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 2022

The board (the "**Board**") of directors (the "**Director(s)**") of PINE Technology Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") presents the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 June 2022 (the "**Year**") and the audited consolidated statement of financial position of the Group as at 30 June 2022 together with the comparative figures for the year ended 30 June 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	**2022** ***US$'000***	2021 *US$'000*
Revenue	2	**7,817**	12,219
Cost of sales		**(6,067)**	(7,827)
Gross profit		**1,750**	4,392
Other income		**62**	250
Other (losses)/gains, net	3	**(169)**	967
Impairment loss on goodwill		**(5,640)**	–
Selling and distribution expenses		**(286)**	(285)
General and administrative expenses		**(4,259)**	(7,287)

* *For identification purposes only*

	Notes	**2022**	2021
		US$'000	*US$'000*
Operating loss		**(8,542)**	(1,963)
Finance costs		**(95)**	(162)
Loss before income tax		**(8,637)**	(2,125)
Income tax credit	4	**194**	34
Loss for the year	5	**(8,443)**	(2,091)
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(125)**	385
Foreign currency translation reserve reclassified to profit or loss upon dissolution of subsidiaries		**13**	(136)
Total other comprehensive (loss)/income for the year		**(112)**	249
Total comprehensive loss for the year		**(8,555)**	(1,842)
Loss for the year attributable to:			
Owners of the Company		**(8,220)**	(2,524)
Non-controlling interests		**(223)**	433
		(8,443)	(2,091)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(8,340)**	(2,298)
Non-controlling interests		**(215)**	456
		(8,555)	(1,842)
Loss per share	6		
Basic and diluted (US cents)		**(0.62)**	(0.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Notes	2022 US$'000	2021 US$'000
Non-current assets			
Property, plant and equipment		**215**	391
Right-of-use assets		**86**	282
Goodwill		**2,345**	7,985
Intangible assets		**8,907**	10,380
Rental deposits		**–**	94
		11,553	19,132
Current assets			
Trade and other receivables	7	**762**	4,729
Loan receivables	8	**2,436**	10,539
Contract assets and contract costs		**925**	431
Tax recoverable		**–**	1
Bank balances and cash		**14,313**	4,784
		18,436	20,484
Current liabilities			
Trade and other payables	9	**2,467**	1,852
Contract liabilities		**86**	677
Loan from a director		**218**	–
Tax payable		**200**	349
Lease liabilities		**91**	200
Bank borrowings		**753**	881
		3,815	3,959
Net current assets		**14,621**	16,525
Total assets less current liabilities		**26,174**	35,657

	Note	2022 US$'000	2021 US$'000
Non-current liabilities			
Lease liabilities		**–**	91
Bank borrowings		**–**	616
Deferred tax liabilities		**1,336**	1,557
		1,336	2,264
NET ASSETS		**24,838**	33,393
Capital and reserves			
Share capital	10	**17,045**	17,045
Reserves		**1,149**	9,489
Equity attributable to owners of the Company		**18,194**	26,534
Non-controlling interests		**6,644**	6,859
TOTAL EQUITY		**24,838**	33,393

Notes:

1. BASIS OF PREPARATION AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments at fair value through profit or loss which is carried at its fair values.

Adoption of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. 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 consolidated financial statements and amounts reported for the current year and prior years.

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

2. REVENUE AND SEGMENT INFORMATION

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 organized into five operating divisions, which are the sales of Group's brand products; sales of other brand products; money lending service; trading business and provision of computer software and hardware and system development service. These five 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 Operating Segments 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
Money lending service	–	money lending service in Hong Kong (ceased business after the reporting period)
Trading business	–	trading business in the People's Republic of China (the "**PRC**")
Computer software and hardware and system development service	–	provision of computer software and hardware and system development service in the PRC

The Group's revenue is analysed as follows:

	2022	2021
	US$'000	*US$'000*
Sales of Group's brand products	**–**	2
Sales of other brand products	**–**	4,294
Provision for computer software and hardware and system development service	**6,638**	6,760
Revenue from contracts with customers	**6,638**	11,056
Interest income from money lending service	**1,179**	1,163
Total revenue	**7,817**	12,219

