GRAPHICS MASTERS OF VISUAL COMPUTING

PINE TECHNOLOGY HOLDINGS LIMITED 2008 ANNUAL REPORT

PLUM FLOWER PUNCH GAMING

BRIDGE SMASHING PRODUCTIVITY

HUA KING'S FIST 3D DESIGN

EAGLE CLAW PHOTOS

STANDING FIVE-FORM MOVIES

PINE

STOCK CODE 08013

PINE

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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.

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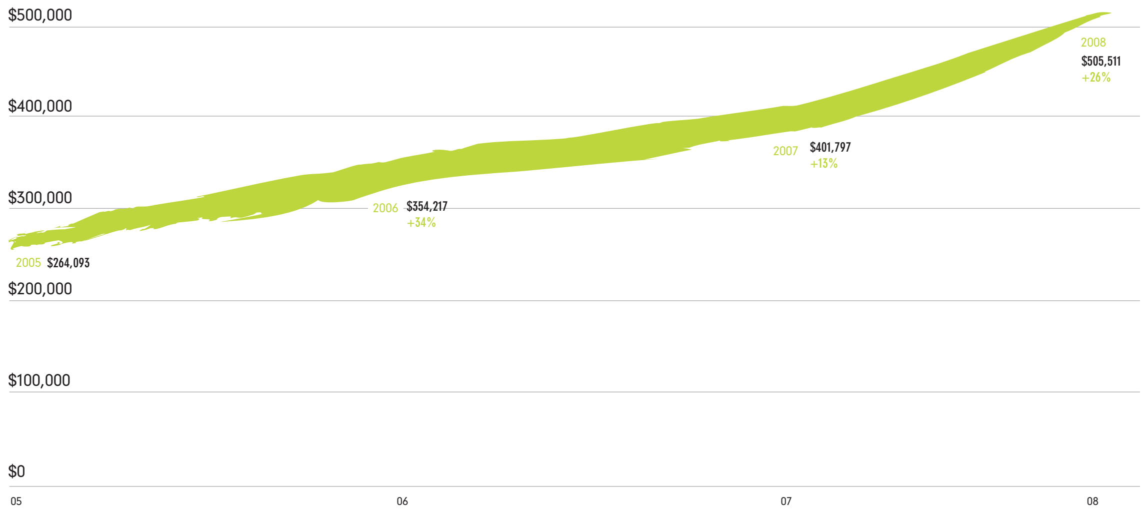
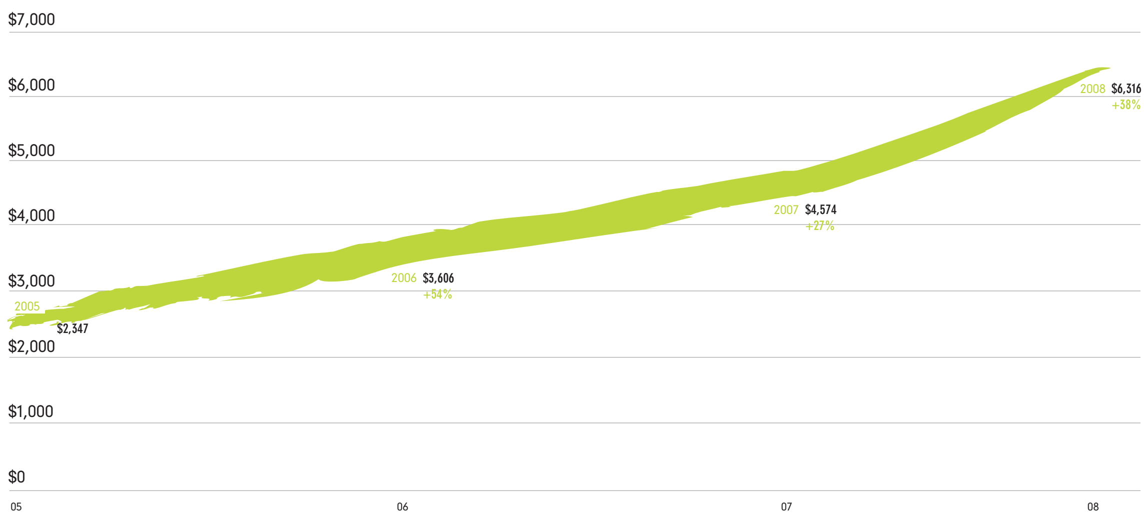
Financial Highlights

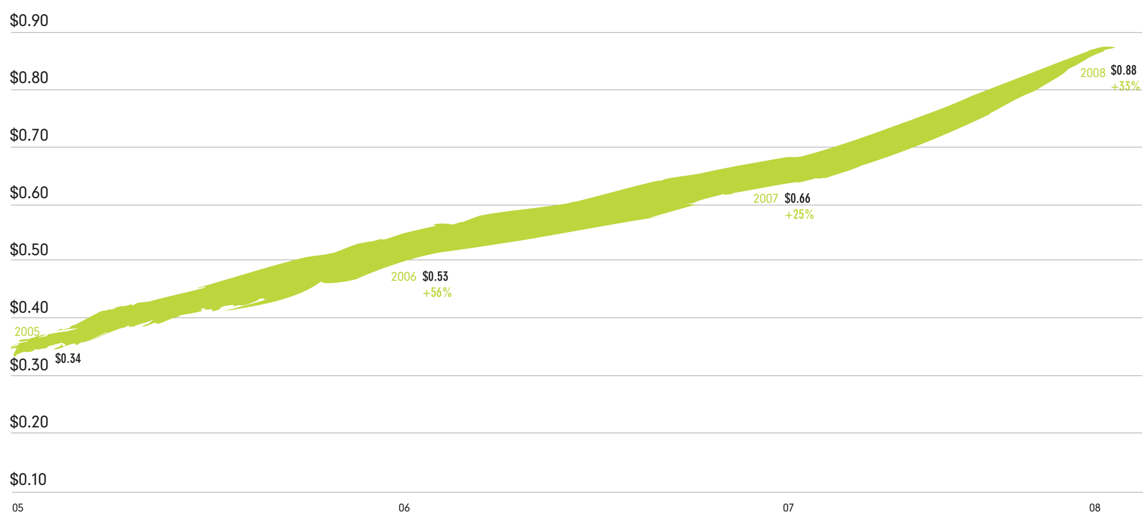
Turnover
US$'000



Net Profit
US$'000



Basic Earnings Per Share
US cents



Corporate Information

Board of Directors

Executive Directors

Mr. Chiu Hang Tai *Chairman*
Mr. Chiu Samson Hang Chin *Deputy Chairman*

Independent Non-Executive Directors

Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Mr. Xu Jian Hua (resigned on 1 September 2008)
Mr. Chung Wai Ming (appointed on 1 Septmeber 2008)

Compliance Officer

Mr. Chiu Samson Hang Chin

Company Secretary

Mr. Leung Yiu Ming

Authorised Representative

Mr. Chiu Hang Tai
Mr. Leung Yiu Ming

Qualified Accountant

Mr. Chan Yu Ming

Audit Committee

Mr. Li Chi Chung *Chairman*
Mr. So Stephen Hon Cheung
Mr. Xu Jian Hua (resigned on 1 September 2008)
Mr. Chung Wai Ming (appointed on 1 September 2008)

Remuneration Committee

Mr. So Stephen Hon Cheung *Chairman*
Mr. Li Chi Chung
Mr. Chiu Hang Tai

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Units 5507-10, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

BNP Paribas (Canada)
China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank, Ltd.
Manufacturers Bank
Standard Chartered Bank (Hong Kong) Limited
United Overseas Bank Limited
Wells Fargo Bank, N.A.
Wing Hang Bank, Ltd.

Principal Share Register and Transfer Office

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HMII
Bermuda

Hong Kong Branch Share Register and Transfer Office

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Legal Advisers

As to Bermuda Law:
Conyers Dill & Pearman

As to Hong Kong Law:
Winnie Mak, Chan & Yeung Solicitors

Stock Quote

8013

Website of the Company

www.pinegroup.com

Corporate Profile

PINE Technology Holdings Limited ("PINE" or "the Group") is one of the world's leading companies in the design, manufacturing and distribution of PC based products. It has two core business divisions – the XFX division which focuses and specialises in the design and manufacturing of Video Graphic products for the PC and PC upgrade use under the XFX brand; and the Distribution division which distributes a wide range of PC peripherals and accessories of many world class manufacturers through the Company's extensive global distribution network.

The Group's strategy is to continue its success of leveraging on the strong product and our XFX gaming brand positions of its Video Graphic line to further expand our penetration and market shares of the segments of regional distributors, system builders and retailers of the major markets. On the Distribution division, we will continue to work on improving our overhead and operation efficiency while bringing out more services as our major strategy to grow our distribution business especially of our Mass Merchant category.

The Group is headquartered in the Hong Kong Special Administrative Region (Hong Kong SAR) and state-of-the-art manufacturing facilities in mainland China. PINE maintains its research facilities in Asia, as well as a global distribution and service network in USA, Canada, Europe, Asia and China.

Founded in 1989, PINE had revenue reached US$505,511,000 in financial year of 2008. It has been listed on the GEM board of the Hong Kong Stock Exchange (HKGEM: 8013) in 1999.

Chairman's Statement

Fiscal Year 2008 has been another stellar year for Pine Group. The net profit is increased by 45%, from US$4,363,000 to US$6,316,000. The total revenue is increased by 26%, from US$401,797,000 to US$505,511,000. As of June 30, 2008, we had US$15,530,000 cash on hand. Our gearing ratio is reduced from 65% to 58%.

We are encouraged to see the continued growth of our business in all regions worldwide. Europe had the highest growth of 38% from last year, from US$100,737,000 to US$139,307,000; followed by North America with a 26% growth from US$220,019,000 to US$277,189,000; and by Asia and Others with a 10% growth from US$81,041,000 to US$89,015,000.

Overall, we are very proud to have achieved consistent growth in the past 5 years, in terms of revenue, gross profit and net profit. We are particularly pleased of the record revenue and net profit achieved in past year. This puts PINE in a solid position amidst the current turbulent global financial condition.

Business Review

2008 has been an active and busy year for both the XFX Division and the Distribution Division. The business growth of the 2 Divisions was about the same at 26%. Distribution Division was able to continue to grow its retail business with customers such as Best Buy Canada and Wal-mart; penetrate new market, and procure the latest PC products to their customers efficiently.

Our whole XFX team from R&D to Sales and Marketing have been nonstop since the beginning of the year to execute numerous launches of a wide-range of the XFX 9-series graphics family. On Feb 21, 2008, we launched the XFX GeForce® 9600GT. We followed up with the introduction of the XFX GeForce® 9800GX2 and 9800GTX in March and April. Specifically, GeForce® 9800 GX2-based graphics card combines the power of two GeForce® 9800 GPUs into a single graphics solution. Equipped with 256 stream processors and 1 GB framebuffer, it is the world's first 9-series graphics card featuring NVIDIA HybridPower™ technology that provides a true performance technology solution that brings home the gold with scorching frame rates, true-to-life extreme HD gaming and picture-perfect Blu-ray and HD DVD movies.

The 9800GTX is the most powerful single chip GeForce card which delivers all-out gaming performance at extreme HD resolutions. Its second revision the XFX GeForce® 9800GTX+ was released on June 16, which is loaded with all of the features hardcore gamers have come to expect, such as 55nm technology, Hybrid Power feature, NVIDIA® PhysX™ and CUDA™ technology.

