COVID-19 pandemic, the consumer sentiment has been dampened and the Group has adopted a conservative approach to avoid entering some potentially loss-making contracts. As a result, revenue recorded during the Period amounted to approximately US\$4,294,000 only, representing a decrease of approximately US\$22,019,000, or approximately 84%, as compared to the corresponding period last year of approximately US\$26,313,000. The Group continues to implement various measures to reduce operating costs and tightened procurement together with faster stock clearance to reduce inventory and strengthen liquidity.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Revenue (Continued)

During the Period, revenue from System Development was approximately US\$3,782,000, representing an approximate 114% increase compared to approximately US\$1,170,000 for the corresponding period last year. The increase was mainly due to strong performance of self-developed software. Despite the recessionary economic climate we have faced over the past year, the performance of this segment was satisfactory.

During the Period, the performance of the money lending service remained stable. The Directors will continue to adopt a prudent approach and conduct regular reviews of the composition of the loan portfolio and lending rates charged to each customer to maximise the return of this segment as well as diversify the credit risk.

Cost of Sales and Gross Profit

Cost of sales for the Period decreased by approximately 93% compared with the corresponding period last year to approximately US\$6,179,000. Compared with the corresponding period last year, the decrease was primarily due to the drastic drop of sales. Nevertheless, our gross profit margin improved as the percentage decrease in our cost of sales was higher than the percentage decrease of our revenue. Gross profit for the Period increased by approximately 147% compared with the corresponding period last year to approximately US\$2,473,000. The Group has turned gross loss in the six months ended 31 December 2019 to gross profit in the Period.

BUSINESS OUTLOOK

The COVID-19 pandemic caused severe disruption to economic activities worldwide and caused significant uncertainties in the current business environment. While COVID-19 caused short-term revenue and profitability challenges, the Board will continue to assess the impact of the COVID-19 pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The results of System Development were robust in the Period despite the impact of COVID-19. Going forward, the Group remains confident in the resilience of our business model and the pace of our developments. The Group will continue to focus on optimising our organizational structure, technological innovation and product enhancement, so as to provide our customers with the best user experiences. The Group strives to deliver sustainable business growth and brings solid returns to shareholders of the Company (the "**Shareholders**") and partners.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW

Review of results

For the Period, the Group's revenue was approximately US\$8,652,000, representing an approximate 89% decrease compared to that of approximately US\$77,389,000 in the corresponding period last year. Because of the further tightening on cost control, gross profit was approximately US\$2,473,000 as compared to the gross loss of approximately US\$5,275,000 in the corresponding period last year.

Operating expenses, including selling and distribution expenses, general and administrative expenses and finance costs, decreased by approximately US\$3,161,000, or approximately 40%, from approximately US\$7,947,000 in the corresponding period last year to approximately US\$4,786,000 during the Period. The decline of the operating expenses was mainly resulted from further tightened control on spending throughout the Period.

Loss attributable to owners of the Company amounted to approximately US\$1,340,000 for the Period, representing a significant decrease of approximately 89% compared to approximately US\$12,221,000 for the corresponding period last year.

Basic loss per share attributable to owners of the Company for the Period amounted to approximately US\$0.1 cents compared to approximately US\$0.92 cents for the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

Segment Information

Group's brand products

During the Period, the segment's revenue was approximately US\$2,000, representing an approximate 100% decrease compared to that of approximately US\$42,408,000 in the corresponding period last year. The segment's loss was approximately US\$1,527,000 as compared to a loss of approximately US\$10,842,000 in the corresponding period last year.

Other brand products

During the Period, the segment's revenue was approximately US\$4,294,000 as compared to that of approximately US\$26,313,000 in the corresponding period last year. The segment's loss was approximately US\$403,000 as compared to a profit of approximately US\$111,000 in the corresponding period last year.

Money lending service

During the Period, the segment's revenue was approximately US\$574,000, representing an approximate 4% increase compared to that of approximately US\$553,000 in the corresponding period last year. The segment's profit was approximately US\$1,404,000, representing an approximate 264% increase compared to that of approximately US\$386,000 in the corresponding period last year.

Trading business

During the Period, there was no revenue generated from this segment, compared to that of approximately US\$6,345,000 in the corresponding period last year. The segment's loss was approximately US\$6,000 as compared to a loss of approximately US\$122,000 in the corresponding period last year.

