

DEFINING THE FACE OF

AMD

PINE



2007 INTERIM REPORT
Stock Code: 08013



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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 ("GEM Listing Rules") 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 HALF-YEARLY PERIOD

- Revenue reported at approximately US\$114,929,000 for the Quarterly Period.
- Net profit attained at approximately US\$1,040,000 for the Quarterly Period.

INTERIM 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 six months (the “Half-Yearly Period”) and the three months (the “Quarterly Period”) ended 31 December 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited consolidated results of the Group for the Half-Yearly Period and the Quarterly Period together with the unaudited comparative figures for the corresponding periods in 2005 are as follows:

	Notes	Unaudited			
		Six months ended		Three months ended	
		31 December		31 December	
		2006	2005	2006	2005
		US\$'000	US\$'000	US\$'000	US\$'000
Turnover	2	207,357	174,308	114,929	98,096
Cost of sales		(189,652)	(159,605)	(105,582)	(89,836)
Gross profit		17,705	14,703	9,347	8,260
Other income		223	347	37	268
Selling and distribution expenses		(3,423)	(3,631)	(1,931)	(2,150)
General and administrative expenses		(10,540)	(8,928)	(5,080)	(4,849)
Share of results of an associate		–	51	–	51
Finance costs		(2,140)	(1,259)	(1,125)	(753)
Profit before taxation	3	1,825	1,283	1,248	827
Taxation	4	(271)	(208)	(208)	(141)
Profit for the period		1,554	1,075	1,040	686
Attributable to:					
Equity holders of the parent		1,554	1,259	1,040	850
Minority interests		–	(184)	–	(164)
		1,554	1,075	1,040	686
Earnings per share	5				
– Basic (US cents)		0.228	0.184	0.152	0.124
– Diluted (US cents)		0.227	N/A	0.152	0.124

CONDENSED CONSOLIDATED BALANCE SHEET

The unaudited consolidated balance sheet as at 31 December 2006, together with the audited balance sheet as at 30 June 2006 are as follows:

		(Unaudited) 31 December 2006 US\$'000	(Audited) 30 June 2006 US\$'000
	Notes		
Non-current assets			
Property, plant and equipment		8,708	7,596
Development costs		335	341
Trademarks		86	86
Available-for-sale investments		642	423
Deferred taxation		148	148
Deposits for property, plant and equipment		–	621
		<u>9,919</u>	<u>9,215</u>
Current assets			
Inventories		59,440	47,938
Trade and other receivables	6	90,638	64,438
Amount due from an associate		2,525	2,525
Tax recoverable		17	86
Pledged bank deposits		3,630	3,181
Bank balances and cash		8,411	10,155
		<u>164,661</u>	<u>128,323</u>
Current liabilities			
Trade and other payables	7	53,776	31,495
Bills payable		2,335	1,275
Tax payable		1,043	1,034
Obligations under finance leases		55	74
Bank borrowings – due within one year		48,678	41,542
Other borrowings		11,589	7,061
		<u>117,476</u>	<u>82,481</u>
Net current assets		<u>47,185</u>	<u>45,842</u>
Total assets less current liabilities		<u>57,104</u>	<u>55,057</u>
Capital and reserves			
Share capital		8,790	8,790
Share premium and reserves		47,548	45,940
Equity attributable to equity holders of the parent		56,338	54,730
Minority interests		214	215
Total equity		<u>56,552</u>	<u>54,945</u>
Non-current liabilities			
Obligations under finance leases		89	112
Bank borrowings – due after one year		463	–
		<u>552</u>	<u>112</u>
		<u>57,104</u>	<u>55,057</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

The unaudited consolidated cash flow statement for the Half-Yearly Period, together with the unaudited comparative figures for the corresponding period in 2005 are as follows:

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	US\$'000	US\$'000
Net cash outflow from operating activities	(10,985)	(29,543)
Net cash (outflow)/inflow from investing activities	(2,559)	600
Net cash inflow from financing activities	12,085	22,837
Decrease in cash and cash equivalents	(1,459)	(6,106)
Cash and cash equivalents at 1 July	10,155	12,807
Effect of foreign exchange rate changes	(285)	302
Cash and cash equivalents at 31 December	8,411	7,003

