



# GRAPHICS MASTERS OF VISUAL COMPUTING

PINE TECHNOLOGY HOLDINGS LIMITED 2009 3RD QUARTERLY REPORT

PELUM  
FLOWER PURCH  
GAMING



BRIDGE  
SMASHING  
PRODUCTS



HIA  
KING'S FIST  
3D DESIGN



EAGLE  
CLIFF  
PHOTOS



STANDING  
FIRE FORM  
MOVIES



PINE   
STOCK CODE 08013

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

**GEM** has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of **GEM** mean that it is a market more suited to professional and other sophisticated investors.

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

## RESULT HIGHLIGHTS

For the nine months ended 31 March 2009:

- Revenue reported at approximately US\$250,168,000, a drop of 39% compared to same period last year.
- Net profit attained at approximately US\$227,000 versus US\$4,488,000 last year.
- The overhead was reduced by US\$6,928,000 to US\$24,407,000 against the last corresponding period.

## THIRD-QUARTERLY RESULTS

On behalf of the board of the directors (the “Directors”) of PINE Technology Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months (the “Nine-month Period”) and the three months (the “Quarterly Period”) ended 31 March 2009.

### Condensed Consolidated Income Statement

The unaudited consolidated results of the Group for the Nine-month Period and the Quarterly Period together with the unaudited comparative figures for the corresponding periods in 2008 are as follows:

	Notes	Unaudited			
		Nine months ended 31 March		Three months ended 31 March	
		2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Turnover	2	<b>250,168</b>	412,830	<b>75,205</b>	142,391
Cost of sales		<b>(225,185)</b>	(377,614)	<b>(67,595)</b>	(130,438)
Gross profit		<b>24,983</b>	35,216	<b>7,610</b>	11,953
Other income		<b>72</b>	1,795	<b>13</b>	286
Selling and distribution expenses		<b>(5,361)</b>	(8,389)	<b>(1,646)</b>	(2,240)
General and administrative expenses		<b>(17,696)</b>	(19,821)	<b>(5,377)</b>	(6,348)
Finance costs		<b>(1,350)</b>	(3,125)	<b>(246)</b>	(855)
Profit before taxation		<b>648</b>	5,676	<b>354</b>	2,796
Taxation	3	<b>(421)</b>	(1,188)	<b>(150)</b>	(606)
Profit for the period		<b>227</b>	4,488	<b>204</b>	2,190
Earnings per share	4				
– Basic (US cents)		<b>0.024</b>	0.644	<b>0.022</b>	0.314
– Diluted (US cents)		<b>0.024</b>	0.632	<b>0.022</b>	0.309

Notes:

## 1. Basis of presentation

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of GEM Listing Rules. They have also been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and method of computation used in the preparation of financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2008, except as described below.

During the Nine-month Period, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs has had no material effect on results and financial positions for the current and prior accounting periods.

## 2. Turnover

An analysis of the Group's turnover by type of products for the Nine-month Period and the Quarterly Period is as follows:

	Nine months ended		Three months ended	
	31 March		31 March	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Manufacture and sale of products under the Group's brand names	166,685	283,568	51,755	100,394
Distribution of other manufacturer's products	83,483	129,262	23,450	41,997
	<u>250,168</u>	<u>412,830</u>	<u>75,205</u>	<u>142,391</u>

### 3. Taxation

	Nine months ended 31 March		Three months ended 31 March	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000

The charge comprises:

– Hong Kong Profits Tax	7	6	3	2
– Taxation arising in other jurisdictions	414	1,182	147	604
	<u>421</u>	<u>1,188</u>	<u>150</u>	<u>606</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the Nine-month Period and Quarterly Period.

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

### 4. Earnings per share

The calculation of the basic earnings per share and diluted earnings per share for the Nine-month Period, the Quarterly Period, the corresponding nine-month period and quarterly period in 2008 are based on the following data:

	Nine months ended 31 March		Three months ended 31 March	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Earnings for the purpose of:				
basic and diluted earnings per share	<u>227</u>	<u>4,488</u>	<u>204</u>	<u>2,190</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	930,935	696,442	930,935	696,442
Effect of dilutive potential ordinary shares in respect of:				
– Share options	–	13,555	–	12,136
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>930,935</u>	<u>709,997</u>	<u>930,935</u>	<u>708,578</u>

The share options have no dilutive effect on ordinary shares for the Nine-month Period and the Quarterly Period as the exercise price of the Company's share options was higher than the average market price of shares of the Company for the period.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the period ended 31 March 2008 has been adjusted for the right issue on 23 May 2008.

## 5. Share premium and reserves

	Share premium account US\$'000	Surplus account US\$'000	Exchange reserve US\$'000	Capital reserve US\$'000	Investments revaluation reserve US\$'000	Share option reserve US\$'000	Accum- ulated profits US\$'000	Total US\$'000
At 1 July 2007	22,215	2,954	1,621	63	1,898	55	23,808	52,614
Exchange differences arising on translation of overseas operations	-	-	880	-	-	-	-	880
Deficit on revaluation on available-for-sale investments	-	-	-	-	(447)	-	-	(447)
Net income and expense recognized directly in equity	-	-	880	-	(447)	-	-	433
Transfer to profit or loss on sale of available-for-sale investments	-	-	-	-	(988)	-	-	(988)
Profit for the period	-	-	-	-	-	-	4,488	4,488
Total recognized income and expense for the period	-	-	880	-	(1,435)	-	4,488	3,933
Recognition of equity-settled share-based payment	-	-	-	-	-	264	-	264
At 31 March 2008	<u>22,215</u>	<u>2,954</u>	<u>2,501</u>	<u>63</u>	<u>463</u>	<u>319</u>	<u>28,296</u>	<u>56,811</u>
At 1 July 2008	27,210	2,954	2,801	63	248	243	30,124	63,643
Exchange differences arising on translation of overseas operations	-	-	(326)	-	-	-	-	(326)
Deficit on revaluation on available-for-sale investments	-	-	-	-	(175)	-	-	(175)
Net income and expense recognized directly in equity	-	-	(326)	-	(175)	-	-	(501)
Profit for the period	-	-	-	-	-	-	227	227
Total recognized income and expense for the period	-	-	(326)	-	(175)	-	227	(274)
Recognition of equity-settled share-based payment	-	-	-	-	-	(205)	-	(205)
At 31 March 2009	<u>27,210</u>	<u>2,954</u>	<u>2,475</u>	<u>63</u>	<u>73</u>	<u>38</u>	<u>30,351</u>	<u>63,164</u>

## **INTERIM DIVIDEND**

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

The Group has not declared any dividends for the corresponding nine-month period and quarterly period in 2008.

## **BUSINESS REVIEW**

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In the quarter ended March 31, 2009, PINE recorded a net profit of US\$204,000, compared to US\$2,190,000 for the same period last year. The total revenue was US\$75,205,000, compared to US\$142,391,000 for the same period last year, a reduction of 47%.

For the Nine-month period, the total revenue was US\$250,168,000, a drop of 39% compared to the same period last year. The net profit was US\$227,000 versus US\$4,488,000 last year. During this same Nine-month period, we managed to reduce the overhead by US\$6,298,000 to US\$24,407,000. This strengthens our position to sustain a profitable state even the economy downturn further prolongs.

Certainly it is a disappointment on the substantial reduction of revenue and profit, but there is a significant improvement on the balance sheet. As of March 31, 2009, our total borrowing was reduced from US\$56,562,000 to US\$18,316,000, the gearing ratio based on total liabilities over total assets improved from 58% to 43%, and the Debt-to-Equity strengthened from 75% to 24%, compared to 9 months ago.

## **BUSINESS OUTLOOK**

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We are cautiously optimistic about our business for the near future. We believe consumers will continue to watch their spending carefully. We also believe that the worst is over, and we will have a better visibility of the overall business activities. Going forward, our focus is to continue to produce the best products, and deliver the best value to our customers.

Despite the slowdown in our business, we have stepped up our R&D effort and are introducing new products at a record breaking pace. Since the beginning of the year, XFX has launched more than 20 new products, based on the AMD Radeon HD 4000 series and the nVidia GeForce GTX series chipsets. Our hard work has earned us many recognitions and awards worldwide, from Asia to Europe, North America to South America. For instance, XFX was voted as NO.1 graphics cards manufacturer in the Australian Atomic Magazine Issue 100 in this spring. During the period, we also received numerous awards from Overclock3D.net in UK, CPU Magazine in HK, 3DNews in Russia, and Tweak in Denmark. You can go to our website at [www.pinegroup.com](http://www.pinegroup.com) for more information. We are well positioned to gain market share at the expense of our competitors.

As always, 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 continuing support, and the whole PINE team for their relentless effort.

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL AND OPTIONS**

As at 31 March 2009, the interests of the directors and the chief executive of the Company and their respective associates in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 or 345 of Part XV of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

<b>Name of director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Chiu Hang Tai	Held by controlled corporation (Note)	196,500,000	21.11%
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 ("Alliance Express"). Mr. Chiu Hang Tai beneficially owns the entire issued share capital of Alliance Express.

In addition to 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 31 March 2009. The non-voting deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of 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.



Saved as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Company's subsidiaries as at 31 March 2009, 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.

## B) Share Options

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

As at 31 March 2009, the following directors were granted share options to subscribe for shares in the Company, details of share options granted under the Scheme are as follows:

Name of director	Date of grant	Exercisable period (both dates inclusive)	Exercise price per share HK\$	Number of options granted
Chiu Hang Tai	28.09.2004	01.11.2004 to 31.10.2009	0.150	3,968,800
	05.10.2007	05.10.2009 to 04.10.2012	0.464	<u>2,976,600</u>
				<u><u>6,945,400</u></u>
Chiu Samson Hang Chin	28.09.2004	01.11.2004 to 31.10.2009	0.150	3,968,800
	30.03.2007	01.01.2009 to 31.12.2011	0.250	2,678,940
	05.10.2007	05.10.2009 to 04.10.2012	0.464	<u>1,984,400</u>
				<u><u>8,632,140</u></u>

**SUBSTANTIAL SHAREHOLDERS**

So far as the directors and chief executive of the Company are aware of, as at 31 March 2009, the following persons (not being a director or a chief executive of the Company) were interested in 5% or more of in the issued share capital of the Company:

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

**Notes:**

1. These shares are beneficially owned by and registered in the name of Alliance Express. Alliance Express 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. Concept Express 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.

Saved as disclosed above, the directors are not aware of any person who, as at 31 March 2009, had an interest or short position in the shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO, or was interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of the Company.

## **COMPETING INTERESTS**

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

## **AUDIT COMMITTEE**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

By order of the Board  
**PINE Technology Holdings Limited**  
**Chiu Hang Tai**  
*Chairman*

Hong Kong, 12 May 2009

*As at the date of this report, executive directors are Mr. Chiu Hang Tai and Mr. Chiu Samson Hang Chin, and independent non-executive directors are Mr. Li Chi Chung, Mr. So Stephen Hon Cheung and Mr. Chung Wai Ming.*



Handwending!

20a  
20b

Umgreifen:  
Daumen außen!  
Wie bei 17!

Gleitschritt

Hüfte erst  
beim  
Abschauen  
umdrehen!

rechten Fuß fest  
ganz verschieben!

doppelter  
Gedan-Karai

Stampfschritt  
und Absuchen  
oben

das Kal  
Shoki-Uchi wie  
in der Jion

Von vorne

doppelt  
Handkanten abwärts  
gegen Stock  
wie bei 16!  
Daumen innen!  
gleiten!

Überschritt nach links  
und Juji-uke

Handkanten abwärts

E-IT!

gleiten!

Von vorne

Umgreifen:  
Daumen außen!

Handkanten abwärts  
Daumen innen!

Das Umgreifen wie 16  
wird bei Nakayama (Jion)  
nicht gelehrt. Dort wird  
direkt nach 16 zugreifen  
und herauf ziehen  
zu 18a. Entsprechen  
auch von 18b  
direkt zu 20a.)

E-IT!

Shuto  
jodan-uke

...wird diese Kata stud  
...gegen den langen Stab (Bo)  
...des BO (15-20)  
...kontrollen Haupttritt aus der  
...mit dem gleichartigen