Computer software and hardware and system development

During the Period, the segment's revenue was approximately US\$3,782,000, representing an approximate 114% increase compared to that of approximately US\$1,770,000 in the corresponding period last year. The segment's profit was approximately US\$621,000 as compared to a loss of approximately US\$1,764,000 in the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

LIQUIDITY, FINANCIAL RESOURCES AND CHARGE ON GROUP ASSETS

During the Period, the Group continued to maintain a healthy liquidity position. The Group generally finances its operations with internally generated resources and banking facilities. The Group's cash and bank balances increased from approximately US\$4,252,000 as at 30 June 2020 to approximately US\$6,412,000 as at 31 December 2020. Bank borrowings increased from approximately US\$702,000 as at 30 June 2020 to approximately US\$1,902,000 as at 31 December 2020.

As at 31 December 2020, trade and other receivables with carrying amount of approximately US\$491,000 (30 June 2020: approximately US\$96,000) are pledged to secure general banking facilities granted to the Group.

The Group has total current assets of approximately US\$25,489,000 as at 31 December 2020 and approximately US\$22,053,000 as at 30 June 2020. The Group's total current liabilities amounted to approximately US\$8,506,000 as at 31 December 2020 and approximately US\$5,510,000 as at 30 June 2020.

The Group's current ratio, defined as total current assets over total current liabilities, decreased from 4 as at 30 June 2020 to 3 as at 31 December 2020.

As at 31 December 2020, the gearing ratio of the Group based on total liabilities over total assets was approximately 24% (30 June 2020: approximately 17%).

The Group continued to maintain a healthy financial and cash position. The Company did not carry out any fund raising activities by issuing new shares of the Company during the first six months of this financial year.

TREASURY POLICIES

The Group financed its operations by internally generated cash flows and banking facilities provided by its bankers. The Group continues to maintain a prudent approach in managing its financial requirements.

SHARE CAPITAL AND CAPITAL STRUCTURE OF THE COMPANY

As at 31 December 2020, the Company had 1,326,701,739 ordinary shares (the "Shares") of HK\$0.1 each in issue (30 June 2020: 1,326,701,739 Shares).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in the United States, Canada, the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi (“RMB”) and United States dollars. The fluctuations in currency exchange rates for the Period did not adversely affect the Group’s operations or liquidity. During the Period, the Group has not entered into any hedging arrangements. However, the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND/OR DISPOSALS

There was no significant investment held by the Group, nor was there any material acquisition and/or disposal of subsidiaries, associates and joint ventures during the Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND MATERIAL ACQUISITIONS AND/OR DISPOSALS

The Group did not have any plan for material investments or capital assets and/or material acquisitions and/or disposals as at 31 December 2020.

EMPLOYEES

As at 31 December 2020, the Group had 107 employees, representing an approximate 29% decrease from 151 employees as at 30 June 2020, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff cost, including Directors’ emoluments, was approximately US\$3,968,000 for the Period as compared with that of approximately US\$4,452,000 for the corresponding period last year.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2020 (30 June 2020: Nil).

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the Period (six months ended 31 December 2019: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company or 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 of Hong Kong Limited (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 of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions:

Ordinary shares of HK\$0.10 each (the "Share(s)") of the Company

| Name of Company | Name of Director | Nature of Interest | Number of issued Shares held | Approximate percentage of the issued share capital of the Company |
|----------------------------------|------------------|------------------------|------------------------------|---|
| PINE Technology Holdings Limited | Zhang Sanhuo | Controlled corporation | 714,163,680 (Note 1) | 53.83% |

Note:

- These underlying Shares are beneficially owned by and registered in the name of Sage Global Holdings Limited ("Sage Global"), which is a company incorporated in the British Virgin Islands ("BVI") and its entire issued share capital is wholly and beneficially owned by South Pearl Ventures Limited ("South Pearl"), and South Pearl is in turn wholly and beneficially owned by Mr. Zhang Sanhuo, an executive Director, the chairman (the "Chairman") and chief executive officer of the Company (the "Chief Executive Officer"). As at 31 December 2020, all the issued Shares held by Sage Global were pledged as security for facilities granted to Sage Global.

