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PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1079)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Director(s)**”) 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 2023 (the “**Period**”) together with the comparative figures for the corresponding period in 2022 and the relevant explanatory notes.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Notes	For the six months ended	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited) (Restated) (Notes 1 & 7)
Continuing operations			
Revenue	3	127,559	10,792
Cost of sales		<u>(126,069)</u>	<u>(9,026)</u>
Gross profit		1,490	1,766
Other income		26	215
Other gains and losses, net		1,051	(4,500)
Gain/(loss) on disposal of subsidiaries	11	57,412	(1,183)
Selling and distribution expenses		(340)	(696)
General and administrative expenses		<u>(7,346)</u>	<u>(14,676)</u>

* For identification purposes only

		For the six months ended	
		31 December	
		2023	2022
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited) (Restated) (Notes 1 & 7)
Operating profit/(loss)		52,293	(19,074)
Finance costs		<u>(78)</u>	<u>(123)</u>
Profit/(loss) before income tax		52,215	(19,197)
Income tax (expenses)/credit		<u>(372)</u>	<u>867</u>
Profit/(loss) for the period from continuing operations		51,843	(18,330)
Discontinued operation			
Loss for the period from discontinued operation		<u>–</u>	<u>(102)</u>
Profit/(loss) for the period		51,843	(18,432)
Other comprehensive income/(expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on transition of foreign operations		401	(1,536)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		<u>1,346</u>	<u>1</u>
Total other comprehensive income/(expense) for the period		1,747	(1,535)
Total comprehensive income/(expense) for the period		<u>53,590</u>	<u>(19,967)</u>

		For the six months ended	
		31 December	
		2023	2022
Notes		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited) (Restated) (Notes 1 & 7)
Profit/(loss) for the period attributable to:			
Owners of the Company			
	– From continuing operations	52,458	(17,654)
	– From discontinued operation	<u>–</u>	<u>(102)</u>
		52,458	(17,756)
Non-controlling interests			
	– From continuing operations	<u>(615)</u>	<u>(676)</u>
		<u>51,843</u>	<u>(18,432)</u>
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company			
	– From continuing operations	54,210	(19,192)
	– From discontinued operation	<u>–</u>	<u>(102)</u>
		54,210	(19,294)
Non-controlling interests			
	– From continuing operations	<u>(620)</u>	<u>(673)</u>
		<u>53,590</u>	<u>(19,967)</u>
Earnings/(loss) per share from continuing and discontinued operations			
	Basic and diluted (<i>HK\$</i>)	8 <u>0.040</u>	<u>(0.013)</u>
Earnings/(loss) per share from continuing operations			
	Basic and diluted (<i>HK\$</i>)	<u>0.040</u>	<u>(0.013)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December 2023 <i>HK\$'000</i> (Unaudited)	As at 30 June 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		261	108
Right-of-use assets		966	1,474
Intangible assets		6	6
Rental deposits		–	537
		<u>1,233</u>	<u>2,125</u>
Current assets			
Inventories		–	19
Trade and other receivables	9	1,091	6,314
Contract assets and contract costs		–	408
Tax recoverable		260	631
Bank balances and cash		91,735	98,109
		<u>93,086</u>	<u>105,481</u>
Current liabilities			
Trade and other payables	10	1,808	16,008
Contract liabilities		–	496
Loan from a director		584	286
Tax payable		424	2,566
Lease liabilities		1,000	1,023
Bank borrowings		–	521
		<u>3,816</u>	<u>20,900</u>
Net current assets		<u>89,270</u>	<u>84,581</u>
Total assets less current liabilities		<u>90,503</u>	<u>86,706</u>

	Notes	As at 31 December 2023 <i>HK\$'000</i> (Unaudited)	As at 30 June 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		–	476
Bank borrowings		–	846
		<hr/>	<hr/>
		–	1,322
		<hr/>	<hr/>
NET ASSETS		90,503	85,384
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital		132,670	132,670
Reserves		(42,183)	(96,393)
		<hr/>	<hr/>
Equity attributable to owners of the Company		90,487	36,277
Non-controlling interests		16	49,107
		<hr/>	<hr/>
TOTAL EQUITY		90,503	85,384
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. 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 head office and principal place of business in Hong Kong is Unit B, 12/F., Central 88, 88–98 Des Voeux Road Central, Central, Hong Kong.