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The unaudited consolidated statement of changes in equity for the Half-Yearly Period, together with the unaudited comparative figures for the corresponding period in 2005 are as follows:

	Share		Surplus	Exchange	Investments		Share		Total
	Share capital	premium account			Exchange reserve	Capital reserve	revaluation reserve	option reserve	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2005	8,790	22,215	2,954	817	67	(778)	-	15,624	49,689
Exchange differences on translation of overseas operations	-	-	-	487	-	-	-	-	487
Revaluation decrease	-	-	-	-	-	(6)	-	-	(6)
Profit for the period	-	-	-	-	-	-	-	1,259	1,259
Balance at 31 December 2005	<u>8,790</u>	<u>22,215</u>	<u>2,954</u>	<u>1,304</u>	<u>67</u>	<u>(784)</u>	<u>-</u>	<u>16,883</u>	<u>51,429</u>
Balance at 1 July 2006	8,790	22,215	2,954	1,473	67	-	1	19,230	54,730
Exchange differences on translation of overseas operations	-	-	-	(176)	-	-	-	-	(176)
Revaluation increase	-	-	-	-	-	220	-	-	220
Recognition of equity-settled share-based payment	-	-	-	-	-	-	10	-	10
Profit for the period	-	-	-	-	-	-	-	1,554	1,554
Balance at 31 December 2006	<u>8,790</u>	<u>22,215</u>	<u>2,954</u>	<u>1,297</u>	<u>67</u>	<u>220</u>	<u>11</u>	<u>20,784</u>	<u>56,338</u>

NOTES TO CONDENSED INTERIM ACCOUNTS:

1. Basis of presentation

These unaudited condensed consolidated financial information has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules. They have also been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by HKICPA which are effective for accounting periods beginning on or after 1 December 2005, 1 January 2006, 1 March 2006, 1 May 2006 or 1 June 2006. The adoption of new HKFRSs had no material effect on the Group’s financial statements.

2. Segment information

For management purposes, the Group is currently organized into two operating divisions - manufacture and sales of computer components under the Group’s brand names (“Group brand products”); and distribution of other manufacturers’ computer peripheral (“Other brand products”). These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's turnover and results for the Half-Yearly Period together with the corresponding period in 2005 by business segment is presented below:

	Group brand products		Other brand products		Consolidated	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Revenue						
External sales	<u>142,574</u>	<u>99,052</u>	<u>64,783</u>	<u>75,256</u>	<u>207,357</u>	<u>174,308</u>
Result						
Segment result	<u>3,707</u>	<u>2,123</u>	<u>768</u>	<u>738</u>	<u>4,475</u>	<u>2,861</u>
Unallocated other revenue					124	69
Unallocated corporate expenses					(634)	(439)
Share of results of associates					-	51
Finance costs					<u>(2,140)</u>	<u>(1,259)</u>
Profit before taxation					1,825	1,283
Taxation					<u>(271)</u>	<u>(208)</u>
Profit for the period					<u>1,554</u>	<u>1,075</u>
Assets						
Segment assets	137,033	114,628	33,110	38,247	170,143	152,875
Unallocated assets					<u>4,437</u>	<u>6,068</u>
Consolidated total assets					<u>174,580</u>	<u>158,943</u>
Liabilities						
Segment liabilities	41,462	35,549	14,793	13,554	56,255	49,103
Unallocated liabilities					<u>61,773</u>	<u>58,260</u>
Consolidated total liabilities					<u>118,028</u>	<u>107,363</u>
Other information						
Capital expenditure	2,180	1,784	56	108	2,236	1,892
Depreciation and amortization	<u>1,016</u>	<u>640</u>	<u>104</u>	<u>113</u>	<u>1,120</u>	<u>753</u>

The unaudited geographical segment information for the Half-Yearly Period together with the corresponding half-yearly period in 2005 is as follows:

	Turnover by geographical market		Carrying amount of segment assets		Capital expenditures	
	2006	2005	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
North America	113,778	104,198	49,154	50,605	109	201
Europe	49,617	34,882	24,390	15,025	192	58
Asia	40,310	33,683	100,132	92,872	1,935	1,633
Others	3,652	1,545	904	441	-	-
	<u>207,357</u>	<u>174,308</u>	<u>174,580</u>	<u>158,943</u>	<u>2,236</u>	<u>1,892</u>

3. Profit before taxation

	Six months ended 31 December		Three months ended 31 December	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
Profit before taxation has been arrived at after charging:				
Depreciation and amortization	1,120	753	666	375
Loss on disposal of property, plant and equipment	126	-	17	-
	<u>1,246</u>	<u>753</u>	<u>683</u>	<u>375</u>

4. Taxation

	Six months ended 31 December		Three months ended 31 December	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
The charge comprises:				
- Hong Kong Profits Tax	37	-	37	-
- Taxation arising in other jurisdictions	234	208	171	141
	<u>271</u>	<u>208</u>	<u>208</u>	<u>141</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the Half-Yearly Period and Quarterly Period.

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

5. Earnings per share

The calculation of the basic earnings per share for the Half-Yearly Period, the Quarterly Period, the corresponding half-yearly period and quarterly period in 2005, and diluted earnings per share for the Half-Yearly Period, the Quarterly Period and corresponding quarterly period in 2005 are based on the following data:

	Six months ended		Three months ended	
	31 December		31 December	
	2006	2005	2006	2005
	US\$	US\$	US\$	US\$
Earnings for the purpose of: basic and diluted earnings per share	<u>1,554,000</u>	<u>1,259,000</u>	<u>1,040,000</u>	<u>850,000</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	682,786,000	682,786,000	682,786,000	682,786,000
Effect of dilutive potential ordinary share in respect of:				
– Share options	<u>2,132,010</u>	<u>N/A</u>	<u>2,416,219</u>	<u>503,145</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>684,918,010</u>	<u>N/A</u>	<u>685,202,219</u>	<u>683,289,145</u>

The share options have no dilutive effect on ordinary shares for the half-yearly period ended 31 December 2005 because the exercise price of the Company's share options was higher than the average market price of shares for the period.

6. Trade and other receivables

The Group allows a credit period of 0 to 180 days to its trade customers. The following is an aged analysis of accounts receivable:

	31 December	30 June
	2006	2006
	US\$'000	US\$'000
Current	57,125	39,111
1 to 30 days	15,518	9,416
31 to 60 days	3,931	2,718
Over 60 days	8,832	7,772
	<hr/>	<hr/>
Trade receivables	85,406	59,017
Deposits, prepayments and other receivables	5,232	5,421
	<hr/>	<hr/>
	90,638	64,438
	<hr/> <hr/>	<hr/> <hr/>

7. Trade and other payables

The following is an aged analysis of accounts payable:

	31 December	30 June
	2006	2006
	US\$'000	US\$'000
Current	27,747	18,143
1 to 30 days	12,927	4,495
31 to 60 days	3,103	717
Over 60 days	1,103	1,577
	<hr/>	<hr/>
Trade payables	44,880	24,932
Deposits in advance, accruals and other payable	8,896	6,563
	<hr/>	<hr/>
	53,776	31,495
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the Half-Yearly Period and the Quarterly Period.

The Group has not declared any dividends for the corresponding half-yearly period and quarterly period in 2005.

BUSINESS REVIEW

We continued the growth momentum of profitability. We have delivered an increase of 22.4% of net profit after tax to US\$1,040,000 in this Quarterly Period against that of US\$850,000 of corresponding quarterly period in 2005, a good continuation of the 25.7% increase of 1st Quarter of this fiscal year.

Revenue for the Quarterly Period totaled US\$114,929,000, a solid growth of 17.2% compared to US\$98,096,000 in the prior year period. Gross profit margin held steady at 8.1%.