In the same month, we launched the GTX 200 Series graphics cards. This series totally captured gamers' heart by allowing a total immersive gaming experience. The GeForce® GTX 280 and GTX 260 come with 240/192 enhanced processing cores and a GPU clock of 602/576 MHz that provide incredible graphics horsepower. In July, we introduced XFX GeForce® 9500GT and 9800GT to the market both with distinctive features targeting at different segments. The GeForce® 9500 GT is the multi-media multi-tasker which offers users improved 3D experience, advanced PureVideo® HD technology and significant performance improvement with the SLI® Ready technology. Teaming up with all the other 9-series graphics cards, XFX GeForce® 9800GT with 112 processor cores and 1.5 GHz clock rate is loaded with industry-leading features such as NVIDIA® CUDA™ technology, 256-bit framebuffer interface running at 900 MHz.

Over the years, our XFX team was commissioned to meet the needs and to surpass the expectation of the insatiable gamers who require ever-better graphic acceleration and the very latest graphic technology. The XFX 9-series simply achieves that. Over 60 awards worldwide were received for the XFX 9-series graphics cards so far since its launch. To name a few:

The XFX GeForce® 9600 GT was awarded with Editors' Choice by I4U News in Europe, Power Selection Award by DOSV Japan and PCM Recommended from Hong Kong while its Alpha Dog Edition is given with Best In Class Heavenly Gold Award in Europe, Gaming Essential Award in Guru 3D Holland, Elite Performance Award from EliteBastards.com UK and Best Performance Must Have Award from TweakTown Australia.

The XFX GeForce® 9800 GX2 won Editors' Choice Highly Recommended Award and Best-in Class Heavenly Gold Award from driverheaven.net, Best Buy Award in Bgamer Italy, the Seal of Approval Award from Bjorn3d.com in Europe, Top Pick Award from Guru3D.com in Netherlands, OC3D Performance Award from Overclock3D in UK and Power Award from PC PowerPlay Australia.

For the XFX GeForce® 9800 GTX, it received numerous awards. Major ones included the Fudzilla Recommended Award, Simply Amazing Award from Hard Info Europe, GeForce Italia Gold Award in Italy and HWM Malaysia Gold Award for our over-clock versions, Recommended and Performance Awards from OC3D UK, Hot Award 2008 from Motherboards.org in US, Gold Award from Driver Heaven.net UK, and Editors' Choice Award from I4U News for its BLACK Edition.

The GTX 280 XXX over-clock Edition is awarded with PC Editor's Award from PC3 Hong Kong, I4U Editor's Choice from the US, OCC Gold Award from OverclockersClub.com US, and Best Performance Must Have Award from TweakTown Australia.

The XFX GeForce® GTX 260 XXX Edition won Best Value Award from TweakTown, Singapore VR-Zone Best Buy and Performance Awards, Hexus Gaming Labs Award in UK and Overclock 3D UK Performance Award.

We are very much honored by this kind of industry recognition and endorsement which reinforce our belief that focusing to develop the "best" graphic card for the gaming community is the mission of our XFX team and what the gaming community expects us to do.

Chairman's Statement

Business Outlook

We are holding a cautious view of the business outlook of the fiscal year 2009. In view of the recent turmoil in the financial markets, slow down of the global economy, tighter credit condition, and the resulted negative sentiments of both the business and consumer sectors, we anticipate a weakened business activity and slower demand of the PC industry in the immediate term.

On the business side, we are cautious in the business forecast and production planning. We anticipate a sales drop of the high-end models. To offset this drop, we will put our emphasis onto the more stable mid-range product line-up.

On the operational side, since last year we have implemented a comprehensive overhaul and workflow re-engineering of our manufacturing process. We expect to see an improvement in efficiency this year. It is expected that this will reduce our overhead costs by 5-7% this year.

Nevertheless, we believe online gaming market will continue to be the driving force of the growth of the gaming industry in the medium term, and the popularity of the online gaming is setting the stage for new growth in the video graphic card market as gamers are always in search of the latest technology and the best product in their pursuit of highest quality in their visual experience and fastest speed in their maneuvering.

Lastly, on behalf of the Board of Directors, I would like to extend my gratitude and sincere appreciation to our business partners and shareholders for their supports. And most importantly, I would like to thank the whole team who has continued to make this another successful year through their passionate commitment and dedication to make PINE the winning company.

Michael Chiu
Chairman

Hong Kong, 22 September 2008

Liquidity, financial resources and charge of group asset

As at 30 June 2008, the Group's borrowings comprised short-term loans of approximately US$56,241,000 (30 June 2007: approximately US$64,807,000) and long-term loans of approximately US$321,000 (30 June 2007: approximately US$862,000). The aggregate borrowings of approximately US$56,562,000 (30 June 2007: approximately US$65,669,000) were partially secured by pledged bank deposits or by all assets of certain subsidiaries as floating charges to banks.

As at 30 June 2008, total pledged bank deposits and all assets of certain subsidiaries as floating charges were amounted approximately US$5,245,000 and US$53,220,000 respectively (30 June 2007: approximately US$8,933,000 and US$61,403,000). The Group continued to maintain a healthy financial and cash position. As at 30 June 2008, the total cash on hand amounted approximately US$15,530,000 (30 June 2007: approximately US$18,880,000).

Capital structure

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

Significant investments and material acquisitions

During the year under review, the Group had disposed 19.34 million of the issued shares of QUASAR Communication Technology Holdings Limited ("QUASAR"), equivalent to 3.3% of the total issued shares of QUASAR. At 30 June 2008, the Group beneficially held approximately 2.6% of shareholding interests in QUASAR.

Employee

As at 30 June 2008, 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$18 million for the year ended 30 June 2008 as compared with that of approximately US$13 million for the preceding financial year.

Gearing ratio

As at 30 June 2008, the gearing ratio of the Group based on total liabilities over total assets was approximately 58% (30 June 2007: approximately 65%).

Exchange risk

During the year 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. During the year, the Group has used forward foreign currency contracts to minimise its exposure to currency fluctuations risk of certain trade payables denominated in foreign currencies.

Contingent liabilities

In November 2004, Samtack Inc., ("Samtack"), a wholly owned subsidiary of the Company, received a notice that the Canadian Private Copying Collective ("CPCC") had filed a lawsuit against Samtack and 1559435 Ontario Inc., ("Ontario") an unrelated entity. CPCC alleged 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 claimed 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 jointly liable for US$1,794,000 in outstanding levies. The defendants under this litigation are also potentially liable for penalties of up to five times the outstanding levies.

Subsequent to the balance sheet date, Samtack had reached an agreement with CPCC to dismiss the aforesaid lawsuit upon the settlement of a compensation to CPCC amounting to US$1,742,000. This compensation was fully provided at 30 June 2008 (included in trade and other payables as set out in the consolidated balance sheet) and the full amount was settled in August 2008.

Segment information

Group brand products

Revenue growth by 25% to approximately US$346,848,000 for the year (2007: approximately US$276,439,000).
The segment profit from group brand product decreased to approximately US$9,090,000 this year compared with approximately US$10,165,000 in 2007. 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. Over the past year, our XFX graphic division had a phenomenal success in growing its market share on global basis.

Other brand products

The group also recorded growth of the revenue and profit of the other brands products this year. The revenue of other brand products surged by 27% to approximately US$158,663,000. (2007: approximately US$125,358,000), the segment profit from other brand product also increased to approximately US$2,722,000 compared with approximately US$423,000 in 2007. Other brand products was able to continue to grow its retail business with customers such as Best Buy Canada and Wal-mart; penetrate new market, and procure the latest PC products to their customers efficiently.

Executive Directors

Mr. Chiu Hang Tai, aged 48, is the chairman of the Company and co-founder of the Group. He was also appointed as the chief executive officer of the Group in January 2003. He is responsible for overall strategic planning and formulation of corporate strategy of the Company. He holds a bachelor degree of science in economics from Salem State College in the US and a master degree in Business Administration from Northeastern University in the United States. He has over nineteen years of experience in the computer industry and also served as director of 2 health food companies. Chiu was awarded the 1999 Young Industrialist Award of Hong Kong. He is the brother of Mr. Chiu Samson Hang Chin.

Mr. Chiu Samson Hang Chin, aged 50, is the deputy-chairman of the Company and co-founder of the Group. He is responsible for overall strategic planning and formulation of corporate strategy for the Sales and Distribution Division. He holds a bachelor degree in applied science from Queen's University in Canada and a master degree in business administration from York University in Canada. Chiu has over twenty four years of experience in the PC industry. Chiu was awarded the Year 2005 ACCE Chinese Canadian Entrepreneur of year. He is the brother of Mr. Chiu Hang Tai.

Independent Non-Executive Directors

Mr. Li Chi Chung, aged 40, was appointed as an independent non-executive director of the Company in June 2000. Mr. Li is currently a solicitor practicing in Hong Kong. Mr. Li obtained a bachelor degree in laws from the University of Sheffield in England in 1990. He was admitted as a solicitor of the High Court of Hong Kong in 1993 and his practice has been focused on commercial related matters. Mr. Li is a non-executive director of Richfield Group Holdings Limited, a company listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Mr. Li is an independent non-executive director of Eagle Nice (International) Holdings Limited, Kenford Group Holdings Limited and Anhui Tianda Oil Pipe Company Limited respectively, all of which are companies listed on the main board of the Stock Exchange.

Mr. So Stephen Hon Cheung, aged 52, a director of the accounting firm T.M Ho, So & Leung CPA Limited, is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Canadian Institute of Chartered Accountants, a member of the Society of Certified Management Accountants of Canada, a member of the Chartered Institute of Management Accountants and a fellow member of the Association of International Accountants. He holds a bachelor degree in commerce from the University of British Columbia, Canada and is now a visiting professor of various universities and colleges in Beijing, Liaoning, Sichuan, Xinjiang, Qinghai and Guangdong of China. He has over thirteen years experience in manufacturing, wholesale and trade in the commercial sector and over sixteen years in public practice working for various companies in Hong Kong, China and Canada. A frequent visitor to China on special engagements, Stephen is also acting as independent non-executive director for other listed companies in Hong Kong. In community and professional services, Stephen was the President of the Lions Club of Bayview for 1999-2000, Superintendent of the Road Safety Patrol for 1987-89, and President of the Society of Certified Management Accountants of Canada, Hong Kong Branch for 1989-90. He was appointed as an independent non-executive director of the Company in September, 2002.

Management Profile

Independent Non-Executive Directors *(Continued)*

Mr. Chung Wai Ming, aged 49, holds a doctoral degree in physical chemistry from Brandies University. He has over 15 years of experience of technology development and operational experience in United States, the People's Republic of China and Hong Kong. His operational experience including quality assurance, product development and manufacturing efficiency optimization.

Company Secretary

Mr. Leung Yiu Ming, aged 37, is the Company Secretary of the Company. He holds a bachelor degree in commerce from the Australian National University. He is a member of the Hong Kong Institute of Certified Public Accountants, the CPA Australia, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Prior to joining the Group in 1998, he was with a major international accounting firm.

Qualified Accountant

Mr. Chan Yu Ming, aged 37, is the Qualified Accountant of the Group. Mr. Chan joined the Group in March 2005 and is the fellow member of the Association of Chartered Certified Accountants and associate member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of auditing, finance and IT experiences in various sizeable local and multinational listed companies.