Disaggregation of revenue from contracts with customers:

For the year ended 30 June 2022

	Computer software and hardware and system development service *US$'000*	**Consolidated** *US$'000*
Major products/services		
Provision for computer software and hardware and system development service	6,638	6,638
Total	6,638	6,638
Timing of revenue recognition		
Over time	6,638	6,638
Total	6,638	6,638

For the year ended 30 June 2021

	Group's brand products *US$'000*	Other brand products *US$'000*	Computer software and hardware and system development service *US$'000*	Consolidated *US$'000*
Major products/services				
Sales of market video graphics cards	2	–	–	2
Sales of other computer components	–	4,294	–	4,294
Provision for computer software and hardware and system development service	–	–	6,760	6,760
Total	2	4,294	6,760	11,056
Timing of revenue recognition				
At a point in time	2	4,294	1,859	6,155
Over time	–	–	4,901	4,901
Total	2	4,294	6,760	11,056

Sales of Group's brand products and other brand products

The Group manufactures and sells market video graphics cards, other computer components, consumer electronic products and other products under the Group's brand products and other brand products. Sales are recognised when control of the products is transferred, being when the products are delivered to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The products are sold with volume discounts based on aggregate sales over a 12-month period, if any. Revenue from these sales is recognised based on the prices specified in the contracts, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method. A contract liability is recognised for the expected volume discounts payable to customers in relation to the sales made.

Sales to customers are normally made with credit terms from 90 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision for computer software and hardware and system development service

The Group provides computer software and hardware and system development service to the customers. When the progress towards complete satisfaction of the performance obligations of computer software and hardware and system development service contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the surveys of work performed. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of computer software and hardware and system development service contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

Some system integration contracts include multiple deliverables, such as the installation of hardware and software. If the installation is simple, does not include an integration service and could be performed by another party, it is accounted for as a separate performance obligation.

If a contract includes the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

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

For the year ended 30 June 2022

	Group's brand products *US$'000*	**Other brand products** *US$'000*	**Money Lending Service** *US$'000*	**Trading business** *US$'000*	**Computer software and hardware and system development service** *US$'000*	**Consolidated** *US$'000*
REVENUE						
External sales	**–**	**–**	**–**	**–**	**6,638**	**6,638**
Loan interest income	**–**	**–**	**1,179**	**–**	**–**	**1,179**
	–	**–**	**1,179**	**–**	**6,638**	**7,817**
SEGMENT RESULT	**(424)**	**–**	**1,140**	**(2)**	**(7,502)**	**(6,788)**
Interest income						**3**
Unallocated corporate expenses						**(1,757)**
Finance costs						**(95)**
Loss before income tax						**(8,637)**

For the year ended 30 June 2021

	Group's brand products *US$'000*	Other brand products *US$'000*	Money Lending Service *US$'000*	Trading business *US$'000*	Computer software and hardware and system development service *US$'000*	Consolidated *US$'000*
REVENUE						
External sales	2	4,294	–	–	6,760	11,056
Loan interest income	–	–	1,163	–	–	1,163
	2	4,294	1,163	–	6,760	12,219
SEGMENT RESULT	(2,314)	(1,010)	993	(268)	1,153	(1,446)
Interest income						10
Unallocated corporate expenses						(527)
Finance costs						(162)
Loss before income tax						(2,125)

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

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

For the year ended 30 June 2022

	Group's brand products *US$'000*	**Computer software and hardware and system development service** *US$'000*	**Consolidated** *US$'000*
Reversal of impairment loss on trade and other receivables, net	**–**	**(24)**	**(24)**
Impairment loss on goodwill	**–**	**5,640**	**5,640**
Amortisation of intangible assets	**–**	**1,473**	**1,473**
Depreciation of right-of-use assets	**65**	**–**	**65**
Depreciation of property, plant and equipment	**–**	**22**	**22**