OTHER INFORMATION (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Long positions in the underlying Shares:

| Name of Director | Nature of Interest | Number of underlying Shares held | Approximate percentage of the issued share capital of the Company |
|-------------------|--------------------|----------------------------------|---|
| Mr. Zhang Sanhuo | Beneficial owner | 16,860,000 (Note 1) | 1.27% |
| Mr. Chan Cheuk Ho | Beneficial owner | 19,260,000 (Note 2) | 1.45% |

Notes:

1. These underlying Shares are held by Mr. Zhang Sanhuo, an executive Director, the Chairman and Chief Executive Officer, as share options of the Company which entitle him to subscribe for 6,000,000 Shares at an exercise price of HK\$0.83 per Share and 10,860,000 shares at an exercise price of HK\$0.46 per Share.
2. These underlying Shares are held by Mr. Chan Cheuk Ho, an executive Director, as share options of the Company which entitle him to subscribe for 6,000,000 Shares at an exercise price of HK\$0.83 per Share and 13,260,000 shares at an exercise price of HK\$0.46 per Share.

Save as disclosed above, as at 31 December 2020, 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.

OTHER INFORMATION (Continued)

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 31 December 2020, 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 company | Name of substantial shareholder | Capacity | Number of issued shares held | Position | Approximate percentage of the issued share capital of the company | |
|--|---|------------------------|---|-------------|---|--------|
| PINE Technology Holdings Limited | Sage Global | Beneficial owner | 714,163,680 | Long | 53.83% | |
| | | | (Note 1) | | | |
| | | | | 714,163,680 | Short | 53.83% |
| | | | | (Note 1) | | |
| | South Pearl | Controlled corporation | | 714,163,680 | Long | 53.83% |
| | | | | (Note 1) | | |
| | | | | 714,163,680 | Short | 53.83% |
| | | | | (Note 1) | | |
| | Hammer Capital Private Investments Limited | | Person having a security interest in shares | 714,163,680 | Long | 53.83% |
| | | | | (Note 2) | | |
| Cheung Siu Fai | | Controlled corporation | 714,163,680 | Long | 53.83% | |
| | | | (Note 2) | | | |
| Tsang Ling Kay Rodney | | Controlled corporation | 714,163,680 | Long | 53.83% | |
| | | | (Note 2) | | | |
| PINE Technology (BVI) Limited (Note 3) | Simply Perfect Group Limited ("Simply Perfect") | Beneficial owner | 1,725 | Long | 15% | |
| | (Note 4) | | | | | |
| | Chiu Hang Tai (Note 5) | Controlled corporation | 1,725 | Long | 15% | |
| | | | (Note 4) | | | |

OTHER INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (Continued)

Notes:

1. Sage Global beneficially owns 714,163,680 Shares. Sage Global is wholly and beneficially owned by South Pearl. South Pearl is in turn wholly and beneficially owned by Mr. Zhang Sanhuo, an executive Director, the Chairman and Chief Executive Officer. As at 31 December 2020, all the Shares held by Sage Global were pledged as security for facilities granted to Sage Global.
2. Hammer Capital Private Investments Limited, a company incorporated in the BVI with limited liability, is owned as to 50% by Mr. Cheung Siu Fai and 50% by Mr. Tsang Ling Kay Rodney, respectively.
3. PINE Technology (BVI) Limited is a subsidiary of the Company and is owned as to 85% by the Company and 15% by Simply Perfect.
4. The shares are beneficially owned by and registered in the name of Simply Perfect which was incorporated in the BVI and 41% of its share capital is beneficially owned by Mr. Chiu Hang Tai, a former executive Director. Mr. Chiu Hang Tai is deemed to be interested in the shares held by Simply Perfect by virtue of the SFO. Mr. Chiu Hang Tai has resigned as executive Director with effect from 2 December 2020.
5. Mr. Chiu Hang Tai and his wife, Madam Leung Sin Mei, both beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited ("**Pineview Industries**"), a subsidiary of the Company as at 31 December 2020. 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 Pineview Industries. In the event of winding up of Pineview Industries, the holders of the deferred shares are entitled to distribution out of the remaining assets of Pineview Industries only after the distribution of HK\$1,000 million, as specified in the articles of association of Pineview Industries, to holders of the ordinary shares.

