PINE Technology Holdings Limited
Stock Code 1079

PINE

DEFINING THE FUTURE.

Two Thousand and Eleven
Annual Report


XFX®
play hard.™
MONSTER
DiRT
PRO850W
XFX
play hard.


WarPAD
KEEPING
XFX
ONE
RADEON
HD 6950
XFX AWARDS
COMPUTEX TAIPEI
design & innovation awards 2011
2010
GOLD
SILVER AWARD
BRONZE AWARD
GOLD
SILVER


AVIIQ AWARDS
COMPUTEX TAIPEI
design & innovation awards 2011
SILVER
AWARD
INNOVATIONS
2010

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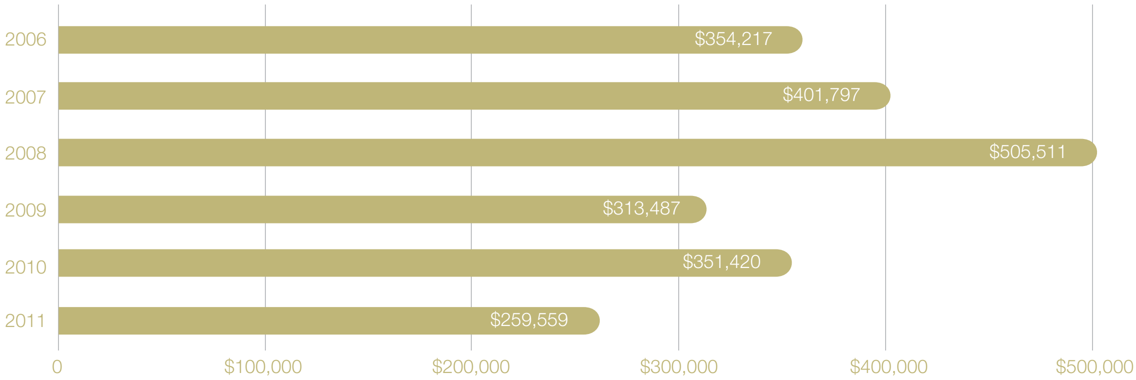
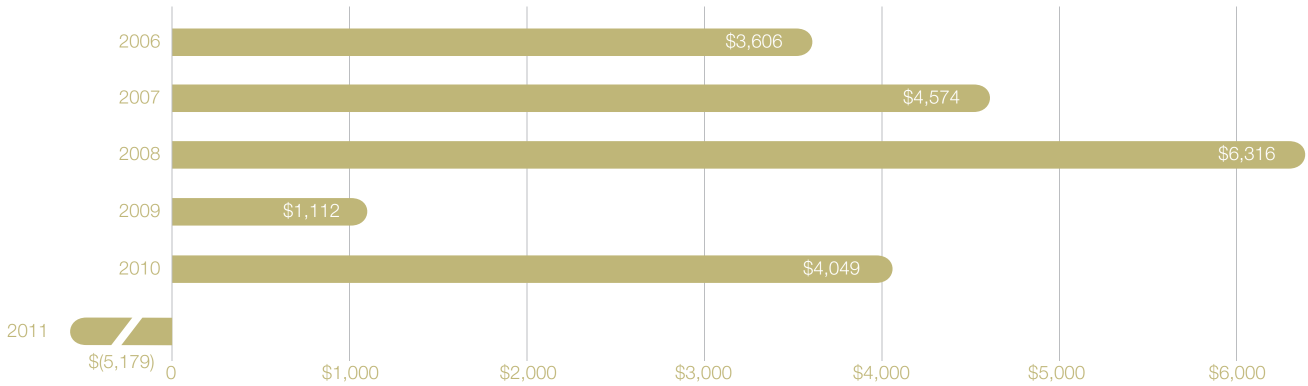
TURNOVER