For the year ended 30 June 2021

	Group's brand products *US$'000*	Trading business *US$'000*	Computer software and hardware and system development service *US$'000*	Consolidated *US$'000*
Impairment loss/(reversal of impairment loss) on prepayment, trade and other receivables, net	–	256	(457)	(201)
Amortisation of intangible assets	1	–	1,473	1,474
Depreciation of right-of-use assets	117	–	–	117
Depreciation of property, plant and equipment	–	–	21	21
Fair value change in contingent consideration	–	–	208	208

Geographical information

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

	Revenue by external customers		Non-current assets	
	2022	2021	**2022**	2021
	US$'000	*US$'000*	***US$'000***	*US$'000*
Canada	**–**	14	**–**	–
The United States	**–**	4,282	**–**	–
Asia	**7,817**	7,923	**11,553**	19,038
	7,817	12,219	**11,553**	19,038

Information about major customers

	2022	2021
	US$'000	*US$'000*
Sales of other brand products		
Customer A	**–**	4,143
Provision for computer software and hardware and system development service		
Customer B	**394**	1,520
Customer C	**2,242**	1,443
	2,636	7,106

* Customer A and Customer B did not contribute over 10% of the Group' s revenue for the year ended 30 June 2022, the figures shown above were for comparative purpose only.

3. OTHER (LOSSES)/GAINS, NET

	2022	2021
	US$'000	*US$'000*
Reversal of impairment loss on trade and other receivables, net	**24**	201
Foreign exchange (loss)/gain, net	**(203)**	838
Fair value change in contingent consideration	**–**	(208)
Gain on dissolution of subsidiaries	**10**	136
	(169)	967

4. INCOME TAX CREDIT

	2022	2021
	US$'000	*US$'000*
Current tax		
Hong Kong Profits Tax	**27**	5
The PRC enterprise income tax	**–**	160
Withholding tax on PRC dividend income	**–**	188
	27	353
Deferred tax	**(221)**	(387)
Income tax credit	**(194)**	(34)

For the years ended 30 June 2021 and 2022, Hong Kong Profits Tax is calculated under two-tier profit tax rate regime. First HK$2 millions 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 have 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 members of the Group operate, based on existing legislation, interpretation and practices in respect thereof.

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

5. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2022	2021
	US$'000	*US$'000*
Amortisation on intangible assets:		
Trademarks	**–**	1
Customer relationship	**1,473**	1,473
Auditor's remuneration	**162**	221
Cost of inventories sold	**–**	4,313
Depreciation of property, plant and equipment	**181**	181
Depreciation of right-of-use assets	**196**	349
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	**3,774**	5,778
Retirement benefits scheme contributions	**152**	203
	3,926	5,981
Interest income on bank deposits	**(3)**	(10)
Short-term lease expenses	**171**	373

6. 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 year attributable to owners of the Company of approximately US$8,220,000 (2021: approximately US$2,524,000) and the weighted average number of ordinary shares of 1,326,702,000 (2021: 1,326,702,000) in issue during the Year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2021 and 2022.

7. TRADE AND OTHER RECEIVABLES

	2022	2021
	US$'000	*US$'000*
Current		
Trade receivables	**230**	3,081
Less: allowance for doubtful debts	**(30)**	(54)
Trade receivables, net	**200**	3,027
Deposits, prepayments and other receivables	**562**	1,702
	762	4,729
Non-current		
Deposits	**–**	94
	762	4,823

The Group allows a credit period of 1 to 180 days (2021: 1 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowances for doubtful debt, presented based on invoice date:

	2022	2021
	US$'000	*US$'000*
1 to 30 days	**30**	1,515
31 to 60 days	**–**	20
61 to 90 days	**–**	56
Over 90 days	**170**	1,436
	200	3,027

Reconciliation of loss allowance for trade receivables:

	2022	2021
	US$'000	*US$'000*
At beginning of year	**54**	496
Increase in loss allowance for the year	**30**	–
Reversal of loss allowance for the year	**(54)**	(457)
Amount written-off	**–**	(20)
Exchange adjustments	**–**	35
At end of year	**30**	54

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Over 30 days past due**	**Over 60 days past due**	**Over 90 days past due**	**Total**
As at 30 June 2022					
Weighted average expected loss rate	**–**	**–**	**–**	**15%**	
Receivable amount *(US$'000)*	**30**	**–**	**–**	**200**	**230**
Loss allowance *(US$'000)*	**–**	**–**	**–**	**30**	**30**
As at 30 June 2021					
Weighted average expected loss rate	–	–	–	4%	
Receivable amount *(US$'000)*	1,515	20	56	1,490	3,081
Loss allowance *(US$'000)*	–	–	–	54	54

Trade receivables with carrying amount of approximately US$Nil (2021: approximately US$185,000) are pledged to secure general banking facilities granted to the Group.