Save 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 31 December 2020.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was adopted by the Company pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 22 November 2013 for the purpose of providing incentives or reward to the Directors, eligible employees or any persons who have contributed or may contribute to the Group. The Share Option Scheme was amended pursuant to the resolution passed by the Shareholders on 15 November 2018 and the Directors considered that the amendment to the Share Option Scheme was in line with Rule 17.04(1) of the Listing Rules. Please refer to the circular of the Company dated 16 October 2018 and the announcement of the Company dated 15 November 2018 for further information in relation to the amendment to the Share Option Scheme. Unless otherwise cancelled or amended, the Share Option Scheme will expire on 21 November 2023.

Share options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1 per share option. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during the respective effective period of the Share Option Scheme to be notified by the Board which shall not be later than 10 years from the date of grant. The exercise price is determined by the Directors, and will not be less than the highest of the closing price of the Shares on the Stock Exchange on the date of grant, the average closing price of the Shares on the Stock Exchange for the 5 business days immediately preceding the date of grant, and the nominal value of the Share on the date of grant.

OTHER INFORMATION (Continued)

SHARE OPTION SCHEME (Continued)

On 28 November 2019, an ordinary resolution was duly passed by the Shareholders at an annual general meeting of the Company, approving, inter alia, the refreshment of the scheme mandate limit under the Share Option Scheme. Upon the refreshment of the scheme mandate limit, the Company may grant share options entitling holders thereof to subscribe for up to a maximum number of 132,670,173 Shares, representing approximately 10% of the number of issued Shares as at the date of the annual general meeting. Please refer to the circular of the Company dated 29 October 2019 and the announcement of the Company dated 28 November 2019 for further details of the refreshment of the scheme mandate limit.

Details of the share options outstanding under the Share Option Scheme at the beginning and at the end of the Period to subscribe for the shares in the Company are as follows:

| Granted to | Position(s) held in the Company | Date of grant | Validity period (both dates inclusive) | Exercisable period (both dates inclusive) | Exercise price HK\$ | Number of | Number of |
|------------------|--|------------------|---|--|---------------------------|---|--|
| | | | | | | share options outstanding as at 1 July 2020 | share options outstanding as at 31 December 2020 |
| Mr. Zhang Sanhuo | Chairman and Chief Executive Officer | 22.9.2017 | 22.9.2017 to 21.9.2027 | 33.33% 22.9.2017 to 21.9.2027; 33.33% 22.9.2018 to 21.9.2027; and 33.34% 22.9.2019 to 21.9.2027 | 0.83 | 6,000,000 | 6,000,000 |
| | | 12.12.2018 | 12.12.2018 to 11.12.2028 | 50% 12.12.2018 to 11.12.2028; and 50% 12.12.2019 to 11.12.2028 | 0.46 | 10,860,000 | 10,860,000 |

OTHER INFORMATION (Continued)

SHARE OPTION SCHEME (Continued)

| Granted to | Position(s) held in the Company | Date of grant | Validity period (both dates inclusive) | Exercisable period (both dates inclusive) | Exercise price HK\$ | Number of share options outstanding as at 1 July 2020 | Number of share options outstanding as at 31 December 2020 |
|-------------------|---------------------------------|---------------|---|---|------------------------|---|--|
| Mr. Chan Cheuk Ho | Executive Director | 22.9.2017 | 22.9.2017 to 21.9.2027 | 33.33% 22.9.2017 to 21.9.2027; 33.33% 22.9.2018 to 21.9.2027; and 33.34% 22.9.2019 to 21.9.2027 | 0.83 | 6,000,000 | 6,000,000 |
| | | 12.12.2018 | 12.12.2018 to 11.12.2028 | 50% 12.12.2018 to 11.12.2028; and 50% 12.12.2019 to 11.12.2028 | 0.46 | 13,260,000 | 13,260,000 |
| Other grantees | Consultants | 12.12.2018 | 12.12.2018 to 11.12.2028 | 50% 12.12.2018 to 11.12.2028; and 50% 12.12.2019 to 11.12.2028 | 0.46 | 36,520,000 | 36,520,000 |
| Total | | | | | | <u>72,640,000</u> | <u>72,640,000</u> |

Save as disclosed above, no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 31 December 2020.

OTHER INFORMATION (Continued)

SHARE OPTION SCHEME (Continued)

For the six months ended 31 December 2020, no share-based payment expense has been recognised (31 December 2019: approximately US\$440,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

PROFIT GUARANTEE

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. Throughout the Period, 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 of the CG Code, details of which are explained below.