The principal activities of the Group are the manufacture and sales of market video graphics cards and other computer components under the Group’s brand name, distribution of other manufacturers’ computer components and, consumer electronic products and others, trading business and provision of computer software and hardware and system development service. The Company is an investment holding company.

During the year ended 30 June 2023, a subsidiary of the Company, which involved in money lending business, did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong since then. Therefore, the Group classified the results of money lending business as discontinued operation. Details in relation to such discontinued operation are set out in note 7.

Change of Presentation Currency

The Company’s functional currency is Hong Kong Dollars (“**HKD**”) since majority of the activities of the Company are conducted in HKD. In prior years, United States Dollar (“**USD**”) was regarded as the presentation currency of the Group’s consolidated financial statements. During the year ended 30 June 2023, the Directors have decided to adopt HKD as the presentation currency for the consolidated financial statements of the Group. Having considered that the Company’s shares are listed on the Stock Exchange and are traded in HKD, the Directors believe that the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group’s financial performance. As such, the Directors believe that it is more appropriate to adopt HKD as its presentation currency for the consolidated financial statements of the Group.

The change in presentation currency of the Group was applied retrospectively, as if the new presentation currency had always been applied. The retrospective change of the presentation currency of the Group has had no material effects on the financial positions of the Group as at 30 June 2022 and 1 July 2021 and its financial performance for the six months ended 31 December 2022.

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 for the Period 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 the 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 2023.

The accounting policies and methods of computation used in the unaudited 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 2023.

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

During the Period, 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 or after 1 July 2023. HKFRSs comprise Hong Kong Financial Reporting 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 Period and prior periods.

The Group has not applied any 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.

3. REVENUE AND SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the Board (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 ^{Note 1} (discontinued operation)
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

Note 1: During the year ended 30 June 2023, the Company’s subsidiary did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong. Therefore, the Group classified the results of the money lending business as discontinued operation. Details in relation to such discontinued operation are set out in note 7.

The segment information reported as below does not include any results of the discontinued operation.

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.

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

2023

	Continuing operations				Consolidated HK\$'000 (Unaudited)
	Group's brand products HK\$'000 (Unaudited)	Other brand products HK\$'000 (Unaudited)	Trading business HK\$'000 (Unaudited)	Computer software and hardware and system development service HK\$'000 (Unaudited)	
REVENUE	<u>–</u>	<u>101,363</u>	<u>24,965</u>	<u>1,231</u>	<u>127,559</u>
SEGMENT RESULTS	<u>(11)</u>	<u>938</u>	<u>204</u>	<u>(1,510)</u>	<u>(379)</u>
Interest income					26
Gain on disposal of subsidiaries (Note 11)					57,412
Unallocated corporate expenses					(4,766)
Finance costs					<u>(78)</u>
Profit before income tax from continuing operations					<u>52,215</u>

2022

	Continuing operations				Consolidated HK\$'000 (Unaudited) (Restated)
	Group's brand products HK\$'000 (Unaudited) (Restated)	Other brand products HK\$'000 (Unaudited) (Restated)	Trading business HK\$'000 (Unaudited) (Restated)	Computer software and hardware and system development service HK\$'000 (Unaudited) (Restated)	
REVENUE	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,792</u>	<u>10,792</u>
SEGMENT RESULTS	<u>–</u>	<u>–</u>	<u>(1)</u>	<u>(7,403)</u>	<u>(7,404)</u>
Interest income					15
Loss on disposal of subsidiaries (Note 11)					(1,183)
Unallocated corporate expenses					(10,502)
Finance costs					<u>(123)</u>
Loss before income tax from continuing operations					<u>(19,197)</u>

4. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period from continuing operations is stated after charging/(crediting) the following:

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Amortisation of intangible assets	–	5,778
Auditor's remuneration	480	400
Depreciation of property, plant and equipment	49	694
Depreciation of right-of-use assets	509	554
Interest income on bank deposits	(26)	(15)
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	4,884	10,401
Retirement benefits scheme contributions	132	497
	<u>5,016</u>	<u>10,898</u>

5. INCOME TAX EXPENSE/(CREDIT)

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Current tax:		
The PRC enterprise income tax	372	–
Deferred tax	–	(867)
Income tax expense/(credit)	<u>372</u>	<u>(867)</u>

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.