8. LOAN RECEIVABLES

	2022	2021
	US$'000	*US$'000*
Fixed-rate loan receivables	**2,436**	10,539

Unsecured loan receivables carry fixed-rate interest of 8% per annum (2021: 12% per annum) and with maturity of one year (2021: one year). All amounts of principal will be receivable on respective maturity dates.

As at 30 June 2022, the amount of loans receivables due from the largest borrower was approximately US$658,000 (2021: approximately US$988,000).

As at 30 June 2022, there were only four borrowers in total in relation to the loans receivables, representing 100% of loans receivables (2021: the five largest borrowers account for 45% of the entire loan receivables amount).

The Group has credit policies, guidelines, procedures, and a credit risk management committee in place which cover key internal controls of a loan transaction, including (i) background check, (ii) credit assessment, (iii) proper execution of documentations, (iv) continuous monitoring of the credit risk exposure, and (v) recovery and collection of loan.

Before granting any loan, the Group carries out background check on the new borrower and assesses the potential customer's creditworthiness and defines loan terms with borrower. After loans are granted, there will be continuous monitoring on the repayments from borrowers and regular review on credit limit of the loan granted and market value of the collateral pledged.

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 of the Company believe that there is no allowance or impairment required.

Up to the date of this announcement, all loan receivables as at 30 June 2022 were fully settled from the borrowers.

9. 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:

	2022	2021
	US$'000	*US$'000*
1 to 30 days	**32**	239
61 to 90 days	**180**	–
Over 90 days	**1,659**	455
Trade payables	**1,871**	694
Accruals and other payables	**596**	1,158
	2,467	1,852

The average credit period on purchases of goods is 30 to 60 days (2021: 30 to 60 days).

10. SHARE CAPITAL

	Number of shares	Amounts	US$ equivalent
		HK$'000	*US$'000*
Ordinary shares of HK$0.1 each:			
Authorised			
As at 1 July 2020, 30 June 2021 and 30 June 2022	2,000,000,000	200,000	25,747
Issued and fully paid			
As at 1 July 2020, 30 June 2021 and 30 June 2022	1,326,701,739	132,670	17,045

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 of the Company (the "**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, net of cash and cash equivalents, and equity attributable to the owners of the Company, comprising issued share capital, share premium and reserves.

The Directors review the capital structure periodically taking into account 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.

11. DIVIDEND

No dividend had been paid or proposed for both years presented. The Directors do not recommend a dividend in respect of the year ended 30 June 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the Year, the Group's revenue principally derived from the provision of computer software and hardware and system development service and interest income derived from money lending services.

The Group's revenue was approximately US$7,817,000 for the Year, representing an approximate 36% decrease compared to that of approximately US$12,219,000 last year. The decrease was mainly due to the impact of the recurring pandemic and the Group proactively adjusts its business through strengthening the selection of customers to ensure that quality customers are best served.

Cost of Sales and Gross Profit

Cost of sales mainly represents costs incurred from the provision of computer software and hardware and system development services for the Year.

The Group's cost of sales amounted to approximately US$6,067,000 for the Year, representing an approximate 22% decrease as compared to that of approximately US$7,827,000 last year.

The gross profit margin of approximately 22% for the Year was lower comparing to the gross profit margin of approximately 36% last year. The drop is mainly due to a decrease in the sales of self-developed products which have a higher gross profit margin and an increase in the provision of software maintenance services which have a lower gross profit margin compared to the self-developed products.

Other Income

Other income mainly represents income incidental to our business, principally including sundry income, bank interest income and government subsidy.

Other income, amounted to approximately US$62,000 for the Year, represents approximately a 75% decrease when compared with approximately US$250,000 last year.