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

OTHER INFORMATION (Continued)

CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

As Mr. Zhang Sanhuo is the Chairman and the Chief Executive Officer from 3 January 2018, it has constituted a deviation from code provision A.2.1 of the CG Code since 3 January 2018. The positions of the Chairman and Chief Executive Officer are held by Mr. Zhang Sanhuo who has extensive knowledge about the management. The Company believes that this structure is conducive to strong and consistent leadership, enabling the Company to formulate and implement strategies efficiently and effectively. Under the supervision of the Board and its independent non-executive Directors, a balancing mechanism exists so that the interests of the Shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change this structure.

Under code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Under the bye-laws 111 and 114 of the bye-laws (the “Bye-laws”) of the Company, one-third of the Directors, with the exception of Chairman or Deputy Chairman, Managing Director or joint Managing Director, are subject to retirement by rotation and re-election at annual general meeting of the Company. New Directors appointed by the Board to fill a casual vacancy during any year are required to retire and submit themselves for election at the first general meeting immediately following their appointments. Notwithstanding the provisions of the Bye-laws, the Company intends to comply with the code provision A.4.2 of the CG Code by way of having one-third of all the Directors, including those appointed for a specific term, subject to retirement by rotation at each annual general meeting at least once every three years.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed below, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period and up to the date of this report:

| Name of Directors | Details of Changes |
|--|---|
| Mr. Chan Cheuk Ho (<i>executive Director</i>) | Appointed as an independent non-executive director of Wai Chun Bio-Technology Limited, a company listed on the Stock Exchange (Stock Code: 660), with effect from 6 November 2020 |
| Mr. Tian Hong (<i>independent non-executive Director</i>) | Appointed as an independent non-executive director of Green Leader Holdings Group Limited, a company listed on the Stock Exchange (Stock Code: 61), with effect from 10 August 2020 |

OTHER INFORMATION (Continued)

RESIGNATION OF EXECUTIVE DIRECTOR

As disclosed in the announcement of the Company dated 2 December 2020, Mr. Chiu Hang Tai resigned from his position as an executive Director with effect from 2 December 2020.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standards as set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 9 November 1999 with written terms of reference amended and became effective on 9 January 2019. The Audit Committee comprised the three independent non-executive Directors, namely Mr. So Stephen Hon Cheung (chairman of the Audit Committee), Mr. Zhou Chunsheng and Mr. Tian Hong. The Audit Committee together with the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal controls and financial reporting matters (including a review of the Group’s unaudited condensed consolidated interim financial statements for the Period).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

By Order of the Board
PINE Technology Holdings Limited
Zhang Sanhuo
Chairman

Hong Kong, 25 February 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

| | | Six months ended | |
|---|-------|-----------------------|-----------------|
| | | 31 December | |
| | | 2020 | 2019 |
| | Notes | US\$'000 | US\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 3 | 8,652 | 77,389 |
| Cost of sales | | <u>(6,179)</u> | <u>(82,664)</u> |
| Gross profit/(loss) | | 2,473 | (5,275) |
| Other income | | 162 | 358 |
| Other gains and losses, net | | 978 | (1,351) |
| Selling and distribution expenses | | (170) | (1,783) |
| General and administrative expenses | | (4,524) | (5,951) |
| Finance costs | | <u>(92)</u> | <u>(213)</u> |
| Loss before income tax | 4 | (1,173) | (14,215) |
| Income tax expense | 5 | <u>(39)</u> | <u>(193)</u> |
| Loss for the period | | <u>(1,212)</u> | <u>(14,408)</u> |
| Other comprehensive income/(loss) | | | |
| <i>Item that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | <u>485</u> | <u>(139)</u> |
| Total comprehensive loss for the period | | <u>(727)</u> | <u>(14,547)</u> |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 31 December 2020

| | Six months ended | |
|---|-------------------------|--------------------|
| | 31 December | |
| | 2020 | 2019 |
| Notes | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| (Loss)/profit for the period attributable to: | | |
| Owners of the Company | (1,340) | (12,221) |
| Non-controlling interests | 128 | (2,187) |
| | <u>(1,212)</u> | <u>(14,408)</u> |
| Total comprehensive (loss)/income for the period | | |
| attributable to: | | |
| Owners of the Company | (913) | (12,339) |
| Non-controlling interests | 186 | (2,208) |
| | <u>(727)</u> | <u>(14,547)</u> |
| Loss per share | | |
| | 7 | |
| Basic and diluted (US cents) | <u>(0.10)</u> | <u>(0.92)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