Senior Management

Mr. Ng Khing Fah, Royson, aged 49, is the president of Samtack Inc. (Canada). Mr. Ng is responsible for managing the Group's operations in Canada and oversees the development of Mass Merchant Strategies. He holds a masters degree in business administration from the University of Sarasota in the US. He has over fifteen years experience in the PC industry in North America and Canada. Prior to joining the Group in September 1997, he held various management positions in the retail industry.

Mr. Martin Edward Sutton, aged 43, is the president of XFX Europe and senior VP, XFX strategic product managment. He has over twenty five years' experience in manufacturing, trading, as well as sales and marketing. Before joining the Group in July 1992, he held various senior management positions in manufacturing as well as with import and export companies.

Mr. Eddie Memon, aged 36, is the president of XFX USA. He holds a bachelor degree in management information system from San Jose State University. Eddie currently heads the team of XFX USA with sole purpose of managing the brand to reach new heights of equity of PINE Group. He joined the Group in 1997.

Corporate Governance Practices

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company's corporate governance practices are based on the principles ("Principles"), code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("GEM Listing Rules").

The Company has applied the principles as set out in the CG Code and complied with all the Code Provisions except for the deviations from Code Provisions A.2.1 and A.4.2, details of which will be explained below.

Compliance of Code for Director's Securities Transactions

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 during the year ended 30 June 2008, they have fully complied with such code of conduct and the required standard of dealings.

Board of Directors

The Board members for the year ended 30 June 2008 comprises:–

Executive Directors:

Mr. Chiu Hang Tai *(Chairman)*
Mr. Chiu Samson Hang Chin *(Deputy-Chairman)*

Independent Non-executive Directors:

Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Mr. Xu Jian Hua (resigned on 1 September 2008)
Mr. Chung Wai Ming (appointed on 1 September 2008)

Mr. Chiu Samson Hang Chin is the brother of Mr. Chiu Hang Tai

Corporate Governance Report

The board of directors (the "Board") is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions. The Board also reviews and approves the quarterly and annual reports of the Group. Daily operations and execution of strategic plans are delegated to management.

Details of backgrounds and qualifications of the directors of the Company are set out in the management profile of the annual report. Each director is suitably qualified for his position and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

During the year ended 30 June 2008, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are considered to be independent.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Board had met 20 times during the financial year ended 30 June 2008 to consider, among other things, reviewing and approving the quarterly, interim and annual results of the Group. The directors can attend meetings in person or via telephone conference that are permitted under the bye-laws of the Company. The attendance of each director is set out as follows:

Executive Directors	*Attendance*
Mr. Chiu Hang Tai	19/20
Mr. Chiu Samson Hang Chin	19/20
Independent Non- Executive Directors	
Mr. Li Chi Chung	8/20
Mr. So Stephen Hon Cheung	8/20
Mr. Xu Jian Hua (resigned on 1 September 2008)	4/20
Mr. Chung Wai Ming (appointed on 1 September 2008)	

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. As such, at the forthcoming 2008 annual general meeting, Mr. Chiu Hang Tai, Chairman of the Board shall offer himself to retire along with Mr. So Stephen Hon Cheung and both of them, being eligible, shall offer themselves for re-election.

Chairman and Chief Executive Officer

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.

Independent Non-Executive Directors

All the independent non-executive directors of the Company are appointed for specific term. Mr. Li Chi Chung and Mr. So Stephen Hon Cheung were appointed for a term of 2 years expiring on 9 June 2010 and 13 September 2010 respectively. Mr. Xu Jian Hua was resigned on 1 September 2008 and Mr. Chung Wai Ming was appointed on 1 September 2008 for a term of two years expiring on 1 September 2010.

Remuneration of Directors

A remuneration committee was established on 30 December 2005 with written terms of reference which are available on request and are available on the Company's website. The remuneration committee comprises one executive director, namely, Mr. Chiu Hang Tai and two independent non-executive directors, namely, Mr. Li Chi Chung and Mr. So Stephen Hon Cheung (chairman of the remuneration committee).

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

During the year under review, a meeting of the Remuneration Committee was held on 6 May 2008 for reviewing and discussing the policy for remuneration of Directors and the senior management. The individual attendance record of each Remuneration Committee member is as follow:

Members	*Attendance*
Mr. So Stephen Hon Cheung	1/1
Mr. Li Chi Chung	1/1
Mr. Chiu Hang Tai	1/1

Nomination of Directors

The Company has not established a nomination committee. The Board is responsible for reviewing its own size, structure and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the Company. Where vacancies on the Board exist or an additional director is considered necessary, the Chairman will identify suitable candidates and propose the appointment of such candidates to each member of the Board for consideration and each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background. The decision of appointing a Director must be approved by the Board.

The Company currently does not have any plan to set up a nomination committee considering the small size of the Board.

Auditor's Remuneration

During the year, the nature of the audit and non-audit services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and the relevant fee paid by the Company for such services are as follows:

Audit services of approximately US$343,000 for the Group; Non-audit services of approximately US$43,000 including:

– tax services for the Group
– agreed upon procedures on Group's annual result announcement
– reporting Accountants on open offer
– agreed upon procedures on price adjustments for share options

Audit Committee

The Company established an audit committee on 9 November 1999 with written terms of reference which are available on request and are available on the Company's website. The existing Audit Committee comprises the three independent non-executive directors, namely Messrs. Li Chi Chung, So Stephen Hon Cheung and Xu Jian Hua (resigned on 1 September 2008). Mr. Chung Wai Ming is appointed on 1 September 2008. The Chairman of the Audit Committee is Mr. Li Chi Chung.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments on the Company's draft annual reports and accounts, half yearly reports and quarterly reports to directors. The Audit Committee had reviewed with management the accounting principles and practices and discussed internal controls and financial reporting matters including a review of audited accounts of the Company and Group for the year ended 30 June 2008.

The Audit Committee held 4 meetings during the year ended 30 June 2008 to review financial results and reports, financial reporting and compliance procedures and risk management system and the re-appointment of the external auditors. Details of the attendance of the Audit Committee meetings are as follows:

Members	*Attendance*
Mr. Li Chi Chung	4/4
Mr. So Stephen Hon Cheung	4/4
Mr. Xu Jian Hua	0/4

The Company's annual results for the year ended 30 June 2008 has been reviewed by the Audit Committee.

Responsibilities in Respect of the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 June 2008.

The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 24 to 25.

Internal Controls

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee.

The Company has maintained a tailored governance structure with defined lines of responsibility and appropriate delegation of responsibility and authority to the senior management.

The Management of the Company is responsible for establishing the Group's internal control framework, covering all material controls including financial, operational and compliance controls. The internal control framework also provides for identification and management of risk.

The Management also conducts periodic independent reviews on the operations of individual divisions to identify any irregularities and risks, develops action plans and recommendations to address the identified risks, and reports to the Audit Committee on any key findings. The Audit Committee, in turn, reports to the Board on any material issues and makes recommendations to the Board.

Investors Relations

The Company has disclosed all necessary information to the shareholders in compliance with the GEM Listing Rules. The Company also replied to the enquiries from shareholders in a timely manner. The Directors host an annual general meeting each year to meet the shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.pinegroup.com, where extensive information and updates on the Company's business developments and operations, financial information and other information are posted.

The directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2008.

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 35 to the financial statements.

Major Customers and Suppliers

For the year ended 30 June 2008, the top five suppliers of the Group together accounted for approximately 59.1% of the Group's total purchases and the largest supplier accounted for approximately 27.3% of the Group's total purchases.

None of the directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company has any interests in the Group's five largest suppliers during the year.

For the year ended 30 June 2008, the Group's five largest customers accounted for less than 30% of the total sales of the Group.

Results

The results of the Group for the year ended 30 June 2008 are set out in the consolidated income statement on page 26 of the annual report.

The directors of the Company do not recommend the payment of a dividend for the year.

Property, Plant and Equipment

During the year, the Group acquired additional property, plant and equipment at a cost of approximately US$5.9 million for business expansion.

Details of these and other movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

Share Capital and Share Options Schemes

During the year, the Company issued a total of 248,148,783 shares by an open offer at a subscription price of HK$0.26 per offer share. Details of the Company's share capital and share option schemes are set out in notes 27 and 28 to the consolidated financial statements respectively.

Directors' Report

Directors

The directors of the Company during the year and up to the date of this report are:

Executive directors:

Mr. Chiu Hang Tai - Chairman
Mr. Chiu Samson Hang Chin – Deputy Chairman

Independent non-executive directors:

Mr. Li Chi Chung	
Mr. So Stephen Hon Cheung	
Mr. Chung Wai Ming	(appointed on 1 September 2008)
Mr. Xu Jian Hua	(resigned on 1 September 2008)

The Company's Bye-law 111 provides that one-third of the directors, with the exception of Chairman, Deputy Chairman, Managing Director and joint Managing Director, shall retire from office by rotation at each annual general meeting. In order to put in place good corporate governance practice, Mr. Chiu Hang Tai, Chairman of the Board, shall offer himself to retire along with Mr. So Stephen Hon Cheung at the annual general meeting and both of them, being eligible, shall offer themselves for re-election pursuant to Bye-law 111.

The Company's Bye-law 115 also provides that any director appointed by the Board shall hold office only until the following general meeting of the Company. As such, Mr. Chung Wai Ming shall retire at the annual general meeting and being eligible offer himself for re-election.

Directors' Service Contracts

Mr. Li Chi Chung and Mr. So Stephen Hon Cheung were appointed for a term of 2 years expiring on 9 June 2010 and 13 September 2010 respectively. Mr. Xu Jian Hua resigned on 1 September 2008 and Mr. Chung Wai Ming was appointed on 1 September for a term of 2 years expiring on 1 September 2010.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Shares

At 30 June 2008, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") Rule 5.46, were as follows:

Long positions:

(a) *Ordinary shares of HK$0.1 each of the Company*

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Chiu Hang Tai	Held by controlled corporation *(Note)*	196,500,000	21.11%
Mr. Chiu Samson Hang Chin	Beneficial owner	154,987,098	16.65%

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.

(b) *Share options*

Name of director	Capacity	Number of share options held	Number of shares underlying
Mr. Chiu Hang Tai	Beneficial owner	6,945,400	6,945,400
Mr. Chiu Samson Hang Chin	Beneficial owner	8,632,140	8,632,140

In addition to the above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, spouse of Mr. Chiu Hang Tai, both beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited, a subsidiary of the Company as at 30 June 2008. The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the subsidiary. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the subsidiary only after the distribution of HK$1,000 million, as specified in the Articles of Association of the subsidiary, to holders of ordinary shares.

Save as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Company's subsidiaries as at 30 June 2008, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Share Options

Particulars of the Company's share option schemes are set out in note 28 to the consolidated financial statements.

All share options granted under the share option scheme that adopted pursuant to a resolution passed on 9 November 1999 were lapsed during last year.

The Company's new share option scheme adopted by the shareholders pursuant to a resolution passed on 16 April 2003 (the "New Scheme") is for the purpose of providing incentives to directors and eligible employees or any persons who have contributed or will contribute to the Group and, unless otherwise cancelled or amended, will expire on 15 April 2013.