Other Losses or Gains, net

Other losses of the Group were approximately US$169,000 for the Year as compare to other gains of approximately US$967,000 last year. The change was mainly due to foreign exchange loss incurred and decrease in the reversal of impairment loss on trade and other receivables for the Year.

Impairment Loss on Goodwill

The impairment loss on goodwill of approximately US$5,640,000 recorded for the Year (2021: Nil) was mainly related to the impairment loss on goodwill of a PRC subsidiary, which provides computer software and hardware and system development services (the "**Impaired Operations**"). The Impaired Operations were acquired by the Group in 2018. However, the business of the said PRC subsidiary was heavily affected by the on-going pandemic and was unable to achieve the growth rate forecast for the Year. Hence, based on the valuation carried out by an independent professional valuer, the recoverable amount of the Impaired Operations has been adjusted and resulted in the impairment loss on goodwill for the Year.

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly payroll expenses. The selling and distribution expenses for the Year and last year were approximately US$286,000 and approximately US$285,000 respectively.

General and Administrative Expenses

General and administrative expenses comprised mainly payroll expenses, depreciation of right-of-use assets, amortisation of intangible assets and other office administrative expenses. General and administrative expenses decreased from approximately US$7,287,000 last year to approximately US$4,259,000 for the Year, representing a decrease of approximately 42%. The lower general and administrative expenses for the Year were recorded mainly due to tighten cost controls over payroll expenses throughout the Year.

Finance Costs

Finance costs decreased from approximately US$162,000 last year, to approximately US$95,000 for the Year, primarily due to a decrease in interest payment on the interest-bearing loan from a non-controlling Shareholder for the Year.

Loss for the Year

The Group recorded a loss attributable to the owners of the Company for the Year of approximately US$8,220,000 and approximately US$2,524,000 for last year respectively.

Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks in Hong Kong and the PRC.

The Group has maintained its funds at a sound and healthy financial resource level. The Group's net current assets and equity attributable to owners of the Company as of 30 June 2022 were approximately US$14,621,000 and approximately US$18,194,000 respectively (2021: approximately US$16,525,000 and approximately US$26,534,000). As of 30 June 2022, net current assets included bank balances and cash totalling approximately US$14,313,000 (30 June 2021: approximately US$4,784,000).

The Group's outstanding bank borrowings as of 30 June 2022 amounted to approximately US$753,000 (30 June 2021: approximately US$1,497,000), with a great decrease of approximately 50% as compared with that of last year.

The Group has maintained a healthy balance sheet with net cash and bank balances (total cash and bank balances less total bank borrowings) of approximately US$13,560,000 (2021: approximately US$3,287,000) as of 30 June 2022.

The current ratio, being the ratio of current assets to current liabilities, was approximately 4.83 times as of 30 June 2022 (2021: approximately 5.17 times).

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 Year.

Pledge of Group's assets

The Group did not have any charge on assets for the Year (2021: trade receivables with carrying amount of approximately US$185,000 were pledged to secure general banking facilities granted to the Group).

Share Capital and Capital Structure of the Company

As at 30 June 2022, the Company had 1,326,701,739 ordinary shares of HK$0.10 each in issue (2021: 1,326,701,739 Share).

Gearing Ratio

As at 30 June 2022, the gearing ratio of the Group based on total liabilities over total assets was approximately 17% (2021: approximately 16%).

Foreign Exchange Exposure

The Group's monetary assets, liabilities and transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The Group regularly reviews the balances of assets and liabilities and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign currency risk. During the Year, no financial instruments had been used for hedging purpose. The Directors are of the view that the transactional exposure of the Group in currencies other than the functional currencies is maintained at an acceptable level.

Final Dividends

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

Business Review

During the Year, the 2019 novel coronavirus disease (the "**COVID-19**") pandemic was still raging, and the global spread of COVID-19 coronavirus variants has deeply affected consumer and business behavior. As a results, the Group's business recorded a slowdown for the Year. Moreover, trade and political relationship between the United States ("**US**") and the PRC has been intensified, slowing down the economic growth of many countries, including the PRC. These factors brought a negative impact in overall market sentiment and the Group's financial performance of the Year was adversely affected.

