



Two Thousand and Eleven
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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

RESULTS HIGHLIGHTS

For the three months ended 30 September 2010:

- Revenue reported at US\$78,830,000 versus US\$85,876,000 last corresponding period.
- Net profit was US\$461,000 versus US\$512,000 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 consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months (the “Three-Month Period”) ended 30 September 2010 together with the comparative unaudited figures for the corresponding three-month period in 2009 as follows:

Consolidated statement of comprehensive income

For the three months ended 30 September 2010

| | | Three months ended 30 September | |
|-------------------------------------|-------|------------------------------------|-------------------|
| | | 2010 | 2009 |
| | Notes | US\$'000 | US\$'000 |
| Turnover | 2 | 78,830 | 85,876 |
| Cost of sales | | <u>(70,914)</u> | <u>(77,758)</u> |
| Gross profit | | 7,916 | 8,118 |
| Other income | | 13 | 25 |
| Selling and distribution expenses | | (2,138) | (1,950) |
| General and administrative expenses | | (5,177) | (5,350) |
| Other gains and losses | | 192 | (5) |
| Finance costs | | <u>(272)</u> | <u>(147)</u> |
| Profit before taxation | | 534 | 691 |
| Taxation | 3 | <u>(73)</u> | <u>(179)</u> |
| Profit for the period | | <u><u>461</u></u> | <u><u>512</u></u> |

| | Notes | Three months ended | |
|---|-------|---------------------|---------------------|
| | | 30 September | |
| | | 2010 | 2009 |
| | | US\$'000 | US\$'000 |
| Other comprehensive income: | | | |
| Exchange differences arising on translation of foreign operations | | 232 | 474 |
| Fair value loss on available-for-sale investments | | (180) | – |
| | | <u>52</u> | <u>474</u> |
| Total comprehensive income for the period | | <u><u>513</u></u> | <u><u>986</u></u> |
| Earnings per share (US cents) | 4 | | |
| – Basic | | <u><u>0.050</u></u> | <u><u>0.055</u></u> |
| – Diluted | | <u><u>0.050</u></u> | <u><u>0.055</u></u> |

Notes:

I. 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 2010.

2. Turnover

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

| | Three months ended 30 September | |
|--|------------------------------------|-----------------|
| | 2010 | 2009 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| Manufacture and sale of products under the Group's brand names | 48,377 | 58,399 |
| Distribution of other manufacturers' products | 30,453 | 27,477 |
| | 78,830 | 85,876 |
| | 78,830 | 85,876 |

3. Taxation

| | Three months ended 30 September | |
|---|------------------------------------|-----------------|
| | 2010 | 2009 |
| | <i>US\$'000</i> | <i>US\$'000</i> |
| The charge comprises: | | |
| – Hong Kong Profits Tax | 2 | 55 |
| – Taxation arising in other jurisdictions | 71 | 124 |
| | 73 | 179 |
| | 73 | 179 |

Hong Kong Profits Tax is calculated at 16.5% (2009: 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 2009, are based on the following data:

| | Three months ended | |
|---|---------------------------|----------|
| | 30 September | |
| | 2010 | 2009 |
| | US\$'000 | US\$'000 |
| Earnings for the purposes of basic and diluted earnings per share | 461 | 512 |
| | '000 | '000 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 921,617 | 930,935 |
| Effect of dilutive potential ordinary shares: | | |
| – Share Options | 2,053 | 210 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 923,670 | 931,145 |

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 2009 | 27,210 | 2,954 | 2,142 | 63 | 73 | 378 | 31,236 | 64,056 |
| Profit for the period | - | - | - | - | - | - | 512 | 512 |
| Other comprehensive income for the period | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | 474 | - | - | - | - | 474 |
| Total comprehensive income for the period | - | - | 474 | - | - | - | - | 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> |
| Balance at 1 July 2010 | 27,159 | 2,954 | 2,785 | 63 | 119 | 478 | 35,291 | 68,849 |
| Profit for the period | - | - | - | - | - | - | 461 | 461 |
| Other comprehensive income for the period | | | | | | | | |
| Exchange differences arising on translation of foreign operations | - | - | 232 | - | - | - | - | 232 |
| Fair value changes on available-for-sale investments | - | - | - | - | (180) | - | - | (180) |
| | - | - | 232 | - | (180) | - | - | 52 |
| Total comprehensive income for the period | - | - | 232 | - | (180) | - | 461 | 513 |
| Recognition of share-based payment | - | - | - | - | - | 44 | - | 44 |
| Share repurchase and cancelled | (152) | - | - | - | - | - | - | (152) |
| Balance at 30 September 2010 | <u>27,007</u> | <u>2,954</u> | <u>3,017</u> | <u>63</u> | <u>(61)</u> | <u>522</u> | <u>35,752</u> | <u>69,254</u> |

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Three-Month Period (2009: Nil).

BUSINESS REVIEW

Business for the first quarter of fiscal year 2011 has been slow. Revenue was US\$78,830,000, which represents a 8% decrease from the same period last year. The gross profit was US\$7,916,000, a 2% drop from last year. And the net profit was US\$461,000 versus last year's US\$512,000.

The July-September quarter has traditionally been a slow quarter. We certainly did not expect to have a strong quarter, but we did not expect that it would be slower than last year either. I think one of the reasons for this slower quarter is that last year the economies in many countries were rebounding from one of the worst drops in history and people started to consume again after a year of austerity. But many indicators show that many economies have not recovered well. There is still a great deal of uncertainty remaining. As a result, consumers are remaining cautious with their buying decisions. Because of this macro situation, we expect that this year will have modest growth compared to last year.

BUSINESS OUTLOOK

This year we will continue to work on the fundamentals. The overall business strategy and planning will be similar to last year. We will be cautious in our capital expenditure and operations cost, while continue to invest in new product development to create leverage on the new technology and create demand for it.

In times of uncertainty, we need strength of mind and steadiness of will. Fortitude and perseverance are at the heart of our team; it is part of their core values and competencies. I have full confidence that we will weather the difficulties.

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

As at 30 September 2010, 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

| 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 | 22.98% |
| Chiu Samson Hang Chin (Note 2) | Beneficial owner | 169,663,056 | 18.46% |
| Chiu Herbert H T (Note 2) | Beneficial owner | 60,824,958 | 6.62% |

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 and Mr. Chiu Herbert H T are the brothers 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 2010. 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 2010, 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 2010, 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 2010 |
|------------------|---------------|--|--|--|
| Chiu Hang Tai | 5.10.2007 | 5.10.2009 to 4.10.2012 | 0.464 | 2,976,600 |
| | 30.3.2010 | 30.3.2011 to 29.3.2014 | 0.275 | 5,970,000 |
| | | | | 8,946,600 |

| Name of director | Date of grant | Exercisable period (both dates inclusive) | Exercise price per share HK\$ | Number of Share options at 30 September 2010 |
|-----------------------|---------------|--|--|--|
| Chiu Samson Hang Chin | 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 |
| | 30.3.2010 | 30.3.2011 to 29.3.2014 | 0.275 | 5,470,000 |
| | | | | 10,133,340 |

SUBSTANTIAL SHAREHOLDERS

So far as the directors and chief executive of the Company are aware of, as at 30 September 2010, 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:

| 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 | 21.38% |
| Chiu Hang Tung Jason (Note 2) | Beneficial owner | 62,718,084 | 6.82% |
| Chiu Man Wah (Note2) | Beneficial owner | 62,718,084 | 6.82% |

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 sibling of Mr. Chiu Hang Tai, Mr. Chiu Samson Hang Chin and Mr. Chiu Herbert H T who are directors of the Company.

Saved as disclosed above, the directors are not aware of any person who, as at 30 September 2010, 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

The audit committee comprised the three independent non-executive directors, namely Messrs. Li Chi Chung, So Stephen Hon Cheung and Dr. Huang Zhijian 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

During the Three-Month Period, the Company repurchased its own shares through the Stock Exchange as follows:

| Month of repurchase | Number of ordinary shares of HK\$0.1 each HK\$ | Price per share | | Aggregate consideration paid US\$'000 |
|---------------------|---|-----------------|----------------|---|
| | | Highest HK\$ | Lowest HK\$ | |
| July 2010 | 4,276,000 | 0.230 | 0.218 | 123 |
| August 2010 | 4,724,000 | 0.245 | 0.228 | 141 |

The above shares were cancelled upon repurchase.

Saved as disclosed above, none of the Company's subsidiaries purchased, sold or redeemed any of the Company listed securities during the Three-Month Period.

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

Hong Kong, 8 November 2010

As at the date of this report, executive directors are Mr. Chiu Hang Tai and Mr. Chiu Samson Hang Chin. Non-executive director is Mr. Chiu Herbert H T. Independent non-executive directors are Mr. Li Chi Chung, Mr. So Stephen Hon Cheung and Dr. Huang Zhijian.

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)

Stock Code 股份代號 8013

2011 First Quarterly Report

2011年第一季度業績報告

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