Details of share options outstanding as at 30 June 2008 which have been granted under the New Scheme to certain directors to subscribe for shares in the Company are as follows:

Name of director	Date of grant	Exercisable period	Exercise price	Number of share options at 1 July 2007	Granted	Adjustments	Number of share options at 30 June 2008
		(both dates inclusive)	HK$ (Note)			(Note)	
New Scheme							
Mr. Chiu Hang Tai	28.9.2004	1.11.2004 to 31.10.2009	0.150	4,000,000	–	(31,200)	3,968,800
	5.10.2007	5.10.2009 to 4.10.2012	0.464	–	3,000,000	(23,400)	2,976,600
Mr. Chiu Samson Hang Chin	28.9.2004	1.11.2004 to 31.10.2009	0.150	4,000,000	–	(31,200)	3,968,800
	30.3.2007	1.1.2009 to 31.12.2011	0.250	2,700,000	–	(21,060)	2,678,940
	5.10.2007	5.10.2009 to 4.10.2012	0.464	–	2,000,000	(15,600)	1,984,400
				10,700,000	5,000,000	(122,460)	15,577,540

Note: As a result of the open offer issue of the Company on 23 May 2008, the number of share options and the exercise prices have been adjusted in accordance with the requirements of Rule 23(3) of the Listing Rules and the supplementary guidance issued by the Stock Exchange of Hong Kong Limited on 5 September 2005.

As at 30 June 2008, the number of shares in respect of which options had been granted to directors under the share option schemes was 15,577,540, representing 1.67% of the shares of the Company in issue at that date.

Arrangement To Acquire Shares Or Debentures

Other than the share option schemes disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

Other than those disclosed in directors' interests in shares, as at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and long positions in the issued share capital of the Company.

Name of shareholder	Capacity	Number of issued ordinary shares held (long positions)	Percentage of the issued share capital of the Company
Alliance Express Group Limited	Beneficial owner *(Note 1)*	196,500,000	21.11%
Concept Express Investments Limited	Beneficial owner *(Note 2)*	184,140,000	19.78%
The estate of Mr. Chiu Kwong Chi	Held by controlled corporations *(Note 2)*	184,140,000	19.78%

Notes:

1. These shares are beneficially owned by and registered in the name of Alliance Express Group Limited. Alliance Express Group Limited is incorporated in the British Virgin Islands ("BVI") and its entire issued share capital 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. Concept Express Investments Limited is incorporated in the BVI and its entire issued share capital is beneficially owned as to 47.82 per cent. by the estate of Mr. Chiu Kwong Chi 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 Samson Hang Chin and Mr. Chiu Hang Tai.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.

Directors' Interests in Contracts

No contract of significance, to which the Company or any of its subsidiaries was a party and which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Convertible Securities, Options, Warrants or Similar Rights

Other than the share options as set out in note 28 to the consolidated financial statements, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 30 June 2008.

Appointment of Independent Non-executive Directors

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM listing Rules. The Company considers all of the independent non-executive directors are independent.

Emolument Policy

The emolument policy regarding the employees of the Group is set up by the board of directors and is based on their merit, qualifications and competence.

The emoluments of the directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the share option schemes are set out in note 28 to the consolidated financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Audit Committee

The Audit Committee during the year comprised the three independent non-executive directors of the Company, namely, Messrs. Li Chi Chung, So Stephen Hon Cheung and Xu Jian Hua. On 1 September 2008, Mr. Xu Jian Hua resigned as an independent non-executive of the Company and a member of the Audit Committee while Mr. Chung Wai Ming was appointed as an independent non-executive director of the Company and a member of the Audit Committee on the same date.

Up to the date of approval of these consolidated financial statements, the Audit Committee has held four meetings and has reviewed and commented on the Company's draft quarterly report and annual financial reports.

Purchase, Sale or Redemption of Listed Securities

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

Auditor

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chiu Hang Tai
CHAIRMAN

Hong Kong, 22 September 2008

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of PINE Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 87, which comprise the consolidated balance sheet as at 30 June 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 September 2008

Consolidated Income Statement

For the year ended 30 June 2008

	NOTES	2008	2007
		US$'000	US$'000
Turnover	6	**505,511**	401,797
Cost of sales		**(459,699)**	(365,056)
Gross profit		**45,812**	36,741
Other income		**2,452**	1,205
Selling and distribution expenses		**(8,906)**	(8,557)
General and administrative expenses		**(26,213)**	(19,516)
Other expense	32	**(1,742)**	–
Finance costs	7	**(3,813)**	(4,680)
Profit before taxation		**7,590**	5,193
Taxation	10	**(1,274)**	(830)
Profit for the year	11	**6,316**	4,363
Attributable to:			
Equity holders of the parent		**6,316**	4,574
Minority interests		**–**	(211)
		6,316	4,363
Earnings per share			
Basic (US cents)	12	**0.88**	0.66
Diluted (US cents)		**0.86**	0.65

Consolidated Balance Sheet

At 30 June 2008

	NOTES	2008	2007
		US$'000	US$'000
Non-current assets			
Property, plant and equipment	*13*	**13,634**	9,256
Development costs	*14*	**852**	370
Trademarks	*15*	**111**	112
Available-for-sale investments	*16*	**400**	2,245
Deferred taxation	*29*	**262**	786
		15,259	12,769
Current assets			
Inventories	*17*	**73,770**	59,593
Trade and other receivables	*18*	**69,905**	73,440
Tax recoverable		**656**	46
Pledged bank deposits	*19*	**5,245**	8,933
Bank balances and cash	*20*	**15,530**	18,880
		165,106	160,892
Current liabilities			
Trade and other payables	*21*	**43,149**	42,736
Bills payable	*22*	**3,173**	425
Derivative financial instruments	*23*	**–**	1,185
Tax payable		**1,826**	2,123
Obligations under finance leases	*24*	**37**	79
Bank borrowings	*25*	**48,451**	53,267
Other borrowings	*26*	**7,790**	9,973
Bank overdraft	*25*	**–**	1,567
		104,426	111,355
Net current assets		**60,680**	49,537
		75,939	62,306

Consolidated Balance Sheet

At 30 June 2008

	NOTES	**2008**	2007
		US$'000	US$'000
Capital and reserves			
Share capital	*27*	**11,971**	8,790
Share premium and reserves		**63,643**	52,614
Total equity		**75,614**	61,404
Non-current liabilities			
Obligations under finance leases	*24*	**4**	40
Bank borrowings	*25*	**321**	862
		325	902
		75,939	62,306

The financial statements on pages 26 to 87 were approved and authorised for issue by the Board of Directors on 22 September 2008 and are signed on its behalf by:

Chiu Hang Tai	**Chiu Samson Hang Chin**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 30 June 2008

	Attributable to equity holders of the parent										
	Share capital	Share premium account	Surplus account	Exchange reserve	Capital reserve	Investments revaluation reserve	Share option reserve	Retained profits	Total	Minority interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 July 2006	8,790	22,215	2,954	1,473	67	–	1	19,230	54,730	215	54,945
Exchange differences arising on translation of foreign operations	–	–	–	276	–	–	–	–	276	(4)	272
Surplus on revaluation on available-for-sale investments	–	–	–	–	–	2,378	–	–	2,378	–	2,378
Net income and expense recognised directly in equity	–	–	–	276	–	2,378	–	–	2,654	(4)	2,650
Transfer to profit or loss on sale of available-for-sale investments	–	–	–	–	–	(480)	–	–	(480)	–	(480)
Reserve released upon winding up of subsidiaries	–	–	–	(128)	(4)	–	–	4	(128)	–	(128)
Profit (loss) for the year	–	–	–	–	–	–	–	4,574	4,574	(211)	4,363
Total recognised income and expense for the year	–	–	–	148	(4)	1,898	–	4,578	6,620	(215)	6,405
Recognition of equity-settled share-based payments	–	–	–	–	–	–	54	–	54	–	54
At 30 June 2007	8,790	22,215	2,954	1,621	63	1,898	55	23,808	61,404	–	61,404
Exchange differences arising on translation of foreign operations	–	–	–	1,180	–	–	–	–	1,180	–	1,180
Deficit on revaluation on available-for-sale investments	–	–	–	–	–	(662)	–	–	(662)	–	(662)
Net income and expense recognised directly in equity	–	–	–	1,180	–	(662)	–	–	518	-	518
Transfer to profit or loss on sale of available-for-sale investments	–	–	–	–	–	(988)	–	–	(988)	–	(988)
Profit for the year	–	–	–	–	–	–	–	6,316	6,316	–	6,316
Total recognised income and expense for the year	–	–	–	1,180	–	(1,650)	–	6,316	5,846	–	5,846
Recognition of equity-settled share-based payments	–	–	–	–	–	–	188	–	188	–	188
Expenses incurred in connection with issue of shares	–	(95)	–	–	–	–	–	–	(95)	–	(95)
Issue of new shares	3,181	5,090	–	–	–	–	–	–	8,271	–	8,271
At 30 June 2008	11,971	27,210	2,954	2,801	63	248	243	30,124	75,614	–	75,614

Notes:

(1) The surplus account of the Group represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Pine Technology (BVI) Limited, the subsidiary which was acquired by the Company pursuant to the Group Reorganisation.

(2) Capital reserve represents statutory reserves transferred from accumulated profits as required by the relevant laws and regulations applicable to the Company's subsidiaries in the People's Republic of China ("PRC") at the discretion of the board of directors of respective subsidiaries.

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	2008	2007
	US$'000	US$'000
OPERATING ACTIVITIES		
Profit before taxation	**7,590**	5,193
Adjustments for:		
Finance costs	**3,813**	4,680
Interest income	**(189)**	(263)
Loss on disposal of property, plant and equipment	**28**	23
Allowance for doubtful debts	**1,306**	669
Allowance for inventories	**6,035**	1,244
Reversal of allowance for inventories	**(161)**	–
Amortisation of development costs	**623**	360
Amortisation of trademarks	**9**	7
Depreciation of property, plant and equipment	**2,507**	1,938
Fair value loss on derivative financial instruments	**–**	1,185
Gain on disposal of available-for-sale investments	**(987)**	(480)
Gain on winding up of subsidiaries	**–**	(128)
Share option expenses	**188**	54
Operating cash flow before movements in working capital	**20,762**	14,482
Increase in inventories	**(19,788)**	(12,617)
Decrease (increase) in trade and other receivables	**1,894**	(10,237)
(Decrease) increase in trade and other payables	**(507)**	10,083
Increase (decrease) in bills payable	**2,748**	(850)
Decrease in derivative financial instruments	**(1,185)**	–
Cash generated from operations	**3,924**	861
Interest paid on bank borrowings	**(3,022)**	(3,715)
Interest paid on other borrowings	**(791)**	(965)
Hong Kong Profits tax paid	**(97)**	(63)
Overseas tax paid	**(1,553)**	(258)
NET CASH USED IN OPERATING ACTIVITIES	**(1,539)**	(4,140)

Consolidated Cash Flow Statement

For the year ended 30 June 2008

	2008 US$'000	2007 US$'000
INVESTING ACTIVITIES		
Interest received	**189**	263
Proceeds from disposal of available-for-sale investments	**1,182**	556
Proceeds from disposal of property, plant and equipment	**7**	125
Proceeds from disposal of an associate	**800**	1,729
Repayment from an associate	**–**	796
Purchase of property, plant and equipment	**(5,931)**	(1,756)
Development expenditure incurred	**(1,057)**	(376)
Acquisition of trademark	**(9)**	(30)
Decrease (increase) in pledged bank deposits	**3,906**	(5,515)
NET CASH USED IN INVESTING ACTIVITIES	**(913)**	(4,208)
FINANCING ACTIVITIES		
New bank borrowings raised	**408,399**	249,071
Other borrowings raised	**131,507**	105,352
Repayment of bank borrowings	**(414,331)**	(237,086)
Repayment of obligations under finance leases	**(79)**	(67)
Repayment of other borrowings	**(133,690)**	(102,440)
Proceeds from issue of new shares	**8,271**	–
Expenses incurred in connection with issue of shares	**(95)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(18)**	14,830
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,470)**	6,482
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**17,313**	10,155
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**687**	676
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**15,530**	17,313
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**15,530**	18,880
Bank overdraft	**–**	(1,567)
	15,530	17,313

1. General

The Company is incorporated as an exempted company with limited liability in Bermuda. The shares of the Company are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section of "Corporate information" set out in the annual report.

