



Two Thousand and Ten  
First Quarterly Report

## **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.*

## HIGHLIGHTS FOR THE THREE-MONTH PERIOD

For the three months ended 30 September 2009:

- Revenue reported at US\$85,876,000.
- Net profit attained at US\$512,000 versus US\$513,000 last corresponding period.
- The overhead was reduced by US\$1,610,000 to US\$7,745,000 against the last corresponding period.

## FIRST QUARTERLY RESULTS

The board of the directors (the “Directors”) of PINE Technology Holdings Limited (the “Company”) is pleased to present the unaudited results of the Company and its subsidiaries (collectively, the “Group”) for the three months (the “Three-Month Period”) ended 30 September 2009 together with the comparative unaudited figures for the corresponding three-month period in 2008 as follows :

### Condensed consolidated income statement

		<b>Three months ended</b>	
		<b>30 September</b>	
		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<b>US\$'000</b>	<b>US\$'000</b>
Turnover	2	<b>85,876</b>	100,448
Cost of sales		<b>(77,758)</b>	(90,494)
		<hr/>	<hr/>
Gross profit		<b>8,118</b>	9,954
Other income		<b>318</b>	65
Selling and distribution expenses		<b>(1,950)</b>	(1,994)
General and administrative expenses		<b>(5,648)</b>	(6,832)
Finance costs		<b>(147)</b>	(529)
		<hr/>	<hr/>
Profit before taxation		<b>691</b>	664
Taxation	3	<b>(179)</b>	(151)
		<hr/>	<hr/>
Profit for the period		<b>512</b>	513
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (US cents)	4		
– Basic		<b>0.055</b>	0.055
		<hr/> <hr/>	<hr/> <hr/>
– Diluted		<b>0.055</b>	0.055
		<hr/> <hr/>	<hr/> <hr/>

**Condensed Consolidated Statement of Comprehensive Income**

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>US\$'000</b>	US\$'000
Profit for the period	512	513
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	474	(7)
Available-for-sale investments	—	(83)
Other comprehensive income for the period	474	(90)
Total comprehensive income for the period	<u>986</u>	<u>423</u>

Notes:

**1. Basis of presentation**

The unaudited consolidated results of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of GEM Listing Rules. They have also been prepared 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 2009.

**2. Turnover**

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

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>US\$'000</b>	US\$'000
Manufacture and sale of		
products under the Group's brand names	58,399	71,021
Distribution of other manufacturers' products	27,477	29,427
	<u>85,876</u>	<u>100,448</u>

### 3. Taxation

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<i>US\$'000</i>	<i>US\$'000</i>
The charge comprises:		
– Hong Kong Profits Tax	55	–
– Taxation arising in other jurisdictions	124	151
	<u>179</u>	<u>151</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the year.

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 Three-Month Period, and the corresponding three-month period in 2008, are based on the following data:

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<i>US\$'000</i>	<i>US\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	<u>512</u>	<u>513</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	930,935	930,935
Effect of dilutive potential ordinary shares:		
– Share Options	210	2,120
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>931,145</u>	<u>933,055</u>

**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
Balance at 1 July 2008	27,210	2,954	2,801	63	248	243	30,124	63,643
Exchange differences arising on translation of foreign operations	-	-	(7)	-	-	-	-	(7)
Available-for-sale investments	-	-	-	-	(83)	-	-	(83)
Profit for the period	-	-	-	-	-	-	513	513
Total comprehensive income for the period	-	-	(7)	-	(83)	-	513	423
Recognition of share- based payment	-	-	-	-	-	(115)	-	(115)
Balance at 30 September 2008	<u>27,210</u>	<u>2,954</u>	<u>2,794</u>	<u>63</u>	<u>165</u>	<u>128</u>	<u>30,637</u>	<u>63,951</u>
Balance at 1 July 2009	27,210	2,954	2,142	63	73	378	31,236	64,056
Exchange differences arising on translation of foreign operations	-	-	474	-	-	-	-	474
Profit for the period	-	-	-	-	-	-	512	512
Total comprehensive income for the period	-	-	474	-	-	-	512	986
Recognition of share- based payment	-	-	-	-	-	25	-	25
Balance at 30 September 2009	<u>27,210</u>	<u>2,954</u>	<u>2,616</u>	<u>63</u>	<u>73</u>	<u>403</u>	<u>31,748</u>	<u>65,067</u>

**INTERIM DIVIDEND**

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

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

## ***BUSINESS REVIEW***

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The worst of this financial crisis was behind PINE. We see the revenue of our fiscal Q1 totaled US\$85,876,000, representing a sequential growth of 36% from Q4 of the past fiscal year; albeit a 15% drop from the revenue of US\$100,448,000 in the same period a year earlier.

Net profit after tax stayed at the same level of the same quarter last year at US\$512,000.

We are encouraged by the solid signs of steady growth of businesses of both our XFX and Distribution Division, which shows a return of confidence and normality of business demand in the PC industry. In the fiscal Q1, sales of our XFX and Distribution Division were US\$58,399,000 and US\$27,477,000 respectively, showing a sequential growth of 17% and 105% from the previous quarter respectively.

Overall, we are pleased by the performance of the Q1 and by the signs of recovery of the market in general, which lead us to be more confident on the sustainability of revenue and profit in the rest of the year.

## ***BUSINESS OUTLOOK***

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With the stabilizing of the worldwide economic situation, and the relatively low level of inventory in the supply chain of the industry, we are cautiously optimistic that the overall demand will continue to pick up in the rest of the year. And with the launch of the Window 7 from Microsoft in the past month, it surely will further create more activities in the upgrade segment of the personal computer market from which both our XFX and Distribution Division will surely benefit from. With this said, we will continue to keep an watchful monitor on the overhead, inventory, receivable and cash flow to ensure all these essential parameters are on the right track during this uncertain period.

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. Most importantly, I would like to thank the whole team, whose painstaking efforts and dedication allow the Group to continue to succeed during this challenging time.

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

As at 30 September 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	Controlled corporation/ beneficial owner (Note 1)	211,175,958	22.68%
Chiu Samson Hang Chin (Note 2)	Beneficial owner	169,663,056	18.23%

Notes:

- 1) Of the 211,175,958 ordinary shares, 14,675,958 shares are registered in the personal name of Mr. Chiu Hang Tai, and the remaining 196,500,000 shares are beneficially owned by and registered in the name of Alliance Express Group Limited, which is incorporated in the British Virgin Islands (“BVI”) and its entire issued share capital is beneficially owned by Mr. Chiu Hang Tai, an executive director of the Company.
- 2) Mr. Chiu Samson Hang Chin is the brother of Mr. Chiu Hang Tai.



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 September 2009. 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 to holders of ordinary shares, as specified in the Articles of Association of the subsidiary.

Saved as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Company's subsidiaries as at 30 September 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 schemes 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 30 September 2009, the following directors of the Company 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 Share options at 30 September 2009
Chiu Hang Tai	28.9.2004	1.11.2004 to 31.10.2009	0.150	3,968,800
	5.10.2007	5.10.2009 to 4.10.2012	0.464	2,976,600
Chiu Samson Hang Chin	28.9.2004	1.11.2004 to 31.10.2009	0.150	3,968,800
	30.3.2007	1.1.2009 to 31.12.2011	0.250	2,678,940
	5.10.2007	5.10.2009 to 4.10.2012	0.464	1,984,400

## **SUBSTANTIAL SHAREHOLDERS**

So far as the directors and chief executive of the Company are aware of, as at 30 September 2009, the following persons (not being a director or a chief executive of the Company), were interested in 5% or more in the issued share capital of the Company:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held (long positions)</b>	<b>Percentage of the issued share capital of the Company</b>
Alliance Express Group Limited	Beneficial owner (Note 1)	196,500,000	21.11%
Chiu Hang Tung Jason (Note 2)	Beneficial owner	62,718,084	6.74%
Chiu Man Wah (Note 2)	Beneficial owner	62,718,084	6.74%
Chiu Herbert Hang Tat (Note 2)	Beneficial owner	60,824,958	6.53%

Notes:

- 1) These shares are beneficially owned by and registered in the name of Alliance Express Group Limited, which is incorporated in BVI and its entire issued share capital is beneficially owned by Mr. Chiu Hang Tai, an executive director of the Company.
- 2) The holders are siblings of Mr. Chiu Hang Tai and Mr. Chiu Samson Hang Chin, who are executive directors of the Company.

Saved as disclosed above, the directors are not aware of any person who, as at 30 September 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**

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 audit committee comprised the three independent non-executive directors, namely Messrs. Li Chi Chung, So Stephen Hon Cheung and Chung Wai Ming with terms of reference in compliance with the GEM Listing Rules. 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 Three-Month Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

Hong Kong, 12 November 2009

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