US$ Unit in Thousands



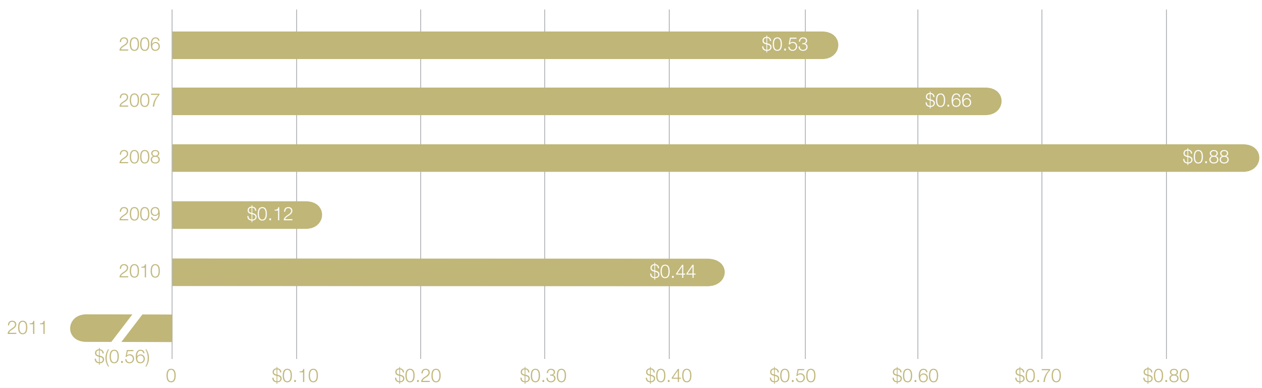
NET (LOSS) PROFIT

US$ Unit in Thousands



BASIC (LOSS) EARNINGS PER SHARE

US$ Units in Cents



Corporate Information

PINE Technology Holdings Limited and XFX Family of Brands

Board of Directors
Executive Directors
Mr. Chiu Hang Tai
Chairman and Chief Executive Officer
Mr. Chiu Samson Hang Chin
Deputy Chairman

Non-Executive Director
Mr. Chiu Herbert H T

Independent Non-Executive Directors
Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

Company Secretary
Mr. Leung Yiu Ming

Audit Committee
Mr. Li Chi Chung *Chairman*
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

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
Unit A, 32/F Manulife Tower,
169 Electric Road, North Point
Hong Kong

Principal Bankers
China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank, Ltd.
Manufacturers Bank
Standard Chartered Bank
(Hong Kong) Limited
Toronto-Dominion Bank
United Overseas Bank Limited
Wing Hang Bank, Ltd.

Principal Share Registrar and Transfer Office
HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar 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
1079

Website of the Company
www.pinegroup.com

Corporate Profile

PINE Technology Holdings Limited and XFX Family of Brands

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 specializes in the design and manufacturing of Video Graphic products for the PC and PC upgrade market under the XFX brand; and the Distribution division distributes a wide range of PC components and peripherals of many world class manufacturers through the Group's extensive global distribution network.

The Group's strategy is to continue to leverage the success of its global XFX branding to expand its market share of the global PC gamers' market, to team up with strategic partners to develop innovative products and deliver them to the market through its national and regional distributors, system builders, resellers, retailers and etailers.

The Group is headquartered in the Hong Kong Special Administrative Region (Hong Kong SAR) with its state-of-the-art manufacturing facilities located in mainland China. PINE has its research & development facilities setup in Asia, and its global distribution and service network located throughout North America, Europe, and Asia.

Founded in 1989, PINE has been listed on the GEM board of the Hong Kong Stock Exchange (HKGEM: 8013) on 26 November 1999 and listing of shares has been transferred to the Main Board of the Hong Kong Stock Exchange since 18 November 2010 (HKSE: 1079).

PINE XFX play hard. AViiQ

Chairman's Statement

PINE Technology Holdings Limited and XFX Family of Brands

Chairman's statement

In general, the global economic situation is still unstable, especially in Europe and the USA. In fact, these economies have never recovered fully from the global financial meltdown 3 years ago. In the United States, the consumer sentiment is at its lowest levels in more than 30 years. Thus, we can expect that the discretionary spending in these regions will continue to be weak in the years ahead.

Our core business-discrete graphics card (GPU) market – is facing a big challenge. Not only are we competing with different gaming products in the market against the shrinking consumer's budget, we are also competing against the latest Notebook PC to Tablets to smart phones, for the same shrinking while conservative buying power and behaviour of the consumers in this economic environment.

This is the new economy that we are facing, new challenges that we are dealing with. We need to keep inventing ourselves, to find new areas of growth. We need to be lighter and faster to stay ahead of the evolving market. We are streamlining our operations to make it more efficient, and we continue to strengthen our balance sheet to maintain our staying power in the long run.

Business review

Last year was a disappointing year for PINE in terms of its business and profitability. The Group's revenue was US$259,559,000 with a gross profit of US$22,108,000, which is a 26% and 45% year-to-year drop, respectively. We incurred a loss of US$5,179,000, compared to a US$4,049,000 profit last year.