The consolidated financial statements are presented in United States dollars, which is the same as the functional currency of the Company.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in note 35.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment to Hong Kong Accounting Standard ("HKAS") and interpretations ("HK(IFRIC)-Int") ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for Group's financial year beginning on 1 July 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under requirements of HKAS 32 has been removed and relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 12	Service Concession Arrangements[3]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation[5]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Research and development costs

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life of the project from the date of commencement of commercial operation subject to a maximum of two years.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Trademarks

Trademarks are measured initially at cost and amortised on a straight-line basis over their estimated useful lives.

3. Significant Accounting Policies *(Continued)*

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

3. Significant Accounting Policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivable or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For available-for-sale equity investments, a significant or prolonged decline in fair value of that investment below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

An impairment is recognised in profit or loss when there is objective evidence that asset is impaired, and the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all loans and receivables with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period except for available-for-sale equity investments, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, bills payable, obligations under finance lease, bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives of the Group do not qualify for hedge accounting and thus they are deemed as financial assets held for trading or financial liabilities held for trading and recognised at fair value at each balance sheet date. Changes in fair values of such derivatives are recognised directly in profit or loss for the year and recognised at fair value at each balance sheet date.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial assets, the difference between the carrying amount of the financial asset and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowings for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowings costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

3. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. United States dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Share-based payment transactions

Share options granted to directors of the Company and employees of the Group

Share options granted after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the Group's consolidated balance sheet until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares and the excess of the exercise price per share over the nominal value of the share is recorded by the Company as share premium.

Share options granted after 7 November 2002 and vested after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimate of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised profit or loss, with a corresponding adjustment to the share option reserve.

3. Significant Accounting Policies *(Continued)*

Share-based payment transactions *(Continued)*

Share options granted to directors of the Company and employees of the Group *(Continued)*

Share options granted after 7 November 2002 and vested after 1 January 2005 (Continued)

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited subsequent to vesting or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

Retirement benefits schemes contributions

Payments to the defined contribution retirement benefits schemes and Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank and other borrowings as disclosed in notes 25 and 26, net of cash and cash equivalents and equity attributable to the Company shareholders, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt.

5. Financial Instruments

a. Categories of financial instruments

	2008	2007
	US$'000	US$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**88,821**	95,543
Available-for-sale investments	**400**	2,245
	89,221	97,788
Financial liabilities		
At amortised costs	**102,573**	107,213
Derivative financial instruments	**–**	1,185
	102,573	108,398

b. Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, trade and other receivables, derivative financial instruments, pledged bank deposits, bank balances and cash, trade and other payables, obligations under finance leases and bank and other borrowings. Details of these financial instruments are disclosed in respective notes.

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations.

5. Financial Instruments *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including foreign currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

Market risk

(i) Foreign currency risk

Certain financial assets and liabilities (as disclosed in notes 18, 19, 20, 21, 22, 23 and 25) of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and will further consider hedging significant foreign currency should the need arise.

The carrying amounts of those foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Assets		**Liabilities**	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong dollars ("HKD")	**6,961**	9,511	**13,656**	11,090
EURO	**1,247**	–	**–**	–
Renminbi ("RMB")	**13**	–	**3,141**	2,129
United States dollars ("USD")	**2,651**	9,499	**8,266**	5,663

5. Financial Instruments *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Foreign currency risk (Continued)

Sensitivity analysis

In the opinion of directors of the Company, since Hong Kong dollars is pegged to USD, the exposure to exchange fluctuation is limited and hence no sensitivity analysis in relation to HKD against USD is presented.

The Group therefore mainly exposes to the currency of EURO, RMB and USD. The following table details the Group's sensitivity to a 5% increase and decrease in EURO, RMB and USD relative to USD and Canadian dollars ("CAD"), which are the functional currency of the subsidiaries. 5% is the sensitivity rate used for the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive or negative number below indicates an increase or decrease in profit for the year when EURO and RMB strengthen 5% against USD or USD strength 5% against CAD. There would be an equal and opposite impact on the profit for the year below where the EURO and RMB weakens 5% against USD or USD weakens 5% against CAD.

	2008	2007
	US$'000	US$'000
EURO against USD	**47**	–
RMB against USD	**(156)**	(106)
USD against CAD	**(182)**	130

The derivative financial instruments were denominated in USD and expose to the foreign currency risk. If USD had been strengthen or weaken 5% against CAD while all other variables were held constant, the profit for the year ended 30 June 2007 would decrease/increase by US$59,000.

5. Financial Instruments *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group's interest rate risk exposure arises mainly from pledged bank deposits, bank balances, bill payable and bank and other borrowings. The Group's bank borrowings, pledged bank deposits and bank balances, have exposure to cash flow interest rate due to the fluctuation of the prevailing market interest rate. The Group's other borrowings, which are at fixed rates, are exposing to fair value interest rate risk. The management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong prime rate and United States Prime rate arising from the Group's Hong Kong dollars and United States dollars denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings and bank balances. The analysis is prepared assuming the amounts of assets and liabilities outstanding at the balance sheet date were existed for the whole year. A 50 basis point increase or decrease is used for the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2008 would decrease/increase by US$108,000 (2007: decrease/increase by US$81,000). This is mainly attributable to the Group's exposure to interest rates on its bank balances and bank and other borrowings.

5. Financial Instruments *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Other price risk

The Group's investments in equity instruments are measured at fair values at each balance sheet date. Therefore, the Group is exposed to equity price risk in relation to these investments. The management manages this exposure by reviewing the fair value of investments regularly.

Other price sensitivity

The sensitivity analyses below have been determined based on the exposure of equity instruments to price risks at the reporting date. If the market price of the equity instruments had been 15% higher/lower while all other variables were held constant, the investment valuation reserve for the year ended 30 June 2008 would increase/decrease by US$60,000 (2007: US$337,000) for the Group. This is mainly due to changes in fair value of equity instruments investments.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow.

5. Financial Instruments *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

For derivative instruments settled on a net basis, undiscounted net cash outflows are presented.

	Weighted average effective interest rate	Less than 3 months	4 - 6 months	7 - 9 months	10-12 months	Over 1 year	Total undiscounted cash flows	Carrying amount at 30 June
	%	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2008								
Non-derivative instruments								
Trade and other payables	–	41,563	1,234	–	–	–	42,797	42,797
Bills payable	5.96	3,220	–	–	–	–	3,220	3,173
Obligations under finance leases	3.20	10	10	9	9	4	42	41
Variable interest rate bank borrowings	5.08	36,360	222	862	11,799	328	49,571	48,772
Other borrowings	5.39	73	73	73	7,862	–	8,081	7,790
		81,226	1,539	944	19,670	332	103,711	102,573
2007								
Non-derivative instruments								
Trade and other payable	–	40,344	656	–	–	–	41,000	41,000
Bills payable	6.80	432	–	–	–	–	432	425
Obligations under finance leases	3.20	21	21	21	21	41	125	119
Variable interest rate bank borrowings and bank overdraft	7.80	33,503	7,602	1,115	14,242	993	57,455	55,696
Other borrowings	6.36	156	156	156	10,131	–	10,599	9,973
		74,456	8,435	1,292	24,394	1,034	109,611	107,213
Derivative instruments – net settlement								
Foreign exchange forward contracts - outflow	–	1,185	–	–	–	–	1,185	1,185

5. Financial Instruments *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 June 2008 in relation to each class of recognised financial assets is the carrying value of those assets as stated in the consolidated balance sheet.

The Group's credit risk is primarily attributable to trade receivables. The amounts of trade receivables presented in the consolidated balance sheet are net of allowances for doubtful receivables. In order to minimise the credit risk, the management of the Group is responsible for determination of credit limits, credit approvals and other monitoring procedures are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of the available-for-sale investments with standard terms and conditions and trade on active liquid markets are determined with reference to quoted market bid prices, respectively; and

- the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black Scholes option pricing model).

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. Turnover and Segment Information

Turnover

Turnover represents the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

Business segments

For management purposes, the Group is currently organised 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.

Segment information about these businesses is presented below:

2008

INCOME STATEMENT

	Group brand products	Other brand products	Consolidated
	US$'000	US$'000	US$'000
REVENUE			
External sales	346,848	158,663	505,511
RESULT			
Segment result	9,090	2,722	11,812
Unallocated other income			1,176
Finance costs			(3,813)
Unallocated corporate expense			(1,585)
Profit before taxation			7,590
Taxation			(1,274)
Profit for the year			6,316

6. Turnover and Segment Information *(Continued)*

BALANCE SHEET

	Group brand products US$'000	Other brand products US$'000	Consolidated US$'000
ASSETS			
Segment assets	130,320	27,952	158,272
Unallocated corporate assets			22,093
Consolidated total assets			180,365
LIABILITIES			
Segment liabilities	31,790	14,532	46,322
Unallocated corporate liabilities			58,429
Consolidated total liabilities			104,751

OTHER INFORMATION

	Group brand products US$'000	Other brand products US$'000	Consolidated US$'000
Capital expenditure	6,621	376	6,997
Depreciation and amortisation	3,021	118	3,139
Allowance for doubtful debts	1,007	299	1,306
Allowance for inventories	5,197	838	6,035

6. Turnover and Segment Information *(Continued)*

2007

INCOME STATEMENT

	Group brand products	Other brand products	Consolidated
	US$'000	US$'000	US$'000
REVENUE			
External sales	276,439	125,358	401,797
RESULT			
Segment result	10,165	423	10,588
Unallocated other income			871
Finance costs			(4,680)
Unallocated corporate expense			(1,586)
Profit before taxation			5,193
Taxation			(830)
Profit for the year			4,363

6. Turnover and Segment Information *(Continued)*

BALANCE SHEET

	Group brand products US$'000	Other brand products US$'000	Consolidated US$'000
ASSETS			
Segment assets	116,419	26,352	142,771
Unallocated corporate assets			30,890
Consolidated total assets			173,661
LIABILITIES			
Segment liabilities	34,386	9,960	44,346
Unallocated corporate liabilities			67,911
Consolidated total liabilities			112,257

OTHER INFORMATION

	Group brand products US$'000	Other brand products US$'000	Consolidated US$'000
Capital expenditure	3,556	103	3,659
Depreciation and amortisation	2,149	156	2,305
Allowance for doubtful debts	333	336	669
Allowance for inventories	469	775	1,244

6. Turnover and Segment Information *(Continued)*

Geographical segments

The Group's operations are located in North America, Europe and Asia.