Group's brand products

During the Year, there was no segment revenue as compared to that of approximately US$2,000 last year. The segment's loss was reduced to approximately US$424,000, compared to that of approximately US$2,314,000 last year.

Other brand products

During the Year, there was no segment revenue as compared to that of approximately US$4,294,000 last year. There was no segment loss as compared to a loss of approximately US$1,010,000 last year.

Money lending service

For the Year, the segment's revenue was approximately US$1,179,000, representing an approximate 1% increase compared to approximately US$1,163,000 last year. The segment's profit was approximately US$1,140,000, representing an approximate 15% increase, compared to last year's profit of approximately US$993,000.

As disclosed in the Company's announcements dated 9 September 2022, due to the negative impact of the COVID-19 on the global economic environment, the management of the Group anticipates an increasing threat of a rise in loan defaults and delinquent payments which enhances credit risk, and thus had not been confident in providing money lending service. Since 30 June 2022, the Group has not entered into any new loan agreement and/or arrangement with its customers. Having considered (i) the Group being exposed to greater credit risk under the adverse economic environment; (ii) all loan receivables as of 30 June 2022 having been fully settled; and (iii) opportunities for other more profitable businesses, the Board has decided not to renew the money lender's licence (the "**Licence**") held by one of its subsidiaries, which has been expired on 29 September 2022, and has resolved to discontinue the provision of the money lending service segment.

Trading business

There was no revenue generated from this segment during the Year and last year. The segment's loss was approximately US$2,000, representing an approximate 99% decrease, compared to last year's loss of approximately US$268,000.

Computer software and hardware and system development service

Due to the on-going pandemic, the business in this segment slowed down and was unable to achieve the growth rate forecast for the Year. Based on the valuation carried out by an independent professional valuer, the recoverable amount of this segment has been adjusted and resulted in the impairment loss on goodwill for the Year.

For the Year, the segment's revenue was approximately US$6,638,000, representing an approximate 2% decrease compared to approximately US$6,760,000 last year. The gross profit margin decreased from approximately 45% last year to approximately 9% for the Year. As a result, a segment profit of approximately US$1,153,000 last year turned into a segment loss of approximately US$7,502,000 for the Year. The segment loss mainly represents the net effect of loss arising from this segment of approximately US$389,000 and other loss arising from business combination including amortisation of intangible assets of approximately US$1,473,000 and recognition of impairment loss on goodwill of approximately US$5,640,000.

The COVID-19 pandemic affected the performance of this segment. In light of the poor economic sentiments in the PRC, which is our major market, our customers prefer to keep their budget for maintaining their normal operation instead of using that on new development or upgrade of their software system. Thus, the number and project amount of new projects were reduced. Except those necessary maintenance contracts, customers have less motivation to commence new program, upgrade existing system or acquire new hardware. From time to time the lock down and social distancing measures in different cities in the PRC has also affected the progress of the programs on hand. The staff has to take much longer time to complete certain workdone than that of usual which in turn increased the cost incurred.

Business Outlook

Looking ahead to the coming year, the continuous outbreak of the COVID-19 pandemic around the world, together with the upward trend of the global interest rate, and with many uncertainties created by the outbreak of Russo-Ukrainian War, it would be very challenging to both the PRC and the overseas economic and market environment.

The Board believes that although the impact of the pandemic has caused great disturbance, the Company will be able to cope with such challenges by consolidating our resources and making efforts to adjust.

Under the trade and political conflicts between the US and the PRC, the performance of our sales of the Group's brand and other brand products was not satisfactory in the past two years. Even though no revenue was made for these two segments during the Year, the Board considered that the downturn is temporary only. The Group will continue to review its existing business from time to time and take appropriate measures to tackle any possible impacts, and will also explore the opportunities in developing other computer products and/or different markets.

Taking into consideration that there are a lot of political and economical uncertainties, we will run the business on a prudent way in the coming year. Moreover, the Group will also continuously seek potential opportunities to expand and develop our business further to other markets by seeking partners which can potentially assist the Group in various aspects to achieve this goal.