In general, the overall market situation is not in our favor. The competition is intense. Under this kind of gloomy sentiment of the environment, the consumers are opting for the lower priced machines using the less performance integrated CPU/GPU design from Intel and AMD. This challenge is compounded by the fact that consumers now have less to spend. This caused the severe profit margin erosion under this market condition.

The inopportune event of the Intel Sandy Bridge chipset recall in January has dampened the business momentum. January to March is normally our busiest season, but instead the recall has delayed the upgrade cycle. Companies and customers have adopted a wait-and-see attitude, which resulted in a precipitous drop in revenue.

In the end, we took some drastic pricing action to lower our inventory and to cut the loss. The result of this is a decrease of our gross profit margin from 11.4% to 8.5% year-to year, and a loss of US$5,179,000.

In this uncertain environment, the management has put in a conscious effort to reduce the company's inventory level, to improve the inventory turnover and A/R turnover ratio, and to lower the company's debt. All these measures have been taken to lower the risks of the company and to ensure that the company's balance sheet remains healthy.

Business outlook

The business outlook remains cautious and conservative – we think Europe and the USA's economy will remain weak, the competition of the discrete GPU market will remain intense, and the graphic card's market size will not grow. Moving forward, we need to be lighter and faster to better react to the dynamics of the uncertain business environment and to defend our business.

We will streamline our supply chain so that we can react quicker to our customers' changing demands, shorten the cycle of product forecasting, manufacturing, and shipping logistics, flatten the decision making process to make it faster and more timely, and better integrate our information system with our customers' to enhance the quality of the business forecast process.

In the distribution division, we will continue to improve the backend execution for the Reverse Logistics business and for the fulfillment of the online business for the Mass Merchants.

We will continue to streamline our business operation. The target is to lower our total overhead by US$4,000,000.

On a positive note, our 2 series of gaming power supply unit (PSU) are starting to gain traction in all regions. The ProSeries with EasyRail™ Technology enables customers to maximize available power and make set-up easy. Customers can stack numerous power-hungry components, such as GPU, CPU and others, without any fear of crashing. The Classics Series PSU is designed specifically for the high performance gamer. It supports multiple high-end graphics cards, offering an array of unparalleled features and delivering exceptional performance.

Also, we continue to invest resources in areas of growth. Aviiq is a new division created to capture opportunities in the growing mobile market. All the Aviiq products are designed with the digital mobility lifestyle in mind and adhere to the "travel in style" design concept. So far, the Aviiq team has created the world's thinnest folding stand for Macbooks, a laptop quick stand, a portable case stand for the iPad, and a handy charging station for portable devices. We have received numerous rave reviews on the products and will continue to create exciting products for this market segment as part of the company's growth strategy.

PINE is facing new challenges in its core business, and it takes time for adjustment. With the spirit of entrepreneurship, we will face the challenges and look forward to the future with confidence.

Chiu Hang Tai
Chairman

Hong Kong, 26 September 2011

Liquidity, financial resources and charge of group asset
As at 30 June 2011, the Group's borrowings comprised short-term loans of approximately US$26,016,000 (30 June 2010: approximately US$37,983,000 (restated)) and long-term loans of US$2,344,000 (30 June 2010: Nil (restated)). The aggregate borrowings approximately US$28,360,000 (30 June 2010: approximately US$37,983,000) were partially secured by pledged bank deposits or by all assets of certain subsidiaries as floating charges to banks.

As at 30 June 2011, total pledged bank deposits, and all assets of certain subsidiaries as floating charges were amounted approximately US$3,284,000 and US$41,919,000 respectively (30 June 2010: approximately US$4,125,000 and US$35,770,000). The Group continued to maintain a healthy financial and cash position. As at 30 June 2011, the total cash on hand amounted approximately US$10,310,000 (30 June 2010: approximately US$10,919,000).

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 no material acquisitions and disposals of subsidiaries and affiliated companies.

Employee
As at 30 June 2011, the Group had 331 employees, a 9% decrease from 362 employees since 30 June 2010, 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$13,327,000 for the year ended 30 June 2011 as compared with that of approximately US$14,424,000 for the preceding financial year.

Gearing ratio
As at 30 June 2011, the gearing ratio of the Group based on total liabilities over total assets was approximately 38% (30 June 2010: approximately 47%).

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
The Group had no material contingent liabilities as at 30 June 2011 (30 June 2010: Nil).