The following is an analysis of the Group sales by geographical market, irrespective of the origin of the goods:

	Turnover by geographical market	
	2008	2007
	US$'000	US$'000
North America	**277,189**	220,019
Europe	**139,307**	100,737
Asia		
– PRC	**7,281**	–
– Others	**77,038**	77,137
Others	**4,696**	3,904
	505,511	401,797

The following is an analysis of the carrying amount of segment assets and the capital expenditure, analysed by the geographical area in which assets are located:

	Carrying amount of segment assets		Capital expenditure	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
North America	**48,637**	41,213	**1,014**	174
Europe	**19,139**	16,189	**475**	406
Asia				
– PRC	**45,912**	50,415	**4,781**	2,804
– Others	**44,189**	34,579	**727**	275
Others	**395**	375	**–**	–
	158,272	142,771	**6,997**	3,659

7. Finance Costs

	2008	2007
	US$'000	US$'000
Interest on bank borrowings wholly repayable within five years	**3,022**	3,730
Interest on other borrowings wholly repayable within five years	**791**	950
	3,813	4,680

8. Directors' Remuneration

	2008	2007
	US$'000	US$'000
Fees:		
Executive directors	**62**	–
Independent non-executive directors	**45**	45
	107	45
Other emoluments to executive directors:		
Basic salaries and other benefits	**452**	445
Retirement benefits schemes contributions	**2**	2
	454	447
	561	492

8. Directors' Remuneration *(Continued)*

The details of emoluments of the directors are as follows:

	Basic salaries and other benefits		Retirement benefits schemes contributions		Total	
	2008	2007	**2008**	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Executive directors						
Mr. Chiu Hang Tai	**349**	284	**2**	2	**351**	286
Mr. Chiu Samson Hang Chin	**165**	161	**–**	–	**165**	161
	514	445	**2**	2	**516**	447
Independent non-executive directors						
Mr. Li Chi Chung	**15**	15	**–**	–	**15**	15
Mr. So Stephen Hon Cheung	**15**	15	**–**	–	**15**	15
Mr. Xu Jian Hua	**15**	15	**–**	–	**15**	15
	45	45	**–**	–	**45**	45
	559	490	**2**	2	**561**	492

9. Employees' Remuneration

The five highest paid individuals of the Group included two (2007: two) executive directors of the Company, whose emoluments are included in note 8 above. The emoluments of the remaining three (2007: three) individuals are as follows:

	2008	2007
	US$'000	US$'000
Basic salaries and other benefits	**756**	644
Retirement benefits schemes contributions	**37**	–
	793	644

Their emoluments were within the following bands:

	2008	2007
	Number of employees	Number of employees
Nil to US$193,000	**–**	1
US$193,001 to US$257,000	**1**	–
US$257,001 to US$322,000	**2**	2

During each of the two years ended 30 June 2008, no emolument was paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived any emoluments during each of the two years ended 30 June 2008.

10. Taxation

	2008	2007
	US$'000	US$'000
The charge (credit) comprises:		
Profit for the year		
– Hong Kong	**122**	116
– other region in the PRC	**572**	136
– other jurisdictions	**554**	1,225
Under(over)provision in prior year		
– Hong Kong	**(9)**	(11)
– other region in the PRC	**53**	–
– other jurisdictions	**(578)**	(39)
	714	1,427
Deferred taxation *(note 29)*	**560**	(597)
Taxation attributable to the Company and its subsidiaries	**1,274**	830

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30 June 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30 June 2008.

Income tax in United States of America is calculated at 40% of the estimated assessable profit for the year.

Pursuant to the Macao SAR's Offshore Law, Pine Technology (Macao Commercial Offshore) Ltd., is exempted for all taxes in Macao, including income tax, industrial tax and stamp duties.

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

10. Taxation *(Continued)*

On 16 March 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for subsidiaries in the PRC from 1 January 2008.

The tax charge for the year can be reconciled to the profit before taxation as follows:

	2008	2007
	US$'000	US$'000
Profit before taxation	**7,590**	5,193
Tax charge at the applicable tax rate of 40% (2007: 40%) *(note)*	**3,036**	2,077
Tax effect of expenses not deductible for tax purpose	**2,424**	701
Tax effect of income not taxable for tax purpose	**(477)**	(297)
Tax effect of tax losses not recognised	**(6)**	14
Overprovision in respect of prior year	**(534)**	(50)
Income tax at concessionary tax rate	**–**	(101)
Effect of tax exemption granted to a Macao subsidiary	**(2,408)**	(1,449)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(588)**	(178)
Others	**(173)**	113
Tax charge for the year	**1,274**	830

Note: The tax rate in the jurisdiction where the operation of the Group substantially based is used as the applicable tax rate.

11. Profit for the Year

	2008	2007
	US$'000	US$'000
Profit for the year has been arrived at after charging:		
Allowance for doubtful debts	**1,306**	669
Allowance for inventories	**6,035**	1,244
Reversals of allowance for inventories	**(161)**	–
Amortisation charges:		
Development costs (included in cost of sales)	**623**	360
Trademarks (included in general and administrative expenses)	**9**	7
Auditor's remuneration	**384**	428
Cost of inventories recognised as an expense	**453,202**	363,812
Depreciation of property, plant and equipment	**2,507**	1,938
Fair value loss on derivative financial instruments	**–**	1,185
Loss on disposal of property, plant and equipment	**28**	23
Operating lease rentals in respect of land and buildings	**1,582**	1,224
Research and development costs	**810**	547
Staff costs including directors' remuneration	**18,130**	13,475
Less: Staff costs capitalised in development costs	**(359)**	(283)
	17,771	13,192
and after crediting:		
Exchange gain	**1,125**	293
Gain on disposal of available-for-sale investments	**987**	480
Gain on winding up of subsidiaries	**–**	128
Interest income	**189**	263

12. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2008	2007
	US$'000	US$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	**6,316**	4,574

	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**721,429**	696,442
Effect of dilutive potential ordinary shares:		
Share options	**11,339**	3,863
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**732,768**	700,305

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 30 June 2008 and 30 June 2007 has been adjusted for the right issue on 23 May 2008.

13. Property, Plant and Equipment

	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Computer equipment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COST						
At 1 July 2006	4,625	8,703	366	725	1,008	15,427
Reclassification	39	3	–	(198)	156	–
Exchange adjustments	308	610	–	5	51	974
Additions	82	2,551	13	172	435	3,253
Disposals	(138)	(2,059)	–	(109)	(43)	(2,349)
At 30 June 2007	4,916	9,808	379	595	1,607	17,305
Exchange adjustments	517	1,177	–	2	76	1,772
Additions	239	4,956	67	217	452	5,931
Disposals	(28)	(1,201)	–	–	(7)	(1,236)
At 30 June 2008	5,644	14,740	446	814	2,128	23,772
DEPRECIATION AND AMORTISATION						
At 1 July 2006	2,558	4,134	55	435	649	7,831
Reclassification	13	209	–	(157)	(65)	–
Exchange adjustments	183	267	–	2	29	481
Provided for the year	453	1,180	72	53	180	1,938
Eliminated on disposals	(131)	(1,956)	–	(82)	(32)	(2,201)
At 30 June 2007	3,076	3,834	127	251	761	8,049
Exchange adjustments	342	400	–	1	40	783
Provided for the year	436	1,663	72	86	250	2,507
Eliminated on disposals	(13)	(1,188)	–	–	–	(1,201)
At 30 June 2008	3,841	4,709	199	338	1,051	10,138
CARRYING VALUES						
At 30 June 2008	1,803	10,031	247	476	1,077	13,634
At 30 June 2007	1,840	5,974	252	344	846	9,256

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

13. Property, Plant and Equipment *(Continued)*

	Estimated useful lives
Leasehold improvements	2-10 years
Plant and machinery	2-6 years
Motor vehicles	4-6 years
Furniture, fixtures and equipment	4-6 years
Computer equipment	4-5 years

The carrying values of motor vehicles and furniture, fixture and equipment include an amount of US$99,000 (2007: US$133,000) and US$13,000 (2007: US$47,000) respectively in respect of assets held under finance lease.

14. Development Costs

	US$'000
COST	
At 1 July 2006	7,509
Exchange adjustments	144
Additions	376
At 30 June 2007	8,029
Exchange adjustments	392
Additions	1,057
At 30 June 2008	**9,478**
AMORTISATION	
At 1 July 2006	7,168
Exchange adjustments	131
Provided for the year	360
At 30 June 2007	7,659
Exchange adjustments	344
Provided for the year	623
At 30 June 2008	**8,626**
CARRYING VALUES	
At 30 June 2008	**852**
At 30 June 2007	370

14. Development Costs *(Continued)*

Development costs of computer components for production are internally generated. The amortisation period for development costs is two years.

15. Trademarks

	US$'000
COST	
At 1 July 2006	139
Exchange adjustments	7
Addition	30
At 30 June 2007	176
Exchange adjustments	(1)
Addition	9
At 30 June 2008	**184**
AMORTISATION	
At 1 July 2006	53
Exchange adjustments	4
Provided for the year	7
At 30 June 2007	64
Provided for the year	9
At 30 June 2008	**73**
CARRYING VALUES	
At 30 June 2008	**111**
At 30 June 2007	112

16. Available-for-sale Investments

	2008	2007
	US$'000	US$'000
Listed equity securities in Hong Kong, at fair value	**400**	2,245

As at the balance sheet date, all available-for-sale investments are stated at fair value, which have been determined by reference to market bid prices quoted in active markets.

At 30 June 2007, the Group has pledged the available-for-sale investments with an aggregate carrying amount of approximately US$1,328,000 to secure general banking facilities granted to the Group. The pledged asset had been released during the year.

17. Inventories

	2008	2007
	US$'000	US$'000
Raw materials	**30,388**	25,737
Work in progress	**2,523**	2,733
Finished goods	**40,859**	31,123
	73,770	59,593

During the year, a reversal of allowance for finished goods of US$161,000 (2007: US$NIL) has been recognised and included in cost of sales upon the sale of these finished goods to third parties.

18. Trade and Other Receivables

	2008	2007
	US$'000	US$'000
Trade receivables	**69,655**	67,295
Less: Allowance for doubtful debts	**(2,649)**	(1,604)
	67,006	65,691
Deposits, prepayments and other receivables	**2,899**	7,749
Total trade and other receivables	**69,905**	73,440

The Group's trade receivables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2008	2007
	US$'000	US$'000
HKD	**23**	3,114
EURO	**894**	–
USD	**1,892**	1,480

The Group allows a credit period of 1 to 180 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

	2008	2007
	US$'000	US$'000
Current	**51,101**	48,632
1 to 30 days	**10,631**	7,692
31 to 60 days	**601**	4,609
61 to 90 days	**202**	2,216
Over 90 days	**4,471**	2,542
Trade receivables	**67,006**	65,691

18. Trade and Other Receivables *(Continued)*

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customer. Limits attributed to customers are reviewed once a year. 76% (2007: 74%) of the trade receivables are neither past due nor impaired that are in good credit quality as long credit periods are granted to the respective customers, who have long business relationship with the Group and strong financial position.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$15,905,000 (2007: US$17,059,000) which are past due at the reporting date for which the Group has not provided for impairment loss. For those past due but not impaired receivables, although no collateral is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the balance sheet date, and considered that the default risk is low, and accordingly no impairment has been provided.