Taking the view of the full Half-Yearly Period, our Team has achieved an outstanding result by delivering an increase of net profit by US\$295,000 and 23.4% from US\$1,259,000 to US\$1,554,000 and the revenue by US\$33,049,000 and 19.0% from US\$174,308,000 to US\$207,357,000 comparing to corresponding six-month of last year.

Over this Half-Yearly Period, revenue generated by our XFX video graphic line has continued to grow and grown by US\$43,522,000 to US\$142,574,000 from the US\$99,052,000 of the same period last year, representing a strong 43.9% growth.

On the regional markets, our XFX brand and product continue to reach new milestones. XFX was awarded "Best Graphic Card Winner" by Window Middle East Magazine in November 2006. At the same time, we were also awarded the "Best Graphic Card" in Korea by ICODA Digital Korea in December 2006. It is a very encouraging achievement attained by the team of both XFX and our partner in the corresponding countries.

We are also very much excited to see our revenue to continue to grow from the European and Asian markets by 42.2% to US\$49,617,000 and by 19.7% to US\$40,310,000 respectively in this Half-Yearly Period compared to the same period last year.

Overall, we are very pleased with the first half year's performance and we are encouraged and excited with how promising our fiscal year of 2007 progresses.

BUSINESS PROSPECTS

We are particularly confident of the near and medium term prospect of PINE as we anticipate a solid steady growth of the Video Graphic Card markets especially with the launching of the Microsoft Window Vista in January 2007. Our strong branding position of the XFX Brand becomes our edge over the competition, and we believe our “Play Hard” marketing activities and our creatively crafted “Play Hard” culture will continue to making a solid impact to our target gamer community.

Although there are much uncertainties with the global economic situations, we do not expect any slow down of the market will have significant impact to PINE as we have always implemented a very disciplinary attitude and approach towards the areas of overhead, inventory, receivable and capital investment. Such business model and management principles will continue to be the solid stabilizing stone sitting and in working within PINE.

In closing, I would like to thank the management and staff who continue to contribute to another successful quarter through their hard work and passion towards the company.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Liquidity, financial resources and charge of group asset

As at 31 December 2006, the Group’s borrowings comprised mainly short-term loans of approximately US\$60,267,000 (30 June 2006: approximately US\$48,603,000) and long-term loans of approximately US\$463,000 (30 June 2006: Nil). The aggregate borrowings approximately US\$60,730,000 (30 June 2006: approximately \$48,603,000) were partially secured by pledged bank deposits, share of investments in securities or by all assets of certain subsidiaries as floating charges to banks.

As at 31 December 2006, total pledged bank deposits, pledged investments in securities and all assets of certain subsidiaries as floating charges were amounted approximately US\$3,630,000, US\$313,000 and US\$71,438,000 respectively (30 June 2006: approximately US\$3,181,000, US\$206,000 and US\$50,984,000). The Group continued to maintain a healthy financial and cash position. As at 31 December 2006, the total cash on hand amounted approximately US\$8,411,000 (30 June 2006: approximately US\$10,155,000).

Capital structure

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

Significant investments and material acquisitions

The Group beneficially held approximately 8% shareholding interests in QUASAR Communication Technology Holdings Limited ("Interests in QUASAR"), and approximately 49% of the Interests in QUASAR were charged to bank for securing banking facilities.

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the Half-Yearly Period.

Staff

As at 31 December 2006, the Group maintained similar level of staff, at market remuneration with employee benefits such as medical coverage, insurance plan, pension fund scheme, discretionary bonus and employee share option scheme. Staff cost, including director's emoluments, was approximately US\$5.2 million for the Half-Yearly Period as compared with that of approximately US\$4.2 million for the corresponding half-yearly period in 2005.