Segment information

Group's brand products

For the year, the segment's revenue dropped by 32% to US$164,614,000 from US$243,849,000 last year, the segment incurred a loss of US$3,650,000, compare to a profit US$7,189,000 last year. Going forward, we will be lighter and faster to better react to the dynamics of the uncertain business environment and to defend our business.

Other brand products

The turnover of the distribution division for the year was decreased by 12% to US$94,945,000 from US$107,571,000 last year, the segmental profit was increased to US$527,000 from US$458,000 last year. We will continue to improve the backend execution for the Reverse Logistics business and for the fulfillment of the online business for the Mass Merchants.

Executive Directors

Mr. Chiu Hang Tai, aged 51, 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 22 years of experience in the computer industry and also served as director of two health food companies. Chiu was awarded the 1999 Young Industrialist Award of Hong Kong. He is the brother of Mr. Chiu Samson Hang Chin and Mr. Chiu Herbert H T.

Mr. Chiu Samson Hang Chin, aged 52, 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 27 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 and Mr. Chiu Herbert H T.

Non-executive Director

Mr. Chiu Herbert H T, aged 57, obtained his Bachelor degree of Business Management from Ryerson University, Toronto, Canada in 1978. After working in the field of public accounting specializing in mining and financial services for six years, Mr. Chiu has then spent 25 years in building and leading Ginco Enterprises Inc. and W-W Airview Farms Limited of which he has been both the president and the majority shareholder. Mr. Chiu has considerable knowledge and experience in the investment, finance, agriculture, and commodity fields. Mr. Chiu is a member of The Canadian Institute of Chartered Accountants. He is the brother of Mr. Chin Hang Tai and Mr. Chiu Samson Hang Chin.

Independent Non-Executive Directors

Mr. Li Chi Chung, aged 43, was appointed as an independent non-executive director of the Company in June 2000. Mr. Li is currently a solicitor practising 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 (Stock Code: 183), an independent non-executive director of Eagle Nice (International) Holdings Limited (Stock Code: 2368), and Kenford Group Holdings Limited (Stock Code: 0464) respectively, all of which are companies listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is the company secretary of China Financial International Investments Limited (Stock Code: 0721), Sino Gas Group Limited (Stock Code: 0260), Infinity Chemical Holdings Company Limited (Stock Code: 640) and China Water Property Group Limited (Stock Code: 2349), all of which are companies listed on the main board of the Stock Exchange, and China Nonferrous Metals Company Limited (Stock Code: 8306) which is a company listed on the Growth Enterprise Market of the Stock Exchange. From 15 October 2007 to 13 February 2009, Mr. Li was an independent non-executive director of Anhui Tianda Oil Pipe Company Limited (Stock Code: 0839), a company listed on the main board of the Stock Exchange.

Mr. So Stephen Hon Cheung, aged 55, 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 16 years experience in manufacturing, wholesale and trade in the commercial sector and over 19 years in public practice working for various companies in Hong Kong, China and Canada. He is also acting as independent non-executive director of Skyworth Digital Holdings Limited, Hang Ten Group Holdings Limited and Milan Station Holdings Limited, all are companies listed on the Main Board of the Stock Exchange. He was appointed as an independent non-executive director of the Company in September, 2002.

Dr. Huang Zhijian, aged 65, graduated from Tsinghua University in Beijing, the People's Republic of China in 1968 and had been a lecturer at Tsinghua University during the period from 1984 to 1986. He received a Master of Science degree in 1982 and a Doctor of Philosophy degree in 1984 from the Institute of Science and Technology of the University of Manchester, the United Kingdom. Dr. Huang had held senior executive and managerial positions in various companies since 1986 including China Resources Development and Investment Co., Ltd. Dr. Huang has ample experience in and been involved in the evaluation, negotiation, equity transaction and/or management of various investment projects in different industries including the information technology industry, the telecommunication industry and the electronics industry.

Company Secretary

Mr. Leung Yiu Ming, aged 40, 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.

Senior Management

Mr. Ng Royson Khing Fah, aged 52, 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 18 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 46, is the president of XFX Europe and senior VP, XFX strategic product management. He has over 28 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 39, 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 Report

PINE Technology Holdings Limited and XFX Family of Brands

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 has applied the principles as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") and complied with all the code provisions set out in the CG Code ("Code Provisions") throughout the year under review except 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 Appendix 10 of the 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 2011, 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 2011 comprises:

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

Non-executive Director:
Mr. Chiu Herbert H T

Independent Non-executive Directors:
Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

Mr. Chiu Samson Hang Chin, Mr. Chiu Hang Tai and Mr. Chiu Herbert H T are brothers.

