



Two Thousand and Ten
Interim 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.

RESULTS HIGHLIGHTS

For the six months ended 31 December 2009:

- Revenue reported at US\$182,112,000 versus US\$174,963,000 last corresponding period.
- Net profit was US\$1,842,000 versus US\$23,000 last corresponding period.
- The overhead was reduced by US\$1,391,000 to US\$15,747,000 against the last corresponding period.

INTERIM 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 six months (the “Half-Yearly Period”) and the three months (the “Quarterly Period”) ended 31 December 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2009

	Notes	Unaudited			
		Six months ended 31 December		Three months ended 31 December	
		2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Turnover	2	182,112	174,963	96,236	74,515
Cost of sales		(164,458)	(157,590)	(86,700)	(67,096)
Gross profit		17,654	17,373	9,536	7,419
Other income (expense)		448	59	130	(6)
Selling and distribution expenses		(3,941)	(3,715)	(1,991)	(1,721)
General and administrative expenses		(11,491)	(12,319)	(5,843)	(5,487)
Finance costs		(315)	(1,104)	(168)	(575)
Profit (loss) before taxation	3	2,355	294	1,664	(370)
Taxation	4	(513)	(271)	(334)	(120)
Profit (loss) for the period		<u>1,842</u>	<u>23</u>	<u>1,330</u>	<u>(490)</u>
Earnings (loss) per share	5				
– Basic (US cents)		<u>0.198</u>	<u>0.002</u>	<u>0.143</u>	<u>(0.053)</u>
– Diluted (US cents)		<u>0.198</u>	<u>0.002</u>	<u>0.143</u>	<u>(0.053)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 31 DECEMBER 2009**

	Unaudited			
	Six months ended		Three months ended	
	31 December		31 December	
	2009	2008	2009	2008
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit (loss) for the period	1,842	23	1,330	(490)
Other comprehensive income (expense):				
Exchange differences arising on translation of foreign operations	549	(121)	75	(114)
Available-for-sale investments	<u>—</u>	<u>(252)</u>	<u>—</u>	<u>(169)</u>
Other comprehensive income (expense) for the period	549	(373)	75	(283)
Total comprehensive income (expense) for the period	<u>2,391</u>	<u>(350)</u>	<u>1,405</u>	<u>(773)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	(Unaudited) 31 December 2009 US\$'000	(Audited) 30 June 2009 US\$'000
	Notes	
Non-current assets		
Property, plant and equipment	10,270	11,289
Development costs	1,449	1,325
Trademarks	106	112
Available-for-sale investments	225	225
Deferred taxation	214	199
	12,264	13,150
Current assets		
Inventories	62,608	48,181
Trade and other receivables	6 75,705	55,791
Tax recoverable	258	421
Pledged bank deposits	4,125	4,122
Bank balances and cash	11,854	14,104
	154,550	122,619
Current liabilities		
Trade and other payables	7 55,003	38,541
Bills payable	1,023	-
Tax payable	1,666	1,440
Obligations under finance leases	2	3
Bank borrowings	28,267	16,998
Other borrowings	-	2,697
	85,961	59,679
Net current assets	68,589	62,940
Total assets less current liabilities	80,853	76,090
Capital and reserves		
Share capital	11,971	11,971
Share premium and reserves	66,509	64,056
	78,480	76,027
Non-current liabilities		
Obligations under finance leases	12	10
Bank borrowings	2,308	-
Deferred Taxation	53	53
	2,373	63
	80,853	76,090

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Share capital US\$'000	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 2008	11,971	27,210	2,954	2,801	63	248	243	30,124	75,614
Other comprehensive expense for the period	-	-	-	(121)	-	(252)	-	-	(373)
Profit for the period	-	-	-	-	-	-	-	23	23
Total comprehensive expense for the period	-	-	-	(121)	-	(252)	-	23	(350)
Recognition of share-based payment	-	-	-	-	-	-	(183)	-	(183)
At 31 December 2008	<u>11,971</u>	<u>27,210</u>	<u>2,954</u>	<u>2,680</u>	<u>63</u>	<u>(4)</u>	<u>60</u>	<u>30,147</u>	<u>75,081</u>
At 1 July 2009	<u>11,971</u>	<u>27,210</u>	<u>2,954</u>	<u>2,142</u>	<u>63</u>	<u>73</u>	<u>378</u>	<u>31,236</u>	<u>76,027</u>
Other comprehensive income for the period	-	-	-	549	-	-	-	-	549
Profit for the period	-	-	-	-	-	-	-	1,842	1,842
Total comprehensive income for the period	-	-	-	549	-	-	-	1,842	2,391
Recognition of share-based payment	-	-	-	-	-	-	62	-	62
At 31 December 2009	<u>11,971</u>	<u>27,210</u>	<u>2,954</u>	<u>2,691</u>	<u>63</u>	<u>73</u>	<u>440</u>	<u>33,078</u>	<u>78,480</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Unaudited	
	Six months ended	
	31 December	
	2009	2008
	US\$'000	US\$'000
Net cash (outflow) inflow from operating activities	(11,559)	9,626
Net cash outflow from investing activities	(1,482)	(1,145)
Net cash inflow (outflow) from financing activities	<u>10,881</u>	<u>(11,093)</u>
Decrease in cash and cash equivalents	(2,160)	(2,612)
Cash and cash equivalents at 1 July	14,104	15,530
Effect of foreign exchange rate changes	<u>(90)</u>	<u>868</u>
Cash and cash equivalents at 31 December	<u><u>11,854</u></u>	<u><u>13,786</u></u>

NOTES TO CONDENSED INTERIM ACCOUNTS

I. Basis of presentation

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

The accounting policies and method of computation used in the preparation of condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2009, except as described below.

During the 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.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers

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

2. Segment information

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.

An analysis of the Group’s unaudited turnover and results for the Half-Yearly Period together with the corresponding period in 2008 by business segment is presented below:

	Group brand products		Other brand products		Consolidated	
	2009	2008	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue						
External sales	<u>121,051</u>	<u>114,930</u>	<u>61,061</u>	<u>60,033</u>	<u>182,112</u>	<u>174,963</u>
Result						
Segment result	<u>2,823</u>	<u>1,378</u>	<u>529</u>	<u>888</u>	<u>3,352</u>	<u>2,266</u>
Unallocated other revenue					6	44
Unallocated corporate expenses					(688)	(912)
Finance costs					<u>(315)</u>	<u>(1,104)</u>
Profit before taxation					2,355	294
Taxation					<u>(513)</u>	<u>(271)</u>
Profit for the period					<u>1,842</u>	<u>23</u>

3. Profit before taxation

	Six months ended 31 December		Three months ended 31 December	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000

Profit before taxation has been arrived at after charging:

Depreciation and amortisation	2,316	2,135	1,193	1,136
Loss on disposal of property, plant and equipment	87	17	67	11

4. Taxation

	Six months ended 31 December		Three months ended 31 December	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000

The charge comprises:

– Hong Kong Profits Tax	108	4	53	4
– Taxation arising in other jurisdictions	405	267	281	116
	<u>513</u>	<u>271</u>	<u>334</u>	<u>120</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the Half-Yearly Period and Quarterly Period.

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

5. Earnings (loss) per share

The calculation of the basic earnings (loss) per share and diluted earnings (loss) per share for the Half-Yearly Period, the Quarterly Period, the corresponding half-yearly period and quarterly period in 2008, are based on the following data:

	Six months ended 31 December		Three months ended 31 December	
	2009	2008	2009	2008
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Earnings for the purpose of: basic and diluted earnings (loss) per share	<u>1,842</u>	<u>23</u>	<u>1,330</u>	<u>(490)</u>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	930,935	930,935	930,935	930,935
Effect of dilutive potential ordinary share in respect of: – Share options	<u>175</u>	<u>675</u>	<u>241</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>931,110</u>	<u>931,610</u>	<u>931,176</u>	<u>930,935</u>

The share options had no dilutive effect on ordinary shares for the quarterly period in 2008 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.

6. Trade and other receivables

The Group allows a credit period of 1 to 180 days to its trade customers. The following is an aged analysis of accounts receivable:

	31 December	30 June
	2009	2009
	<i>US\$'000</i>	<i>US\$'000</i>
Current	46,042	25,137
1 to 30 days	15,771	11,230
31 to 60 days	4,967	5,313
Over 60 days	5,878	10,675
	<hr/>	<hr/>
Trade receivables	72,658	52,355
Deposits, prepayments and other receivables	3,047	3,436
	<hr/>	<hr/>
	75,705	55,791
	<hr/> <hr/>	<hr/> <hr/>

7. Trade and other payables

The following is an aged analysis of accounts payable:

	31 December	30 June
	2009	2009
	<i>US\$'000</i>	<i>US\$'000</i>
Current	33,968	21,663
1 to 30 days	8,953	7,420
31 to 60 days	4,081	2,224
Over 60 days	2,162	2,117
	<hr/>	<hr/>
Trade payables	49,164	33,424
Deposits in advance, accruals and other payables	5,839	5,117
	<hr/>	<hr/>
	55,003	38,541
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2009 (2008: Nil).

BUSINESS REVIEW

The worst of this financial crisis was over. Our net profit after tax in the Quarterly Period grew by 1.6 times to US\$1,330,000 from first quarter this year and from a loss of US\$490,000 in the quarterly period in 2008.

We see the revenue of the Quarterly Period totaled US\$96,236,000, representing a sequential growth of 12% from first quarter; and a 29% growth from the revenue of US\$74,514,000 in the same period a year earlier.

We are encouraged by the recovery of the PC industry and the return of confidence and normality in the demand chain of the industry. In the Quarterly Period, sales of our XFX and Distribution Division were US\$62,652,000 and US\$33,584,000 respectively, showing a sequential growth of 7% and 22% from first quarter and by 43% and 10% respectively from the same period a year earlier.

At the same time, our “driving for efficiency” exercise continues to bear fruit generating a reduction in operation cost by US\$1,391,000 to US\$15,747,000 in the Half-Yearly Period against the last corresponding half-yearly period.

Staying in line with the growth of business, our total borrowings increased from US\$19,695,000 to US\$30,575,000, bring the gearing and debt to equity ratio from 44% to 53% and from 26% to 39% respectively compared to June 30, 2009, with the cash on hand staying at US\$11,854,000.

In this quarter, we are particularly excited by the “new breed of power” we added to the XFX line up in our continuing quest to bring gaming enthusiasts the ultimate in performance. XFX has launched the XFX 850W Black Edition Power Supply Unit (PSU) in September 2009. Designed specifically for the high performance gamer, the 850W Black Edition PSU generates more than enough power to support multiple high-end graphics cards. Within the sleek black case are an array of unparalleled industry-leading features and performance enhancements that will appeal to gaming enthusiasts. With the successful reception of 850W model, we released the 750W Black Edition and 650W XXX Edition models end of 2009 to enrich our PSU line-up, in order to fulfill the market requests. Reviews from press are all

very encouraging: Hexus UK said “The XFX Black Edition 850W PSU has all the bases covered. Looking smart in an unusual chassis – complete with integrated grille – and featuring competition-matching build quality, initial impressions are good.” IT Trends Denmark said “XFX has really made his entrance at PSU market in style. It was no matter what we did by the power supply, then delivered the only high performance, high class.”

Overall, we are very pleased by the performance and result of the Half-Yearly Period, especially amidst the reality that most of our major markets still struggling forward in their path to recovery.

BUSINESS OUTLOOK

With the stabilizing of the worldwide economic situation, and the lower operating cost and resulted lower breakeven level we are at, we are optimistic of the overall result of this fiscal year. 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 continuing painstaking efforts and dedication allow the Group to continue to succeed during this challenging time.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Liquidity, financial resources and charge of group asset

As at 31 December 2009, the Group’s borrowings comprised mainly short-term loans of approximately US\$28,267,000 (30 June 2009: approximately US\$19,695,000) and long-term loans of approximately US\$2,308,000 (30 June 2009: Nil). The aggregate borrowings approximately US\$30,575,000 (30 June 2009: approximately US\$19,695,000) were secured by pledged bank deposits or by all assets of certain subsidiaries as floating charges to banks.

As at 31 December 2009, total pledged bank deposits and all assets of certain subsidiaries as floating charges were amounted approximately US\$4,125,000 and US\$56,579,000 respectively (30 June 2009: approximately US\$4,122,000 and US\$52,055,000). The Group continued to maintain a healthy financial and cash position. As at 31 December 2009, the total cash on hand amounted approximately US\$11,854,000 (30 June 2009: approximately US\$14,104,000).

Capital structure

There was no change in the capital structure of the Group as at 31 December 2009, as compared with that as at 30 June 2009.

Significant investments and material acquisitions

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

Staff

As at 31 December 2009, the Group had 367 employees, a 3% increase from 357 employees since June 2009, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff cost, including director's emoluments, was approximately US\$6.6 million for the Half-Yearly Period as compared with that of approximately US\$7.3 million for the corresponding half-yearly period in the 2008.

Gearing ratio

As at 31 December 2009, the gearing ratio of the Group based on total liabilities over total assets was approximately 53%. (30 June 2009: approximately 44%)

Exchange risk

During the period under review, the Group's major foreign exchange payments arose from the import of components and materials, and repayments of foreign currency loans, that were principally denominated in US dollars, Hong Kong dollars and Canadian dollars. For settlement of import payments and foreign currency loans, the Group maintained its foreign exchange balance by its export revenue, that were principally denominated in US dollars, Canadian dollars and Pound Sterling. The unsecured risk will be foreign currency payables and loan exceeds its foreign currency revenue. During the year, the Group has used forward foreign currency contracts to minimize its exposure to currency fluctuations risk of certain trade payables denominated in foreign currencies.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2009. (30 June 2009: Nil)

Segment Information

Group brand products

For the Half-Yearly Period, the segment's revenue increased by 5% to US\$121,051,000 from US\$114,930,000 in the last corresponding half-yearly period, while its profit increased to US\$2,823,000 compared to US\$1,378,000 in the last corresponding half-yearly period. We are confident that the new ATI line will generate incremental revenue and profit for PINE. Combined with Nvidia and ATI, the two biggest names in the industry, XFX is well positioned to provide a comprehensive product selection to our customers globally.

Other brand products

In general, demand for the PC products has picked up, and so is the competition. We see a healthy increase in quantity sold, but a drop in per unit selling pricing and gross profit. The turnover of the distribution division for the Half-Yearly Period increased by 2% from US\$60,033,000 to US\$61,061,000 in the last corresponding period. However, the segmental profit decreased from US\$888,000 to US\$529,000.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL AND OPTIONS

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

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
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 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 December 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 December 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 31 December 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 as at 31 December 2009
Chiu Hang Tai	5.10.2007	5.10.2009 to 4.10.2012	0.464	<u>2,976,600</u>
				<u>2,976,600</u>
Chiu Samson Hang Chin	30.3.2007	1.1.2009 to 31.12.2011	0.250	<u>2,678,940</u>
	5.10.2007	5.10.2009 to 4.10.2012	0.464	<u>1,984,400</u>
				<u>4,663,340</u>

SUBSTANTIAL SHAREHOLDERS

So far as the directors and chief executive of the Company are aware of, as at 31 December 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:

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 <i>(Note 1)</i>	196,500,000	21.11%
Chiu Hang Tung Jason <i>(Note 2)</i>	Beneficial owner	62,718,084	6.74%
Chiu Man Wah <i>(Note 2)</i>	Beneficial owner	62,718,084	6.74%
Chiu Herbert Hang Tat <i>(Note 2)</i>	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 31 December 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

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 during the period under review.

AUDIT COMMITTEE

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

Hong Kong, 9 February 2010

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.