| | | 31 December 2020 US\$'000 (Unaudited) | 30 June 2020 US\$'000 (Audited) |
|---|----|--|--|
| Non-current assets | | | |
| Property, plant and equipment | | 478 | 556 |
| Right-of-use assets | | 400 | 240 |
| Goodwill | | 7,985 | 7,985 |
| Intangible assets | | 11,113 | 11,855 |
| Rental deposits | | 94 | – |
| | | <u>20,070</u> | <u>20,636</u> |
| Current assets | | | |
| Inventories | | – | 335 |
| Trade and other receivables | 8 | 7,450 | 7,256 |
| Loan receivables | 9 | 10,489 | 9,888 |
| Contract assets and contract costs | | 929 | 102 |
| Contingent consideration | | 208 | 208 |
| Tax recoverable | | 1 | 12 |
| Bank balances and cash | | 6,412 | 4,252 |
| | | <u>25,489</u> | <u>22,053</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 2,428 | 3,734 |
| Contract liabilities | | 218 | 140 |
| Loan from a director | | 3 | 391 |
| Loan from a non-controlling shareholder of a subsidiary | | 4,205 | – |
| Tax payable | | 224 | 203 |
| Lease liabilities | | 211 | 340 |
| Bank borrowings | | 1,217 | 702 |
| | | <u>8,506</u> | <u>5,510</u> |
| Net current assets | | <u>16,983</u> | <u>16,543</u> |
| Total assets less current liabilities | | <u>37,053</u> | <u>37,179</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 31 December 2020

| | 31 December 2020 US\$'000 (Unaudited) | 30 June 2020 US\$'000 (Audited) |
|--|--|--|
| Non-current liabilities | | |
| Lease liabilities | 193 | – |
| Bank borrowings | 685 | – |
| Deferred tax liabilities | 1,667 | 1,944 |
| | <u>2,545</u> | <u>1,944</u> |
| NET ASSETS | <u>34,508</u> | <u>35,235</u> |
| Capital and reserves | | |
| Share capital | 17,045 | 17,045 |
| Reserves | 10,874 | 11,787 |
| | <u>27,919</u> | <u>28,832</u> |
| Equity attributable to owners of the Company | 27,919 | 28,832 |
| Non-controlling interests | 6,589 | 6,403 |
| | <u>34,508</u> | <u>35,235</u> |
| TOTAL EQUITY | <u>34,508</u> | <u>35,235</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

| | Attributable to owners of the Company | | | | | | | | |
|--|---------------------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------------|---|-------------------|---------------------------------------|-------------------|
| | Share capital US\$'000 | Share premium US\$'000 | Surplus account US\$'000 | Exchange reserve US\$'000 | Share options reserve US\$'000 | Retained profits/ (Accumulated losses) US\$'000 | Total US\$'000 | Non-controlling interests US\$'000 | Total US\$'000 |
| At 1 July 2019 (audited) | 17,045 | 58,306 | 2,954 | 263 | 1,996 | (34,564) | 46,000 | 6,133 | 52,133 |
| Loss for the period | - | - | - | - | - | (12,221) | (12,221) | (2,187) | (14,408) |
| Other comprehensive loss for the period | - | - | - | (118) | - | - | (118) | (21) | (139) |
| Total comprehensive loss for the period | - | - | - | (118) | - | (12,221) | (12,339) | (2,208) | (14,547) |
| Recognition of equity-settled share-based payments | - | - | - | - | 440 | - | 440 | - | 440 |
| At 31 December 2019 (unaudited) | 17,045 | 58,306 | 2,954 | 145 | 2,436 | (46,785) | 34,101 | 3,925 | 38,026 |
| At 1 July 2020 (audited) | 17,045 | 58,306 | 2,954 | (27) | 2,436 | (51,882) | 28,832 | 6,403 | 35,235 |
| Loss for the period | - | - | - | - | - | (1,340) | (1,340) | 128 | (1,212) |
| Other comprehensive income for the period | - | - | - | 427 | - | - | 427 | 58 | 485 |
| Total comprehensive loss for the period | - | - | - | 427 | - | (1,340) | (913) | 186 | (727) |
| At 31 December 2020 (unaudited) | 17,045 | 58,306 | 2,954 | 400 | 2,436 | (53,222) | 27,919 | 6,589 | 34,508 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