Aging of trade receivables which are past due but not impaired

	2008	2007
	US$'000	US$'000
1 to 30 days	**10,631**	7,692
31 to 60 days	**601**	4,609
61 to 90 days	**202**	2,216
Over 90 days	**4,471**	2,542
Total	**15,905**	17,059

Movements in the allowance for doubtful debts

	2008	2007
	US$'000	US$'000
At 1 July	**(1,604)**	(1,238)
Exchange adjustments	**(10)**	(10)
Impairment loss recognised	**(1,306)**	(669)
Written off	**271**	313
At 30 June	**(2,649)**	(1,604)

18. Trade and Other Receivables *(Continued)*

All allowance for doubtful debts are individually impaired trade receivables with outstanding balance over the due date for at least 180 days. Based on historical experience, these overdue balances are normally not recoverable. The Group does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors of the Company believe that there is no further credit provision required in excess of the allowance for doubtful debts.

19. Pledged Bank Deposits

The pledged bank deposits have been placed in designated bank accounts in favour of the banks as part of the security for the short-term banking facilities granted to the Group.

The pledged bank deposits, which carry variable interest rates ranging from 1.29% to 4.31% (2007: 2.5% to 4.75%) per annum, will be released upon settlement of relevant bank borrowings.

The Group's pledged bank deposits are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	US$'000	US$'000
HKD	**4,387**	3,913

20. Bank Balances and Cash

Bank balances and cash comprise certain short-term bank deposits at interest rates ranging from 0.01% to 0.75% (2007: 0.05% to 3%) per annum with an originally maturity of three months or less.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	US$'000	US$'000
HKD	**2,551**	2,484
EURO	**353**	–
RMB	**13**	–
USD	**759**	8,019

21. Trade and Other Payables

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	US$'000	US$'000
Current	**25,682**	32,037
1 to 30 days	**6,141**	3,267
31 to 60 days	**2,904**	167
61 to 90 days	**595**	143
Over 90 days	**162**	656
Trade payables	**35,484**	36,270
Deposits in advance, accruals and other payables	**7,665**	6,466
	43,149	42,736

Trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	US$'000	US$'000
HKD	**5,871**	7,014
RMB	**3,141**	2,129
USD	**8,266**	4,478

22. Bills Payable

At the balance sheet date, bills payable, with maturity date of 30 days, aged within 1 to 30 days.

The Group's bills payable that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	US$'000	US$'000
HKD	**1,327**	339

23. Derivative Financial Instruments

At 30 June 2007, the Group had outstanding forward foreign currency contracts denominated in United States dollars ("USD") with total notional amount of US$15,000,000. These contracts are measured at fair value at the balance sheet date. Their fair values are determined by reference to information on the quoted prices for equivalent instruments provided by counterparty banks. The derivative financial instruments of US$1,185,000 are denominated in currency other than functional currencies of the relevant group entities.

Major terms of the forward foreign currency contracts outstanding at 30 June 2007 are as follows:

Notional amount	**Maturity**	**Forward exchange rates**
Buy USD15,000,000	5 July 2007 to 20 September 2007	CAD1.0879/USD1 to CAD1.1700/USD1

24. Obligations Under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	US$'000	US$'000	**US$'000**	US$'000
Amounts payable under finance leases				
Within one year	**38**	84	**37**	79
In more than one year but not more than two years	**1**	38	**1**	37
In more than two years but not more than three years	**1**	2	**1**	2
In more than three years but not more than four years	**1**	1	**1**	1
In more than four years but not more than five years	**1**	–	**1**	–
	42	125	**41**	119
Less: Future finance charges	**(1)**	(6)		
Present value of lease obligations	**41**	119		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**37**	79
Amount due for settlement after 12 months			**4**	40

It is the Group's policy to lease certain of its motor vehicles and fixtures and equipment under finance leases. The average lease term is three years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 3.2% per annum. No arrangement have been entered into for contingent rental payments.

25. Bank Borrowings/Bank Overdraft

	2008	2007
	US$'000	US$'000
Secured bank borrowings comprise the following:		
Trust receipts and import loans	**34,724**	28,067
Other bank loans	**14,048**	26,062
	48,772	54,129
Carrying amount repayable:		
On demand or within one year	**48,451**	53,267
More than one year, but not exceeding two years	**321**	541
More than two years, but not exceeding five years	**–**	321
	48,772	54,129
Less: Amount due within one year shown under current liabilities	**48,451**	53,267
	321	862

The Group's variable-rate borrowings carry interest at the United States Prime rate or Hong Kong Prime rate plus 1.5% to 2.5% per annum. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2008	2007
Variable-rate borrowings	**3.84% – 5.15%**	6.5% – 8.25%

25. Bank Borrowings/Bank Overdraft *(Continued)*

The Group's bank borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	US$'000	US$'000
HKD	**6,458**	3,737

As at 30 June 2007, bank overdraft amounted to approximately US$1,567,000 carried at effective interest rates at 5% per annum.

26. Other Borrowings

Other borrowings, which are secured by certain of the Group's trade receivables and inventories, carry interest at fixed rates ranging from 5.1% to 5.7% (2007: 6.1% to 8.3%) per annum and are repayable within one year. Details of the pledge of assets are set out in note 30.

27. Share Capital

Details of the share capital of the Company were as follows:

	Number of shares	**Value**	**United States dollars equivalent**
		HK$'000	US$'000
Ordinary shares of HK$0.1 each:			
Authorised			
At 1 July 2006 and 30 June 2007	2,000,000,000	200,000	25,747
Issued and fully paid			
At 1 July 2006 and 30 June 2007	682,786,000	68,279	8,790
Issue of new shares by way of rights issue *(note)*	248,148,783	24,815	3,181
At 30 June 2008	930,934,783	93,094	11,971

Note: On 23 May 2008, the Company completed an open offer of one offer share for every two shares, at an issue price of HK$0.26 per offer share, resulting in the issue of 248,148,783 shares of the Company of HK$0.10 each for a total consideration of US$8,271,000, before expenses of US$95,000.

28. Share Options

The Company's share option scheme adopted pursuant to a resolution passed on 9 November 1999 (the "Old Scheme") is for the purpose of providing incentives to directors and eligible employees and, unless otherwise cancelled or amended, will expire on 8 November 2009. Under the Old Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company or any of its subsidiaries, to subscribe for shares in the Company.

The Old Scheme was terminated on 16 April 2003 and all outstanding options previously granted were lapsed in last year.

The Company's new share option scheme adopted by the shareholders pursuant to a resolution passed on 16 April 2003 (the "New Scheme") is for the purpose of providing incentives to directors and eligible employees and, unless otherwise cancelled or amended, will expire on 15 April 2013. Under the New Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, or any persons who have contributed or will contribute to the Group, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the New Scheme and any other schemes is not permitted to exceed 10% of the shares of the Company in issue at the date of shareholders' approval of the New Scheme (the "Scheme Mandate Limit") or, if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the Scheme Mandate Limit. The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes, must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 in the 12-month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

28. Share Options *(Continued)*

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per option. An option may be exercised in accordance with the terms of the New Scheme at any time during the effective period of the New Scheme to be notified by the board of directors which shall not be later than 10 years from the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of the closing price of the Company's share on the date of grant, the average closing price of the share on the Stock Exchange for the five business days immediately preceding the date of grant, and the nominal value.

Details of the share options granted under the Old Scheme and the New Scheme during the two years ended 30 June 2008 to subscribe for the shares in the Company are as follows:

2008

Granted to	Date of grant	Vesting period	Exercisable period	Exercise price	Number of share options at 1 July 2007	Granted	Forfeited	Adjustments	Number of share options at 30 June 2008
			(both dates inclusive)	HK$ (Note)				(Note)	
New Scheme									
Directors	28.9.2004	28.9.2004 – 31.10.2004	1.11.2004 – 31.10.2009	0.150	8,000,000	–	–	(62,400)	7,937,600
	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.250	2,700,000	–	–	(21,060)	2,678,940
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	–	5,000,000	–	(39,000)	4,961,000
Senior management	21.6.2006	21.6.2006 – 31.12.2007	1.1.2008 -31.12.2010	0.198	2,000,000	–	–	(15,600)	1,984,400
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	–	4,000,000	–	(31,200)	3,968,800
Employees	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.250	10,000,000	–	–	(78,000)	9,922,000
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	–	9,400,000	(250,000)	(71,370)	9,078,630
					22,700,000	18,400,000	(250,000)	(318,630)	40,531,370
Exercisable at the end of the year									9,922,000
Weighted average exercise price					0.210	0.464	0.464	0.323	0.323

28. Share Options *(Continued)*

2007

Granted to	Date of grant	Vesting period	Exercisable period	Exercise price	Number of share options at 1 July 2006	Granted	Forfeited	Expired	Number of share options at 30 June 2007
			(both dates inclusive)	HK$ *(Note)*				*(Note)*	
Old Scheme									
Directors	31.1.2000	31.1.2000 – 27.1.2002	28.1.2002 – 27.1.2007	1.674	2,176,000	–	–	(2,176,000)	–
Senior management	31.1.2000	31.1.2000 – 27.1.2002	28.1.2002 – 27.1.2007	1.674	546,000	–	(132,000)	(414,000)	–
	12.4.2001	12.4.2001 – 30.9.2001	1.10.2001 – 30.9.2006	0.335	800,000	–	–	(800,000)	–
					1,346,000	–	(132,000)	(1,214,000)	–
Employees	31.1.2000	31.1.2000 – 27.1.2002	28.1.2002 – 27.1.2007	1.674	330,000	–	–	(330,000)	–
New Scheme									
Directors	28.9.2004	28.9.2004 – 31.10.2004	1.11.2004 – 31.10.2009	0.149	8,000,000	–	–	–	8,000,000
	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.248	–	2,700,000	–	–	2,700,000
Senior management	21.6.2006	21.6.2006 – 31.12.2007	1.1.2008 -31.12.2010	0.196	2,000,000	–	–	–	2,000,000
Employees	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.248	–	10,000,000	–	–	10,000,000
					10,000,000	12,700,000	–	–	22,700,000
					13,852,000	12,700,000	(132,000)	(3,720,000)	22,700,000
Exercisable at the end of the year									8,000,000
Weighted average exercise price					0.503	0.248	1.674	1.386	0.209

Note: As a result of the open offer issue of the Company on 23 May 2008, the number of share options and the exercise prices have been adjusted in accordance with the requirements of Rule 23(3) of the Listing Rules and the supplementary guidance issued by the Stock Exchange of Hong Kong Limited on 5 September 2005.

28. Share Options *(Continued)*

The fair value of the options granted was calculated using The Black-Scholes option pricing model. The inputs into the model were as follows:

	2008	2007
Weighted average share price	**HK$0.460**	HK$0.240
Exercise price	**HK$0.464**	HK$0.248
Expected volatility	**62%**	80%
Expected life	**4.3 years**	4.5 years
Risk-free rate	**3.38%**	4.92%
Expected dividend yield	**Nil**	Nil

Expected volatility was determined by using the historical volatility of the Company's share price over the previous seven years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The estimated fair value of options granted during the year amounted to approximately US$209,000 (2007: US$250,000). The Group recognised the total expense of US$188,000 (2007: US$54,000) for the year ended 30 June 2008 in relation to share options granted by the Company.