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.

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.

6. DIVIDEND

No dividend was paid or proposed for the Period (six months ended 31 December 2022: Nil). The Directors do not recommend a dividend in respect of the Period (six months ended 31 December 2022: Nil).

7. DISCONTINUED OPERATION

During the year ended 30 June 2023, the Company's subsidiary did not renew its money lender license which expired on 29 September 2022 and ceased to be a licensed money lender in Hong Kong. Therefore, the Group classified the results of the money lending business as discontinued operation.

The financial results of the money lending business for the Period have been presented separately as a single line item in the unaudited condensed consolidated statement of the profit or loss and other comprehensive income for the Period.

For details concerning the discontinued operation, please refer to the announcement published by the Company on 9 September 2022.

The details for the period from discontinued operation is set out below.

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
General and administrative expenses	—	(102)
Loss for the period	<u>—</u>	<u>(102)</u>

9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 1 to 180 days (30 June 2023: 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:

	As at 31 December 2023 <i>HK\$'000</i> (Unaudited)	As at 30 June 2023 <i>HK\$'000</i> (Audited)
1 to 30 days	–	757
31 to 60 days	–	764
61 to 90 days	–	–
Over 90 days	–	1,958
	<hr/>	<hr/>
Trade receivables, net	–	3,479
Deposits, prepayments and other receivables	1,091	2,835
	<hr/>	<hr/>
	1,091	6,314
Non-current		
Rental deposits	–	537
	<hr/>	<hr/>
	1,091	6,851
	<hr/> <hr/>	<hr/> <hr/>

No trade and other receivables were pledged to secure general banking facilities granted to the Group (30 June 2023: Nil).

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 accruals and other payables:

	As at 31 December 2023 <i>HK\$'000</i> (Unaudited)	As at 30 June 2023 <i>HK\$'000</i> (Audited)
1 to 30 days	–	772
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	–	5,819
	<hr/>	<hr/>
Trade payables	–	6,591
Accruals and other payables	1,808	9,417
	<hr/>	<hr/>
	1,808	16,008
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchase of goods is 30 to 60 days (30 June 2023: 30 to 60 days).

11. DISPOSAL OF SUBSIDIARIES

For the six months ended 31 December 2023

On 21 December 2023, the Group entered into an agreement with a purchaser to dispose of 100% equity interest in a subsidiary, namely Talent Crest Limited (“**Talent Crest**”), and the related shareholders’ loans at an aggregate cash consideration of US\$100 (the “**Disposal**”). The Disposal was completed on 22 December 2023.

Details of the Disposal were disclosed in the Group’s announcements dated 21 December 2023 and 22 December 2023. The net liabilities of Talent Crest and its subsidiaries as at the date of completion of the Disposal were as follow:

	As at 22 December 2023 HK\$’000 (Unaudited)
Property, plant and equipment	98
Trade and other receivables	3,700
Contract assets and contract costs	221
Bank balances and cash	3,482
Trade and other payables	(13,659)
Amount due to the group company	(135,733)
Contract liabilities	(527)
Bank borrowings	(1,126)
Tax payable	(2,475)
	<hr/>
Net liabilities disposed of	(146,019)
	<hr/> <hr/>
Gain on disposal of subsidiaries	
Consideration received	1
Shareholders’ loans assigned of	(135,733)
Non-controlling interests	48,471
Release of exchange reserve upon disposal	(1,346)
Net liabilities disposed of	146,019
	<hr/>
	57,412
	<hr/> <hr/>
Net cash outflow arising from disposal of subsidiaries	
Cash consideration received	1
Bank balances and cash disposed of	(3,482)
	<hr/>
	(3,481)
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For the six months ended 31 December 2022

During the six months ended 31 December 2022, the Company disposed of the entire interests in its subsidiaries, Pine Da Hui (Shanghai) International Trading Co. Ltd. and Shanghai Captain DaHui International Trading Co., Ltd. The net liabilities of the foregoing companies as at the date of completion of the disposal were as follow:

	At the date of disposal <i>HK\$'000</i> (Unaudited) (Restated)
Trade and other receivables	8
Tax recoverable	7
Bank balances and cash	3
Trade and other payables	(327)
	<hr/>
Net liabilities disposed of	(309)
	<hr/> <hr/>
Loss on disposal of subsidiaries	
Consideration receivable	1
Non-controlling interests	(1,493)
Net liabilities disposed of	309
	<hr/>
	(1,183)
	<hr/> <hr/>
Net cash outflow arising from disposal of subsidiaries	
Cash consideration received	—*
Bank balances and cash disposed of	(3)
	<hr/>
	(3)
	<hr/> <hr/>

* Represents the amount less than HK\$1,000

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing Operation

Revenue

For the Period, the Group's revenue from its continuing operations was approximately HK\$127,559,000 (six months ended 31 December 2022: approximately HK\$10,792,000 (restated)), representing an increase of approximately 1,082% as compared with that of the corresponding period in 2022. The increase in revenue was mainly contributed by the increase in the sale of other manufacturers' computer components and consumer electronic products and the trading of raw plastic materials during the Period.

The Group generated revenue of approximately HK\$101,363,000 from the sale of other manufacturers' computer components and consumer electronic products for the Period (six months ended 31 December 2022: Nil) and a revenue of approximately HK\$24,965,000 from the trading of raw plastic materials for the Period (six months ended 31 December 2022: Nil).

Gross Profit and Gross Profit Margin

The Group's gross profit and overall gross profit margin from its continuing operations decreased from approximately HK\$1,766,000 and approximately 16.4% for the corresponding period in 2022 to approximately HK\$1,490,000 and approximately 1.2% for the Period respectively. The decrease in gross profit and gross profit margin for the Period is primarily due to changes in the proportion of various businesses within the Group. In the corresponding period in 2022, the business of provision of computer software and system development services took up higher proportion of the Group's businesses. However, during the Period, the Group primarily engaged in the sale of other manufacturers' computer components and consumer electronic products and the trading of raw plastic materials. The change in business focus has resulted in a decrease in gross profit and gross profit margin.

Other Income, Gains and Losses, net

The Group's other income and other gain (net) from continuing operations for the Period increased by approximately 125% to approximately HK\$1,077,000 compared with other income and other losses (net) of approximately HK\$4,285,000 (restated) for the corresponding period in 2022. This increase was mainly attributable to the favorable fluctuation of foreign currencies, particularly the appreciation of the Renminbi, which is one of the major currencies for the Group's operating activities.

Gain/(Loss) on Disposal of Subsidiaries

Gain on disposal of subsidiaries from continuing operations of the Group was approximately HK\$57,412,000 for the Period as compared to loss on disposal of subsidiaries from continuing operations of approximately HK\$1,183,000 (restated) for the corresponding period in 2022. For further details of the disposal for the Period, please refer to note 11 to the condensed consolidated interim financial statements and the announcements of the Company dated 21 December 2023 and 22 December 2023.

Selling and Distribution Expenses

Selling and distribution expenses comprised mainly staff costs, staff benefits and housing provident fund in relation to the sales and marketing personnel. Due to a decrease in number of sales staff involved in the provision of computer software and system development service, the Group's selling and distribution expenses from continuing operations for the Period decreased by approximately 51% to approximately HK\$340,000 compared to approximately HK\$696,000 (restated) for the corresponding period in 2022.

General and Administrative Expenses

General and administrative expenses comprised mainly staff costs (including Directors' remuneration) in relation to the Group's management and administrative personnel, office expenses, depreciation of right-of-use assets, amortisation of intangible assets, travelling and other expenses. The Group's general and administrative expenses from continuing operations decreased from approximately HK\$14,676,000 (restated) for the corresponding period in 2022 to approximately HK\$7,346,000 for the Period, representing a decrease of approximately 50%. The decrease was mainly attributable to the decrease in staff costs and the absence of amortisation of intangible assets during the Period.

Finance Costs

The Group's finance costs primarily represent interest expenses on bank borrowings. Finance costs from continuing operations decreased from approximately HK\$123,000 (restated) for the corresponding period in 2022 to approximately HK\$78,000 for the Period, representing a decrease of approximately 37%. The decrease was primarily attributable to a reduction in the Group's bank borrowings, resulting in a corresponding decrease in loan interest expenses throughout the Period.