Gearing ratio

As at 31 December 2006, the gearing ratio of the Group based on total liabilities over total assets was approximately 67.6%. (30 June 2006: approximately 60.1%)

Exchange risk

During the period under review, the Group's major foreign exchange payments arose from the import of components and materials, and repayments of foreign currency loans, that were principally denominated in US dollars, Hong Kong dollars and Canadian dollars. For settlement of import payments and foreign currency loans, the Group maintained its foreign exchange balance by its export revenue, that were principally denominated in US dollars, Canadian dollars and Pound Sterling. The unsecured risk will be foreign currency payables and loan exceeds its foreign currency revenue. The directors believe that the Group will have sufficient foreign exchange to meet its foreign exchange requirement. When necessary, forward exchange contracts will be used to hedge against foreign currency exposures. As at 31 December 2006, the Group has no significant exposure under foreign exchange.

Contingent liabilities

THE GROUP

In November 2004, Samtack Computer Inc., (“Samtack”), a wholly owned subsidiary of the Company, received notice that the Canadian Private Copying Collective (“CPCC”) had filed a lawsuit against Samtack and 1559435 Ontario Inc. (“Ontario”), an unrelated entity. CPCC alleges that Samtack jointly imported blank recording media with Ontario that was subject to copying levies certified by the Copyright Board of Canada and for which CPCC claims it was jointly responsible for, and failed to pay. Samtack has filed a counter-claim against Ontario alleging Ontario was the importer and was responsible for payment to CPCC of any applicable private copying tariffs pursuant to the Copyright Act (“Act”) as an importer, and for any reporting obligations under the Act, relating to the blank recording media. Should Samtack be unsuccessful in its defence of this claim, it could potentially be liable for US\$1,547,000 in outstanding levies. The defendants under this litigation are also potentially liable for penalties of up to five times the outstanding levies.

Segment Information

Group brand products

Revenue growth by US\$43,522,000 to US\$142,574,000 for the Half-Yearly Period from US\$99,052,000 of same period last year, the segment profit from group brand product surged to US\$3,707,000 compared with US\$2,123,000 in the corresponding half-yearly period. With innovative products, raised profile, brand equity, market recognition in its services quality and reliability, we were able to attract and retain high-tier customers to allow us speed up expansions into massive upgrade market and secure stable profitability.

Other brand products

The Group has continuously conducted an overhaul of the revenue and profit characteristics of the other brands products for the purpose of optimizing the efficiency and profitability of this division. As such, the revenue of other brand products streamlined to US\$64,783,000, a decrease of 13.9%, on the other hand, the segment profit from other brand product increased to US\$768,000 comparing with US\$738,000 in 2005.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL AND OPTIONS

As at 31 December 2006, the interests and short positions of the directors and the chief executive of the Company and their respective associates in the shares, underlying shares or debentures 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 31 December 2006. 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 31 December 2006, 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	28.1.2002 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	28.1.2002 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 31 December 2006, the following persons (not being a director or a chief executive of the Company) were interested in 5% or more of 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	Held by controlled corporation (Note 2)	122,760,000	17.98%

Notes:

1. These 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 Investments Limited. The entire issued share capital of Concept Express Investments Limited 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 31 December 2006, 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the “CG Code”) set out in Appendix 15 of the GEM Listing Rules throughout the Half-Yearly Period, except for the deviations from Code Provision A.2.1 and A.4.2, details of which will be explained below:

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

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company’s Bye-laws provides that one-third of the directors, with the exception of Chairman or Deputy Chairman, Managing Director or joint Managing Director, shall retire from office by rotation at each annual general meeting. Notwithstanding the provisions of the Company’s Bye-laws, the Company intends to comply with the Code Provision A.4.2 in the way of having not less than one-third of all directors retiring at each annual general meeting.

AUDIT COMMITTEE

The Company established an audit committee on 9 November 1999 with written terms of reference in compliance with Rule 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors’ securities transactions in securities of the Company. Having made specific enquiry of all directors, all directors have confirmed that throughout the accounting period covered by this report, they have complied with such code of conduct and the required standard of dealings.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Half-Yearly 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
PINE Technology Holdings Limited
Chiu Hang Tai
Chairman

Hong Kong, 7 February 2007

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.

To define future opportunities.



PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

2007 Interim Report
2007 中期業績報告