29. Deferred Taxation

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	**Tax losses**	**Others**	**Total**
	US$'000	US$'000	US$'000	US$'000
At 1 July 2006	51	(3)	(196)	(148)
(Credit) charge to consolidated income statement for the year	6	(6)	(597)	(597)
Exchange differences	(3)	–	(38)	(41)
At 30 June 2007	54	(9)	(831)	(786)
(Credit) charge to consolidated income statement for the year	31	(11)	540	560
Exchange differences	(3)	–	(33)	(36)
At 30 June 2008	**82**	**(20)**	**(324)**	**(262)**

29. Deferred Taxation *(Continued)*

At 30 June 2008, the Group has estimated tax losses of approximately US$341,000 (2007: US$284,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US$126,000 (2007: US$54,000) of such losses. No deferred tax asset has been recognised in respect of the remaining estimated tax losses of US$215,000 (2007: US$230,000) due to the unpredictability of future profit streams. All the losses may be carried forward indefinitely.

At 30 June 2008, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was US$4,811,000 (2007: US$4,155,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

30. Pledge of Assets

In addition to the available-for-sale investments and pledged bank deposits as disclosed in notes 16 and 19, the Group has also pledged assets of certain subsidiaries as floating charges to banks and financial institution for bank and loan facilities of US$70,991,000 (2007: US$43,457,000) granted to the Group at 30 June 2008. The total facilities secured by such floating charges and utilised by the Group as at 30 June 2008 amounted to US$19,375,000 (2007: US$34,397,000). Details of the assets that have been pledged to banks under such floating charges are as follows:

	2008	2007
	US$'000	US$'000
Property, plant and equipment	**1,290**	615
Inventories	**22,128**	12,041
Trade and other receivables	**27,482**	36,521
Bank balances and cash	**2,320**	12,226
	53,220	61,403

31. Operating Lease Arrangements

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follow:

	2008	2007
	US$'000	US$'000
Within one year	**1,215**	825
In the second to fifth years inclusive	**1,175**	776
More than five years	**234**	–
	2,624	1,601

Leases are negotiated for terms ranging from one to six years and rentals are fixed for the period of the lease.

32. Contingent Liabilities

In November 2004, Samtack 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 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$1,794,000 in outstanding levies. The defendants under this litigation are also potentially liable for penalties of up to five times the outstanding levies.

Subsequent to the balance sheet date, Samtack had reached an agreement with CPCC to dismiss the aforesaid lawsuit upon the settlement of a compensation to CPCC amounting to US$1,742,000. This compensation was fully provided at 30 June 2008 (included in trade and other payables as set out in the consolidated balance sheet) and the full amount was settled in August 2008.

33. Retirement Benefits Schemes

During the year, the Group operated defined contribution retirement benefit schemes in various regions outside Hong Kong for all qualifying employees and the Group also operated a defined contribution scheme for its qualifying employees in Hong Kong prior to 1 December 2000 (collectively "Defined Contribution Schemes"). The assets of the Defined Contribution Schemes are held separately from those of the Group in funds under the control of independent trustees.

Where there are employees who leave the Defined Contribution Schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Defined Contribution Schemes are funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee's basic salary, depending on the length of service with the Group.

The total expense recognised in the consolidated income statement of US$246,000 (2007: US$137,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

With effect from 1 December 2000, the Group joined a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees.

Under the rules of the MPF Scheme, the Group contributes 5% of relevant payroll costs or HK$1,000 per month to the scheme which contribution is matched by the employee, depending on the length of service with the Group. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefits schemes contributions in respect of the Defined Contribution Schemes and the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

33. Retirement Benefits Schemes *(Continued)*

The details of retirement benefits schemes contributions for the Group's employees, net of forfeited contributions, which have been dealt with in the consolidated income statement of the Group are as follows:

	2008	2007
	US$'000	US$'000
Gross retirement benefits schemes contributions	**261**	158
Less: Forfeited contributions for the year	**(15)**	(21)
Net retirement benefits schemes contributions	**246**	137

At the balance sheet date, the Group had no significant forfeited contributions available to reduce the contributions payable by the Group in the future years.

34. Related Party Disclosures

(a) At 30 June 2008, Mr. Chiu Samson Hang Chin had assigned his life insurance policy with a face value of not less than US$2,000,000 (2007: US$2,000,000) to a bank to secure general banking facilities granted to the Group amounting to US$20,000,000 (2007: US$20,000,000). The facilities utilised at 30 June 2008 amounted to US$11,585,000 (2007: US$13,779,000).

(b) The remuneration of executive and non-executive directors and other members of key management during the year was as follows:

	2008	2007
	US$'000	US$'000
Short-term employee benefits	**1,315**	1,134
Post-employment benefits	**39**	2
	1,354	1,136

35. Particulars of Subsidiaries

Particulars of the Company's subsidiaries at 30 June 2008 and 2007 were as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ contributed capital*		Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		2008	2007	**2008** %	2007 %	
Advance Always Limited	British Virgin Islands	**US$1**	US$1	**100**	100	Investment holding
All Advance Limited	British Virgin Islands	**US$1**	US$1	**100**	100	Investment holding
E23 Inc.	Samoa/PRC	**US$10,000**	US$10,000	**100**	100	Wholesaling and distribution of computer components
Eagle Technology Inc.	Samoa	**US$1**	US$1	**100**	100	Investment holding
Eastcom, Inc. (Alternate names: Pine Technology USA., Samtack USA Inc. and XFX Technology USA)	United States of America	**US$1,000**	US$1,000	**100**	100	Wholesaling and distribution of computer components
Elite View Development Ltd.	Hong Kong	**HK$1**	HK$1	**100**	100	Provision of services to group companies
Gold View Group Limited	Samoa	**US$10**	US$10	**100**	100	Investment holding
i. Concept Inc.	Samoa	**US$1**	US$1	**100**	100	Investment holding
Interactive Group Limited	British Virgin Islands	**US$1**	US$1	**100**	100	Investment holding
東莞嘉耀電子有限公司 *(Note c)*	PRC	**RMB9,730,160***	RMB1,550,555*	**100**	100	Manufacturing of electronics and computer digital audio device
Pan Eagle Limited	British Virgin Islands	**US$100**	US$100	**100**	100	Investment holding
Pine Global Limited	Samoa/PRC	**US$10,000**	US$10,000	**100**	100	Wholesaling and distribution of computer components
Pine Group Hong Kong Limited	Hong Kong	**HK$2**	HK$2	**100**	100	Investment holding
Pine Group Limited	British Virgin Islands	**US$10,000 Common Shares US$2,995,729 Class A shares**	US$10,000 Common Shares US$2,995,729 Class A shares	**100**	100	Investment holding
Pine Group (North America) Limited	United Kingdom	**GBP100**	GBP100	**100**	100	Investment holding
Pine Group UK Limited	United Kingdom	**GBP35,100**	GBP35,100	**100**	100	Investment holding

35. Particulars of Subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ contributed capital* 2008	2007	Proportion of nominal value of issued capital/ registered capital held by the Company 2008 %	2007 %	Principal activities
Pine Lab TW Co. Ltd.	Republic of China	**NTW1,000,000**	NTW1,000,000	**100**	100	Provision of research and development services
Pine Technology and Components Limited	United Kingdom	**GBP100**	GBP100	**100**	100	Trademarks holding
Pine Technology (Macao Commercial Offshore) Ltd	Macao	**MOP100,000**	MOP100,000	**100**	100	Wholesaling and distribution of computer components
Pine Technology Limited	Hong Kong	**HK$3**	HK$3	**100**	100	Wholesaling and distribution of computer components
Pine Technology Netherlands B.V.	Netherlands	**EUR18,200**	EUR18,200	**100**	100	Wholesaling and distribution of computer components
Pine Technology (BVI) Limited	British Virgin Islands	**US$10,000**	US$10,000	**100**	100	Investment holding
Pineview Industries Limited *(Note b)*	Hong Kong	**HK$1,000 Ordinary HK$2,400,000 Non-voting 5% deferred shares**	HK$1,000 Ordinary HK$2,400,000 Non-voting 5% deferred shares	**100**	100	Provision of production and other facilities to group companies
PINE Technology Svenska AB	Sweden	**SEK100,000**	–	**100**	–	Provision of marketing, sales and technical support to group companies
Power Up Group Limited	British Virgin Islands	**US$1**	–	**100**	–	Investment holding
Quality Eagle Limited	Samoa	**US$2**	US$2	**100**	100	Investment holding
Quality Eagle Technology Dongguan Ltd (品嘉電子(東莞)有限公司) *(Note c)*	PRC	**RMB44,200,217***	RMB44,119,689*	**100**	100	Manufacturing of electronics and computer digital audio device
Samtack Inc. (formerly known as Samtack Computer Inc.)	Canada	**CAD5 Common shares CAD2,041,250 Class A shares**	CAD5 Common shares CAD2,041,250 Class A shares	**100**	100	Wholesaling and distribution of computer components
Samtack Computers USA Inc.	United States of America	**US$10,000**	US$10,000	**100**	100	Inactive
Westcom Technology Limited	United Kingdom	**GBP50,000**	GBP50,000	**100**	100	Wholesaling and distribution of computer components
XFX Creation Inc.	British Virgin Islands	**US$1**	US$1	**100**	100	Trademarks holding

35. Particulars of Subsidiaries *(Continued)*

Notes:

(a) The Company directly holds the entire interest in Pine Technology (BVI) Limited. The interests of all other companies are indirectly held by the Company.

(b) Deferred shares of the company amounting to HK$1,800,000 are not held by the Group. The deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the company. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the company only after the distribution of HK$1,000 million, as specified in the Articles of Association, to holders of ordinary shares.

(c) Subsidiaries in the PRC are wholly foreign owned enterprises.

None of the subsidiaries had any debt securities outstanding at 30 June 2008 or at any time during the year.

Financial Summary

	Year ended 30 June				
	2004	2005	2006	2007	**2008**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
RESULTS					
Turnover	227,396	264,093	354,217	401,797	**505,511**
Cost of sales	(207,432)	(241,538)	(323,716)	(365,056)	**(459,699)**
Gross profit	19,964	22,555	30,501	36,741	**45,812**
Other income	254	559	898	1,205	**2,452**
Selling and distribution expenses	(3,554)	(4,720)	(7,059)	(8,557)	**(8,906)**
General and administrative expenses	(13,271)	(13,448)	(15,894)	(19,516)	**(26,213)**
Other expense	–	–	–	–	**(1,742)**
Share of results of an associate	–	–	(142)	–	**–**
Share of results of a jointly controlled entity	5	72	51	–	**–**
Finance costs	(1,559)	(1,805)	(3,565)	(4,680)	**(3,813)**
Profit before taxation	1,839	3,213	4,790	5,193	**7,590**
Taxation	(145)	(701)	(1,253)	(830)	**(1,274)**
Profit for the year	1,694	2,512	3,537	4,363	**6,316**
Attributable to:					
Equity holders of the parent	1,568	2,347	3,606	4,574	**6,316**
Minority interests	126	165	(69)	(211)	**–**
	1,694	2,512	3,537	4,363	**6,316**

	As at 30 June				
	2004	2005	2006	2007	**2008**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
ASSETS, LIABILITIES AND EQUITY					
Total assets	100,225	115,064	137,538	173,661	**180,365**
Total liabilities	(52,837)	(65,083)	(82,593)	(112,257)	**(104,751)**
	47,388	49,981	54,945	61,404	**75,614**
Equity attributable to equity holders of the parent	47,202	49,689	54,730	61,404	**75,614**
Minority interests	186	292	215	–	**–**
	47,388	49,981	54,945	61,404	**75,614**

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)
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XFX play hard.