Income Tax (Expenses)/Credit

In comparison to the tax expense from continuing operations of approximately HK\$372,000 incurred during the Period, the tax credit from continuing operations for the corresponding period in 2022 amounted to approximately HK\$867,000 (restated). The change from tax credit for the corresponding period in 2022 to tax expense for the Period is attributable to the absence of recognized deferred tax credit and the recognition of income tax expense in the income statement for the Period.

Profit/(Loss) for the Period

Profit attributable to owners of the Company from continuing operations amounted to approximately HK\$52,458,000 for the Period as compared with a loss attributable to owners of the Company from continuing operations of approximately HK\$17,654,000 (restated) for the corresponding period in 2022. The turnaround of the Group's profit attributable to owners of the Company from continuing operations is primarily attributable to the gain on disposal of a subsidiary of approximately HK\$57,412,000 recognised by the Group for the Period.

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 31 December 2023 were approximately HK\$89,270,000 and approximately HK\$90,487,000 respectively (30 June 2023: approximately HK\$84,581,000 and approximately HK\$36,277,000). As of 31 December 2023, net current assets included bank balances and cash totalling approximately HK\$91,735,000 (30 June 2023: approximately HK\$98,109,000).

As of 31 December 2023, the Group had no outstanding bank borrowings (30 June 2023: approximately HK\$1,367,000), with a great decrease of approximately 100% as compared with that of 30 June 2023.

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 HK\$91,735,000 as of 31 December 2023 (30 June 2023: approximately HK\$96,742,000).

The current ratio, being the ratio of current assets to current liabilities, was approximately 24.39 times as of 31 December 2023 (30 June 2023: approximately 5.05 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 Period.

Pledge of Group's assets

The Group did not have any charge on assets for the Period (30 June 2023: Nil).

Share Capital and Capital Structure of the Company

As at 31 December 2023, the Company had 1,326,701,739 ordinary shares of HK\$0.10 each in issue (30 June 2023: 1,326,701,739 shares).

Gearing Ratio

As at 31 December 2023, the gearing ratio of the Group based on total liabilities over total assets was approximately 4.05% (30 June 2023: approximately 20.65%).

Foreign Exchange Exposure

The Group's monetary assets, liabilities and transactions are mainly denominated in 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 Period, 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.

BUSINESS REVIEW

The economic situation in the second half of 2023 is still in a sluggish pattern, and the expected post-pandemic economic recovery and rebound have not materialised. On the contrary, not only does the Russia-Ukraine war continue, but the Israeli-Palestinian war has suddenly heated the situation in the Middle East, which was originally tended to be calm, and there are even signs of it spreading over other regions. Other factors such as high interest rates, high inflation rates and high oil prices have also slowed down the pace of economic recovery. The downturn in the property markets in both the PRC and Hong Kong has worsened the situation. As a result, the management opted to adopt a relatively conservative operating strategy in the first half of the financial year, with the main objectives of reducing investment risks and maintaining the Group's liquidity.

Group's Brand Products

No segment revenue was generated from the Group's brand products during the Period and the corresponding period in 2022. The segment's loss in the Group's brand products was approximately HK\$11,000 for the Period, with no segment loss for the corresponding period in 2022.

Other Brand Products

The segment revenue and segment profit from other brand products were approximately HK\$101,363,000 and approximately HK\$938,000 respectively for the Period (corresponding period in 2022: no segment revenue and segment profit).

The products sold by the Group under this segment are generally classified into (i) the sale of other manufacturers' computer components (the “**Other Computer Components**”) and (ii) the sale of consumer electronic products including mobile phones, printers, monitors and webcams (the “**Other Electronic Products**”, together with Other Computer Components, the “**Other Products**”).

Other Products were mainly sold to distributors and retailers in Asia. Throughout the Period, customers of the Other Products were mainly large product distributors and retailers in Hong Kong and the PRC. The Group strives to attract new customers in the coming period to diversify and broaden its existing customer base. Leveraging the business network of the sales team in the industry, the Group is positioned to maintain its relationship with its current customers while gradually expanding its customer base.

The Directors believe that (i) the Group's long operating history in the computer components and electronic products industry in the PRC; (ii) close relationships with its suppliers and customers; and (iii) experienced professional management team, are the key factors that will enable the Group to resume to its prior market position in the computer components and electronic products industry and capture the future growth in the computer components and electronic products market.

Trading Business

The segment revenue and segment profits from the trading business were approximately HK\$24,965,000 and approximately HK\$204,000 respectively for the Period (corresponding period in 2022: no segment revenue and segment loss of approximately HK\$1,000 (restated)).

The revenue of this segment business was generated from the sales of raw plastic materials. In view of the gradual resumption of economic activities in the PRC since January 2023 after the pandemic, various industries experienced a resurgence in commercial activities. Recognising the increasing demand for raw plastic materials, the Company seized the opportunity to venture into the trading of raw plastic materials, with a view to explore new business market and capitalise on the market growth in the plastic industry.

The Group carries out market researches to keep abreast of the raw plastic material market trends, development and changes in end-user preferences in the PRC. Leveraging the business network of the sales team in the industry, the Group is positioned to maintain its relationship with its current customers while gradually expanding its customer base.

Computer Software and Hardware and System Development Service

During the Period, the segment's revenue was approximately HK\$1,231,000, representing an approximate 89% decrease compared to that of approximately HK\$10,792,000 (restated) for the corresponding period in 2022. The segment's loss was approximately HK\$1,510,000, representing a decrease of approximately 80% as compared to a segment's loss of approximately HK\$7,403,000 (restated) for the corresponding period in 2022.

This business segment is conducted through the Company's indirect non-wholly owned subsidiary, China UIP Information Technology Co., Limited (the "**PRC Subsidiary**"), a company established in the PRC with limited liability. The Group acquired the PRC Subsidiary in July 2018, which provides computer software and hardware and system development services (the "**Computer Service Business**") in the PRC.

Following the outbreak of the novel coronavirus disease (the "**COVID-19**") which contributes to the poor market sentiment in the PRC, being the Group's major market, customers of the Group became very conservative in their software development and were less motivated to commence new program, upgrade existing system or acquire new hardware. Despite the gradual easing of COVID-19 pandemic, geopolitical conflicts and tensions, the global interest rate environment, and the unpredictable post-pandemic recovery in the PRC's economies will continue to cause uncertainties and external headwinds for the Computer Service Business in the PRC.

On 22 December 2022, the Group disposed of the PRC Subsidiary. For further details of the disposal, please refer to the announcements of the Company dated 21 December 2023 and 22 December 2023. The Directors are of the view that the disposal offers an opportunity for the Group to dispose of its interests in the PRC Subsidiary and to better allocate its resources for the development of its existing business and/or investments in other business opportunities in respect of the Computer Service Business. The Group will closely monitor the market conditions and revive the Computer Service Business should suitable opportunities arise.

BUSINESS OUTLOOK

On 23 January 2024, the Group established a joint venture (the "**JV Company**") in Shenzhen, the PRC. The Group indirectly holds a 51% stake in the JV Company. The JV Company is principally engaged in Computer Service Business. In view of the increasing popularity in drones and robotics, the Board will actively seek the opportunities for tapping into the market of drones and robots. The Board believes that the demand for drones and robots is increasing in near future and the Group will devote more resources to the Computer Service Business to obtain customer orders and increase its market share.

Furthermore, the Group is committed to allocating more resources towards the growth of its sales business for Other Products, with the aim of enhancing shareholder returns. The Board maintains a cautiously optimistic perspective on the economic landscape for the financial year ending 30 June 2024. In line with this, the Board is actively pursuing a diverse range of investment opportunities, particularly in the technology sector and other promising business sectors. This proactive approach will further contribute to the Company's overall growth and success.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND/OR DISPOSALS

Other than the disposal of Talent Crest and its subsidiaries as detailed in the announcements of the Company dated 21 December 2023 and 22 December 2023, 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 Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any plan for material investments or capital assets as at 31 December 2023.

CHANGE OF PRESENTATION CURRENCY

As disclosed in the announcement of the Company dated 31 August 2023, the Group has changed its presentation currency from USD to HKD for the preparation of the Group's consolidated financial statements for the year ended 30 June 2023. Having considered that the Company's shares are listed on the Stock Exchange and are traded in HKD, the Board believes that the change of presentation currency will enable the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance. As such, the Board believes that it is more appropriate to adopt HKD as its presentation currency for the consolidated financial statements of the Group.