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, interim 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 2011, the Board at all times met the requirements of the 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 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the 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 16 times during the financial year ended 30 June 2011 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	16/16
Mr. Chiu Samson Hang Chin	16/16
Non-executive Director	
Mr. Chiu Herbert H T	6/16
Independent Non-Executive Directors	
Mr. Li Chi Chung	6/16
Mr. So Stephen Hon Cheung	6/16
Dr. Huang Zhijian	6/16

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 by way of having one-third of all the Company's directors subject to retirement by rotation at each annual general meeting. At the forthcoming 2011 annual general meeting, Mr. Chiu Samson Hang Chiu, Deputy-Chairman of the Board shall offer himself to retire along with Mr. Li Chi Chung 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, Mr. So Stephen Hon Cheung, and Dr. Huang Zhijian were appointed for a term of 2 years expiring on 8 June 2012 and 12 September 2012 and 28 June 2012 respectively.

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, one meeting of the Remuneration Committee was held on 29 June 2011 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 Board had reviewed and recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

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 auditors of the Company, and the relevant fee paid by the Company for such services are as follows:

Audit services of approximately US$352,000 for the Group; Non-audit services of approximately US$56,200 including:

– tax services for the Group
– agreed upon procedures on Group's annual result announcement
– review the cash flow projections of the Group

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 Dr. Huang Zhijian. 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 2011.

The Audit Committee held 3 meetings during the year ended 30 June 2011 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	3/3
Mr. So Stephen Hon Cheung	3/3
Dr. Huang Zhijian	3/3

The Company's annual results for the year ended 30 June 2011 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 2011.

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 27 to 28.

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

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 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.

Directors' Report

The directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2011.

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 30 June 2011 are set out in the consolidated statement of comprehensive income on page 29.

The directors of the Company do not recommend a dividend for the year ended 30 June 2011. (2010: HK$0.1 per share)

Property, Plant and Equipment

During the year, the Group acquired additional property, plant and equipment at a cost of approximately US$4,207,000.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

Share Capital and Share Options Schemes

Details of the Company's share capital and share option schemes are set out in notes 24 and 25 to the consolidated financial statements respectively.

Distributable Reserves of the Company

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on pages 32 to 33 and the Company's reserves available for distribution to shareholders as at 30 June 2011 were as follows:

	2011 **US$'000**	2010 US$'000
Contributed surplus	**9,036**	9,036
Retained profit	**238**	1,527
	9,274	10,563

Under the Companies Act 1981 at Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Purchase, Sale of Redemption of Listed Securities
During the year, the Company repurchased certain of its own shares through the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), details of which are set out in note 24 to the consolidated financial statements. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchase would increase the net asset value per share of the Company.

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

Non-executive director:
Mr. Chiu Herbert H T

Independent non-executive directors:
Mr. Li Chi Chung
Mr. So Stephen Hon Cheung
Dr. Huang Zhijian

The Company's Bye-law 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, notwithstanding the provisions of the Company's Bye-laws, the Company intends to have one-third of all the Company's directors subject to retirement by rotation at each annual general meeting. At the forthcoming 2011 annual general meeting, Mr. Chiu Samson Hang Chin and Mr. Li Chi Chung will retire from office and both of them, being eligible, shall offer themselves for re-election pursuant to Bye-law 111.

Directors' Service Contracts
Mr. Li Chi Chung, Mr. So Stephen Hon Cheung and Dr. Huang Zhijian were appointed for a term of 2 years expiring on 8 June 2012, 12 September 2012 and 28 June 2012 respectively.

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 2011, the interests of the directors and their associates in the shares 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, 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	Controlled corporation/ Beneficial owner (Note)	211,175,958	22.93%
Mr. Chiu Samson Hang Chin	Beneficial owner	169,663,056	18.42%
Mr. Chiu Herbert H T	Beneficial owner	60,824,958	6.60%

Note: 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.

(b) Share options

Name of director	Capacity	Number of share options held	Number of shares underlying
Mr. Chiu Hang Tai	Beneficial owner	8,946,600	8,946,600
Mr. Chiu Samson Hang Chin	Beneficial owner	10,133,340	10,133,340

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 2011. 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 2011, 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 25 to the consolidated financial statements.