| | Six months ended | |
|--|---------------------|---------------------|
| | 31 December | |
| | 2020 | 2019 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Net cash used in operating activities | (2,547) | (3,576) |
| Net cash used in investing activities | – | (77) |
| Net cash generated from financing activities | <u>4,502</u> | <u>2,278</u> |
| Net increase/(decrease) in cash and cash equivalents | 1,955 | (1,375) |
| Cash and cash equivalents at 1 July | 4,252 | 6,845 |
| Effect of foreign exchange rate changes | <u>205</u> | <u>(47)</u> |
| Cash and cash equivalents at 31 December | <u>6,412</u> | <u>5,423</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

I. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda and its shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of the Company’s principal place of business in Hong Kong is Unit 1201, 12/F., 148 Electric Road, North Point, Hong Kong.

The principal activities of the Group are the manufacturing and sales of high-quality computer components, consumer electronic products and others, provision of money lending service, trading business and computer software and hardware and system development business. The Company is an investment holding company.

The condensed consolidated interim financial statements are presented in United States dollars (“**US\$**”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standards (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2020.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the Period are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.

Adoption of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the Period, the Group has adopted all the following new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2020 for the preparation of the Group’s condensed consolidated interim financial statements. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); HKAS; and the Interpretations:

| | |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and the accounts reported for the six months ended 31 December 2020 (the “Period”) and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the board of Directors (being the chief operating decision maker (“CODM”)) for the purposes of resources allocation and performance assessment are as follows:

| | | |
|---|---|---|
| Group’s brand products | – | manufacture and sales of market video graphics cards and other computer components under the Group’s brand name |
| Other brand products | – | distribution of other manufacturers’ computer components and consumer electronic products and others |
| Money lending service | – | money lending service in Hong Kong |
| Trading business | – | trading of chemical products in the PRC |
| Computer software and hardware and system development | – | provision of computer software and hardware and system development service in the PRC |

For management purpose, the Group is organised into business units based on their products and services. The management of the Group monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the condensed consolidated statement of profit or loss.

For the purposes of monitoring segment performance and allocating resources between segments, the CODM also reviews other segment information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's unaudited revenue and results for the Period and its comparatives are as follows:

2020

| | Group's brand products US\$'000 (Unaudited) | Other brand products US\$'000 (Unaudited) | Money lending service US\$'000 (Unaudited) | Trading business US\$'000 (Unaudited) | Computer software and hardware and system development US\$'000 (Unaudited) | Consolidated US\$'000 (Unaudited) |
|--------------------------------|---|--|--|--|--|---|
| REVENUE | <u>2</u> | <u>4,294</u> | <u>574</u> | <u>-</u> | <u>3,782</u> | <u>8,652</u> |
| SEGMENT RESULT | <u>(1,527)</u> | <u>(403)</u> | <u>1,404</u> | <u>(6)</u> | <u>621</u> | 89 |
| Interest income | | | | | | 1 |
| Unallocated corporate expenses | | | | | | (1,186) |
| Finance costs | | | | | | <u>(77)</u> |
| Loss before income tax | | | | | | <u>(1,173)</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

2019

| | Group's brand products US\$'000 (Unaudited) | Other brand products US\$'000 (Unaudited) | Money lending service US\$'000 (Unaudited) | Trading business US\$'000 (Unaudited) | Computer software and hardware and system development US\$'000 (Unaudited) | Consolidated US\$'000 (Unaudited) |
|--------------------------------|---|--|--|--|--|---|
| REVENUE | <u>42,408</u> | <u>26,313</u> | <u>553</u> | <u>6,345</u> | <u>1,770</u> | <u>77,389</u> |
| SEGMENT RESULT | <u>(10,842)</u> | <u>111</u> | <u>386</u> | <u>(122)</u> | <u>(1,764)</u> | <u>(12,231)</u> |
| Interest income | | | | | | 2 |
| Unallocated corporate expenses | | | | | | (1,773) |
| Finance costs | | | | | | <u>(213)</u> |
| Loss before income tax | | | | | | <u>(14,215)</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