AMENDMENTS OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

On 30 November 2023, a special resolution was duly passed by the shareholders at an annual general meeting of the Company, approving, inter alia, the proposed amendments to the existing bye-laws and the adoption of the amended and restated bye-laws incorporating and consolidating the proposed amendments. The latest version of the Company's memorandum of association and bye-laws are available on the respective websites of the Company and the Stock Exchange.

EMPLOYEES AND REMUNERATION POLICY

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions, individual performance, qualification, experience and remuneration policies, which are reviewed on a regular basis. As at 31 December 2023, the Group had 16 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 HK\$5,016,000 for the Period as compared with that of approximately HK\$10,898,000 (restated) for the corresponding period in 2022.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2023 (30 June 2023: Nil).

INTERIM DIVIDEND

The Directors do not recommend an interim dividend for the Period (six months ended 31 December 2022: Nil).

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. Save for code provisions C.2.1 and B.2.2 of the CG Code, the Company has fully complied with the CG Code during the Period.

Pursuant to the code provision C.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.

As Mr. Zhang Sanhuo is the chairman (the “**Chairman**”) of the Board and the chief executive officer (the “**Chief Executive Officer**”) of the Company, his appointment as both the Chairman and Chief Executive Officer deviates from code provision C.2.1 of the CG Code. 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 of the Company 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 B.2.2 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 bye-laws 111 and 114 of the previous bye-laws of the Company (the “**Previous Bye-laws**”), 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 or as an additional Director during any year are required to retire and submit themselves for re-election at the first general meeting immediately following their appointments. Notwithstanding the provisions of the Previous Bye-laws, the Company intends to comply with the code provision B.2.2 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.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to the ordinary resolution passed by the shareholders of the Company on 22 November 2013 for the purpose of providing incentives or reward to the Directors, eligible employees or any person who have contributed or may contribute to the Group. The Scheme was amended pursuant to the ordinary resolution passed by the shareholders of the Company on 15 November 2018 and the Directors considered that the amendment to the 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 Scheme. The Scheme expired on the tenth anniversary of the adoption date.

Share options granted must be accepted 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 Scheme at any time during the respective effective period of the Scheme to be notified by the Board which shall not be later than 10 years from the date of grant.

As disclosed in the announcement of the Company dated 12 December 2018, there were 80,140,000 share options granted to certain grantees which included the Directors with an exercise price of HK\$0.46 per share pursuant to the Scheme. The exercise price of HK\$0.46 per share was the highest of: (i) the closing price of HK\$0.45 per share as quoted in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of approximately HK\$0.46 per share as quoted in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.10 per share.

Unless approved by the shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1 per cent of the Shares in issue.

The subscription price shall be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of:

- (1) the closing price of the Shares as quoted on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet) on the offer date, which must be a business day;

- (2) the average closing price of the Shares as quoted on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheets) for the five business days immediately preceding the offer date; and
- (3) the nominal value of a Share on the offer date.

On 28 November 2019, an ordinary resolution was duly passed by the shareholders of the Company at an annual general meeting of the Company, approving, inter alia, the refreshment of the scheme mandate limit under the 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. 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 and its code of conduct regarding directors' securities transactions during the Period.

Pursuant to paragraph A.3 of Appendix C3 to the Listing Rules, the Directors are prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results.

The Company has also established written guidelines on terms no less exacting 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 Board.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely, Mr. So Stephen Hon Cheung (chairman of the committee), Mr. Zhou Chunsheng and Mr. Tian Hong.

The Audit Committee was established with written terms of reference that sets out the authorities and duties of the Audit Committee adopted by the Board. The functions of risk management, internal control and corporate governance were adopted into the terms of reference of Audit Committee in compliance with the Listing Rules.

The main duties of the Audit Committee are to assist the Board in overseeing the Company's relationship with external auditors, and reviewing the financial information and reporting process, internal control procedures, risk management system, audit plan 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.

The unaudited condensed consolidated interim financial statements for the Period have been reviewed by the Audit Committee, which is of the opinion that such statements have been prepared in accordance with the applicable accounting standards, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules, but have not been reviewed by the Company's auditors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.irasia.com/listco/hk/pine) respectively. The interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company 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, 28 February 2024

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.