Significant Investments and Material Acquisitions and/or Disposals

There was no significant investment held by the Group, nor were there any material acquisitions and/or disposals of subsidiaries, associates and joint ventures during the Year.

Employees and Remuneration Policy

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions, individual performance, qualification, experience and the remuneration policies, which are reviewed on a regular basis.

As at 30 June 2022, the Group had 111 employees, including 1 executive Director and 3 independent non-executive Directors, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff costs, including directors' emoluments, were approximately US$3,926,000 for the Year as compared with that of approximately US$5,981,000 last year.

Capital Commitment and Contingent Liabilities

The Group had no material capital commitment and contingent liabilities as at 30 June 2022 (2021: Nil).

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the Directors' knowledge as at the date of this announcement, the Company has maintained a sufficient public float throughout the Year and as at the date of this announcement.

Events after the reporting period

As disclosed above, due to the negative impact of the COVID-19 on the global economic environment, the management of the Group anticipates an increasing threat of a rise in loan defaults and delinquent payments which enhances credit risk, and thus had not been confident in providing the money lending service. Having considered (i) the Group being exposed to greater credit risk under the adverse economic environment; (ii) all loan receivables as of 30 June 2022 having been fully settled; and (iii) opportunities for other more profitable businesses, the Board has decided not to renew the Licence, which has been expired on 29 September 2022, and has resolved to discontinue the provision of the money lending service segment.

Save as disclosed above, the Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

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 second anniversary of the completion date of the said acquisition (i.e. 23 July 2018) (the "**3rd Profit Guarantee Period**") shall not be less than HK$16.5 million (the "**3rd Guaranteed Profit**").

As disclosed in the announcement of the Company dated 12 November 2021, the audited consolidated profit after tax of the Eternal Abundant Group for the 3rd Profit Guarantee Period was not less than HK$16.5 million. Therefore, the 3rd Guaranteed Profit has been met.

ANNUAL GENERAL MEETING

The annual general meeting (the "**AGM**") of the Company is expected to be held on 30 November 2022. The notice of AGM will be sent to the Shareholders at least 20 clear business days before AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has received confirmation of independence from each of the independent non-executive Directors, namely Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong in accordance with Rule 3.13 of the Listing Rules. The Board has reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired as at the date of this announcement.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles set out with the code provisions in the Corporate Governance Code (the "**Old CG Code**") previously contained in Appendix 14 to the Listing Rules. On 1 January 2022, the amendments to the Corporate Governance Code (the "**New CG Code**") came into effect and the requirements under the New CG Code will apply to corporate governance reports for financial year commencing on or after 1 January 2022.

The Board is of the view that throughout the Year, the Company has complied with all the code provisions as set out in the Old CG Code, save and except for code provisions A.2.1 and A.4.2 of the Old CG Code (equivalent to C.2.1 and B.2.2 of the New CG Code), details of which are set out below:

Pursuant to the code provision A.2.1 of the Old CG Code (equivalent to C.2.1 of the New 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.

As Mr. Zhang Sanhuo is the chairman (the "**Chairman**") and the chief executive officer (the "**Chief Executive Officer**") of the Company from 3 January 2018, it constituted a deviation from code provision A.2.1 of the Old CG Code (equivalent to C.2.1 of the New 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 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.

All Directors, including the independent non-executive Directors, are appointed for a fixed term of two years. Under code provision A.4.2 of the Old CG Code (equivalent to B.2.2 of the New 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 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 Old CG Code (equivalent to B.2.2 of the New 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.

COMPLIANCE WITH THE MODEL CODE FOR 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 as the code of conduct regarding directors' securities transaction. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they had complied with the required standards set out in 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The main duties of the audit committee (the "**Audit Committee**") of the Company 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 two meetings to review the annual financial results and report in respect of the Year, the interim results and report for the six months ended 31 December 2021 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met with the Company's auditors twice during the Year for the purpose of reviewing the Company's financial reports and accounts.

PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.irasia.com/listco/hk/pine*) and the 2022 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 September 2022

As at the date of this announcement, the executive Director is Mr. Zhang Sanhuo; and the independent non-executive Directors are Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong.