



Messenger - Joe Gamer

Conversation Contact Edit Help View

Joe Gamer

Joe Gamer: Your GeForce 7800 GTX is pretty awesome. I just got it a few days ago and the graphics quality is really unbelievable.

XFX Insider: We've tested it on over 60 game titles and they were all smooth like butter.

Joe Gamer: Wow! It's great that you guys are looking that far ahead for gamers.

XFX Insider: Well we try our best to make sure you'll get the best experience possible and it prepares us to deliver the next best technology before you even ask for it.

Joe Gamer: At least I know I can always trust in XFX

XFX Insider: Thanks, well we trust in you the gamer to tell us what you want.

Document - Pine 2006 First Quarterly Report

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 **2006**

SEE IT-HEAR IT-FEEL IT

FIRST QUARTERLY REPORT
THE MARKET IS LISTENING

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PINE 

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of PINE Technology Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to PINE Technology Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS FOR THE THREE-MONTH PERIOD

- Revenue reported at approximately US\$76,212,000 for the three-month period ended 30 September 2005.
- Net profit attained at approximately US\$409,000 for the three-month period ended 30 September 2005.

FIRST QUARTERLY RESULTS

On behalf of the board of the directors (the “Directors”) of PINE Technology Holdings Limited (the “Company”), I am pleased to present the unaudited operating results of the Company and its subsidiaries (collectively, the “Group”) for the three months (the “Three-Month Period”) ended 30 September 2005.

The unaudited consolidated profit of the Group for the Three-Month Period was approximately US\$409,000, as compared to approximately US\$238,000 for the corresponding three-month period in 2004. Unaudited consolidated turnover of the Group for the Three-Month Period was about US\$76,212,000, representing an increase of about 34.3% over the unaudited consolidated turnover of the Group of US\$56,742,000 for the corresponding three-month period in 2004.

The unaudited gross profit margin of the Group attained at approximately 8.5% for the Three-Month Period as compared with the unaudited gross profit margin of the Group of approximately 6.7% for the corresponding three-month period in 2004.

The unaudited consolidated results of the Group for the Three-Month Period, together with the unaudited comparative figures for the corresponding three-month period in 2004 are as follows:

		Three months ended	
		30 September	
		2005	2004
		US\$'000	US\$'000
Turnover	2	76,212	56,742
Cost of sales		<u>(69,769)</u>	<u>(52,917)</u>
Gross profit		6,443	3,825
Other operating income		79	157
Profit from operation		456	241
Share of results of a jointly controlled entity		<u>—</u>	<u>(8)</u>
Profit before taxation		456	233
Taxation	3	<u>(67)</u>	<u>(30)</u>
Profit after taxation		389	203
Minority interests		<u>20</u>	<u>35</u>
Profit for the period		<u>409</u>	<u>238</u>
Earnings per share (US cents)	4		
– Basic		<u>0.060</u>	<u>0.035</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Notes:

1. Basis of presentation

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of GEM Listing Rules. They have also been prepared under the historical cost convention, modified for the revaluation of certain investments in securities.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) herein collectively referred to as HKFRSs which are generally effective for the accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRS has no material effect on the Group’s financial statements.

2. Turnover

An analysis of the Group’s turnover by type of products sold for the Three-Month Period were as follows:

	Three months ended	
	30 September	
	2005	2004
	US\$’000	US\$’000
Manufacture and sale of products under the Group’s brand names	45,584	32,372
Distribution of other manufacturers’ products	30,628	24,370
	<u>76,212</u>	<u>56,742</u>

3. Taxation

	Three months ended	
	30 September	
	2005	2004
	US\$'000	US\$'000
The charge comprises:		
– Hong Kong Profits Tax	–	–
– Taxation arising in other jurisdictions	67	30
	<u>67</u>	<u>30</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the Three-Month Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

4. Earnings per share

The calculation of the basic earnings per share for the Three-Month Period, and the corresponding three-month period in 2004 is based on the following data:

	Three months ended	
	30 September	
	2005	2004
Earnings for the purpose of:		
Basic earnings per share (US\$)	<u>409,000</u>	<u>238,000</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>682,786,000</u>	<u>682,786,000</u>

No diluted earnings per share is presented for the Three-Month Period and the corresponding three-month period in 2004 as the exercise prices of the Company's share options were higher than the average market price for shares in both periods.

5. Share premium and reserves

	Share premium account US\$'000	Surplus account US\$'000	Exchange reserve US\$'000	Goodwill reserve US\$'000	Capital reserve US\$'000	Investments revaluation reserve US\$'000	Accu- mulated profits US\$'000	Total US\$'000
Balance at 1 July 2004	22,215	2,954	156	(1,578)	67	(115)	14,713	38,412
Exchange differences on translation of overseas operations	-	-	223	-	-	-	-	223
Revaluation decrease	-	-	-	-	-	(321)	-	(321)
Profit for the period	-	-	-	-	-	-	238	238
Balance at 30 September 2004	<u>22,215</u>	<u>2,954</u>	<u>379</u>	<u>(1,578)</u>	<u>67</u>	<u>(436)</u>	<u>14,951</u>	<u>38,552</u>
Balance at 1 July 2005	22,215	2,954	817	(1,436)	67	(778)	17,060	40,899
Exchange differences on translation of overseas operations	-	-	482	-	-	-	-	482
Revaluation decrease	-	-	-	-	-	(289)	-	(289)
Profit for the period	-	-	-	-	-	-	409	409
Balance at 30 September 2005	<u>22,215</u>	<u>2,954</u>	<u>1,299</u>	<u>(1,436)</u>	<u>67</u>	<u>(1,067)</u>	<u>17,469</u>	<u>41,501</u>

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the Three-Month Period.

The Group has not declared any dividends for the corresponding three-month period in 2004.

BUSINESS REVIEW

We started the financial year of 2006 in a solid way. Our team has delivered an increase of 72% of net profit after tax to US\$409,000 in this Three-Month Period against that of USD238,000 of the corresponding three-month period in 2004.

Revenue for the Three-Month Period totaled US\$76,212,000, an exciting growth of 34.3% over the US\$56,742,000 in the prior year period. We witness a solid growth momentum in both our own branded XFX division and the Distribution division, with Revenue of the reported period running to US\$45,584,000 and US\$30,628,000 respectively, representing a respected growth of 40.8% and 25.7%.

Gross profit margin has improved to 8.5% in this Three-Month Period from the 6.7% of the same period in 2004, the gross margin of the whole financial year of 2005 was 8.5%.

Overall, we are very pleased with this quarter's performance and we are encouraged and excited with how promising our fiscal year of 2006 was started.

PROSPECTS

Looking into 2005, we have every reason to be confident that our growth and profitability momentum will continue. As we predict the PC industry will continue to develop in a modest pace in the coming year, we will very much maintain and continue the strategy and discipline we adopted in the last couple years. Meanwhile, we will continue to fine tune our operational flows and processes in our ongoing efforts to further improve our cost efficiency and internal user friendliness.

Despite our confidence, we are also very much alert of the uncertainties affecting the global economic outlook especially that of the potential impact of historic high oil price, the upward trend of the interest rate, and the potential spreading and outbreak of the bird's flu to a large global scale.

In closing, I would like to thank the management and staff who contributed to this successful quarter through their hard work and continuing commitment.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 30 September 2005, the interests of the directors and the chief executive of the Company and their respective associates in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 or 345 of Part XV of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

A) Ordinary Shares of HK\$0.1 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Chiu Hang Tai	Held by controlled corporation (<i>Note</i>)	131,000,000	19.19%
Chiu Hang Chin, Samson	Beneficial owner	103,324,732	15.13%

Note: These shares are beneficially owned by and registered in the name of Alliance Express Group Limited. Mr. Chiu Hang Tai beneficially owns the entire issued share capital of Alliance Express Group Limited.

In addition to above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, spouse of Mr. Chiu Hang Tai, each beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited ("PIL"), a subsidiary of the Company as at 30 September 2005. The non-voting deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of PIL. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of PIL only after the distribution of HK\$1,000 million, as specified in the articles of association of PIL, to holders of ordinary shares.

Saved as disclosed above, and other than certain nominee shares in subsidiaries of the Company held by directors in trust, none of the directors or the chief executive of the Company, nor their respective associates had any interests in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 or 345 of Part XV of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

B) Share Options

Pursuant to the share option schemes of the Company adopted on 9 November 1999 (the "Old Scheme") and 16 April 2003 (the "New Scheme"), the directors and employees of the Company and its subsidiaries may be granted share options to subscribe for shares of HK\$0.10 each in the Company.

As at 30 September 2005, the following directors of the Company were granted share options to subscribe for shares in the Company, details of share options granted under the Old Scheme and the New Scheme are as follows:

Name of director	Date of grant	Exercisable period (both dates inclusive)	Exercise price per share HK\$	Number of options granted
Chiu Hang Tai	31.1.2000	28.1.2001 to 27.1.2006	1.674	1,088,000
	31.1.2000	28.1.2002 to 27.1.2007	1.674	1,088,000
	28.9.2004	1.11.2004 to 31.10.2009	0.149	4,000,000
Chiu Hang Chin, Samson	31.1.2000	28.1.2001 to 27.1.2006	1.674	1,088,000
	31.1.2000	28.1.2002 to 27.1.2007	1.674	1,088,000
	28.9.2004	1.11.2004 to 31.10.2009	0.149	4,000,000

SUBSTANTIAL SHAREHOLDERS

So far as the directors and chief executive of the Company are aware of, as at 30 September 2005, the following person (not being a director or a chief executive of the Company), was interested in 5% or more in the issued share capital of the Company:

Name of shareholder	Capacity	Number of issued ordinary shares held	Approximate Percentage of the issued share capital of the Company
Alliance Express Group Limited	Beneficial owner (Note 1)	131,000,000	19.19%
Concept Express Investments Limited	Beneficial owner (Note 2)	122,760,000	17.98%
The estate of Mr. Chiu Kwong Chi	Beneficial owner (Note 2)	122,760,000	17.98%

Notes:

1. The shares are beneficially owned by and registered in the name of Alliance Express Group Limited. The entire issued share capital of Alliance Express Group Limited is beneficially owned by Mr. Chiu Hang Tai.
2. These shares are beneficially owned by and registered in the name of Concept Express Investment Limited. The entire issued share capital is beneficially owned as to 47.82 per cent. by the estate of Mr. Chiu Kwong Chi (who passed away on 25 June 2005) and as to 26.09 per cent. by each of Mr. Chiu Hang Tung and Ms. Chiu Man Wah. Mr. Chiu Kwong Chi is the father of Mr. Chiu Hang Tung, Ms. Chiu Man Wah, Mr. Chiu Hang Chin, Samson and Mr. Chiu Hang Tai.

Saved as disclosed above, the directors are not aware of any person who, as at 30 September 2005, had an interest or short position in the Shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO, or was interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of the Company.

DISCLOSURE OF TRADING BALANCE ARISING FROM SALES TRANSACTIONS CONDUCTED BY THE GROUP IN ITS ORDINARY COURSE OF BUSINESS

The following disclosure is made in pursuant to Rules 17.15 and 17.22 of the GEM Listing Rules.

As at 30 September 2005, the following trade receivable had trading balance with the Group exceeded 8% of the Company's total market capitalization:

	<i>US\$</i>	% of total market capitalization
Agrizzi Enterprises Corp.	1,399,000	11%
ASI Computer Technologies, Inc.	1,164,000	9%
Best Buy Canada Limited	4,699,000	36%
Micro Informatica Corp.	1,049,000	8%

The above customers are independent of the Company or any of its connected persons (within the meaning of the GEM Listing Rules). Such amount represented the outstanding balance of certain sales transactions entered into by the Group in its ordinary course of business and on normal commercial terms. It is unsecured, interest free, and with payment terms in region of 30 to 60 days.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 9 November 1999 with written terms of reference in compliance with Rules 5.29 of the GEM Listing Rules. The audit committee comprised the three independent non-executive directors, namely Messrs. Li Chi Chung, So Hon Cheung, Stephen and Xu Jian Hua. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

By order of the Board
Chiu Hang Tai
Chairman

Hong Kong, 7 November 2005

As at the date of this report, executive directors are Mr. Chiu Hang Tai and Mr. Chiu Hang Chin, Samson. Independent non-executive directors are Mr. Li Chi Chung, Mr. So Hon Cheung, Stephen and Mr. Xu Jian Hua.



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

FIRST QUARTERLY REPORT 2006 第一季度業績報告

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