4. LOSS BEFORE INCOME TAX

| | Six months ended | |
|--|------------------|-------------|
| | 31 December | |
| | 2020 | 2019 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| Loss before income tax has been arrived at after charging/(crediting): | | |
| Impairment losses on amount due from a joint venture | – | 113 |
| Impairment losses on development costs | – | 56 |
| Impairment losses on property, plant and equipment | – | – |
| Impairment losses on trademarks | – | 6 |
| Amortisation of intangible assets | 741 | 740 |
| Depreciation and amortisation | 203 | 513 |
| Reversal of impairment loss on trade receivable | (206) | – |
| | <u>741</u> | <u>1322</u> |

5. INCOME TAX EXPENSE

| | Six months ended | |
|--------------------------------|------------------|-------------|
| | 31 December | |
| | 2020 | 2019 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Unaudited) |
| The charge/(credit) comprises: | | |
| Hong Kong Profits Tax | 1 | 2 |
| The PRC enterprise income tax | 161 | – |
| Other jurisdictions | 10 | 312 |
| | <u>172</u> | <u>314</u> |
| Deferred tax | (133) | (121) |
| | <u>39</u> | <u>193</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

5. INCOME TAX EXPENSE (Continued)

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

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Other jurisdictions mainly included the United States. Taxation arising in other jurisdictions (of which the United States is at 30% (2019: 30%)) is calculated at the rates prevailing in the respective jurisdictions.

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

Pursuant to the Offshore Law of the Macao Special Administrative Region (“**Macao**”), 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.

6. DIVIDEND

No dividend was paid or proposed for the Period (six months ended 31 December 2019: Nil). The Directors do not recommend a dividend in respect of the Period (six months ended 31 December 2019: Nil).

7. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the Period attributable to owners of the Company of approximately US\$1,340,000 (six months ended 31 December 2019: approximately US\$12,221,000) and the weighted average number of ordinary shares of 1,326,702,000 (six months ended 31 December 2019: 1,326,702,000) in issue during the Period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the Period (six months ended 31 December 2019: anti-dilutive).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

8. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 1 to 180 days (30 June 2020: 1 to 180 days) to its trade customers. The aged analysis of trade receivables, net of allowance for doubtful debt, presented based on the invoice date at the end of the reporting period is as follows:

| | 31 December | 30 June |
|---|--------------------|-------------|
| | 2020 | 2020 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Audited) |
| 1 to 30 days | 7 | 3,357 |
| 31 to 60 days | – | 1,357 |
| 61 to 90 days | – | 269 |
| Over 90 days | 1,924 | 713 |
| | <hr/> | <hr/> |
| Trade receivables, net | 1,931 | 5,696 |
| Deposits, prepayments and other receivables | 5,519 | 1,560 |
| | <hr/> | <hr/> |
| | 7,450 | 7,256 |
| | <hr/> <hr/> | <hr/> <hr/> |

Trade and other receivables with carrying amount of approximately US\$491,000 (30 June 2020: approximately US\$96,000) are pledged to secure general banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

9. LOAN RECEIVABLES

| | 31 December 2020 US\$'000 (Unaudited) | 30 June 2020 US\$'000 (Audited) |
|-----------------------------|--|--|
| Fixed-rate loan receivables | <u>10,489</u> | <u>9,888</u> |

Unsecured loan receivables carry fixed-rate interest of 12% per annum (30 June 2020: 12% per annum) and with maturity of one year (30 June 2020: one year). All amounts of principal will be receivable on respective maturity dates.

Before accepting any new borrower, the Group carries out research on the creditability of the new borrower, assesses the potential customer's credit quality and defines loan terms with the borrower. The credit of the borrowers granted with loans is reviewed once a year.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER PAYABLES

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

| | 31 December | 30 June |
|-----------------------------|--------------------|--------------|
| | 2020 | 2020 |
| | US\$'000 | US\$'000 |
| | (Unaudited) | (Audited) |
| 1 to 30 days | 82 | 737 |
| 31 to 60 days | 94 | 7 |
| 61 to 90 days | - | - |
| Over 90 days | 775 | 4 |
| | <hr/> | <hr/> |
| Trade payables | 951 | 748 |
| Accruals and other payables | 1,477 | 2,986 |
| | <hr/> | <hr/> |
| | 2,428 | 3,734 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