The Company's share option scheme adopted by the shareholders pursuant to a resolution passed on 16 April 2003 (the "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 2011 which have been granted under the 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 30 June 2011
		(both dates inclusive)	HK$	
Mr. 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
Mr. 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
				19,079,940

No share options were granted, exercised or cancelled during the year.

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.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company subsidiaries was a party and in 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.

Directors' Interest in Competing Business

None of the directors and their respective associates has any competing interests which require to be disclosed pursuant to Rule 8.10 (2)(b)&(c) of the Listing Rules during the year.

Substantial Shareholders

As at 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of SFO shows that other than the interests disclosed above in respect of certain directors, 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	21.34%
Chiu Hang Tung Jason (Note 2)	Beneficial owner	62,718,084	6.81%
Chiu Man Wah (Note 2)	Beneficial owner	62,718,084	6.81%

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

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 2011.

Convertible Securities, Options, Warrants or Similar Rights

Other than the share options as set out in note 25 to the consolidated financial statements, the Company had no other outstanding convertible securities, options, warrants or other similar rights as at 30 June 2011.

Major Customers and Suppliers

For the year ended 30 June 2011, the top five suppliers of the Group together accounted for approximately 50.4% of the Group's total purchases and the largest supplier accounted for approximately 34.1% 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 customers and suppliers during the year.

For the year ended 30 June 2011, the Group's five largest customers accounted for less than 30% of the total sales of the Group.

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 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

Emolument Policy

The emolument policy of the employees of the Group is set up by the board of directors on the basis of 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 schemes are set out in note 25 to the consolidated financial statements.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 30 June 2011.

Pre-Emptive Rights

There are no provisions 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.

Auditor

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

On behalf of the Board

Chiu Hang Tai
CHAIRMAN

Hong Kong, 26 September 2011

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS 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 29 to 83, which comprise the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the consolidated financial statements that give a true and fair view 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.

Independent Auditor's Report

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 2011, and of the Group's loss 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
26 September 2011

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	NOTES	2011 US$'000	2010 US$'000
Turnover	4	**259,559**	351,420
Cost of sales		**(237,451)**	(311,411)
Gross profit		**22,108**	40,009
Other income		**314**	287
Selling and distribution expenses		**(7,789)**	(9,355)
General and administrative expenses		**(20,519)**	(22,042)
Other gains and losses	5	**1,495**	(2,639)
Finance costs	6	**(1,020)**	(727)
(Loss) profit before tax		**(5,411)**	5,533
Income tax credit (expense)	9	**232**	(1,484)
(Loss) profit for the year	10	**(5,179)**	4,049
Other comprehensive income (expense)			
Exchange differences arising from the translation of foreign operations		**466**	643
Fair value (loss) gain on available-for-sale investments		**(240)**	60
Cumulative gain reclassified to profit or loss of available-for-sale investments		**–**	(14)
Other comprehensive income for the year		**226**	689
Total comprehensive (expense) income for the year		**(4,953)**	4,738
(Loss) earnings per share	11		
Basic (US cents)		**(0.56)**	0.44
Diluted (US cents)		**N/A**	0.43

Consolidated Statement of Financial Position

At 30 June 2011

	NOTES	2011 US$'000	2010 US$'000 (restated)
Non-current assets			
Property, plant and equipment	12	**10,386**	9,015
Development costs	13	**1,766**	1,050
Trademarks	14	**185**	110
Available-for-sale investments	15	**102**	342
Deferred taxation	16	**–**	251
		12,439	10,768
Current assets			
Inventories	17	**45,847**	73,644
Trade, bills and other receivables	18	**47,683**	53,852
Tax recoverable		**1,371**	56
Pledged bank deposits	19	**3,284**	4,125
Bank balances and cash	20	**10,310**	10,919
		108,495	142,596
Current liabilities			
Trade, bills and other payables	21	**16,507**	32,856
Tax payable		**1,366**	1,602
Obligations under finance leases	22	**3**	3
Bank borrowings	23	**26,016**	37,983
		43,892	72,444
Net current assets		**64,603**	70,152
		77,042	80,920

Consolidated Statement of Financial Position

At 30 June 2011

	NOTES	2011 US$'000	2010 US$'000 (restated)
Capital and reserves			
Share capital	24	**11,844**	11,934
Share premium and reserves		**62,720**	68,849
Total equity		**74,564**	80,783
Non-current liabilities			
Obligations under finance leases	22	**4**	7
Bank borrowings	23	**2,344**	–
Deferred taxation	16	**130**	130
		2,478	137
		77,042	80,920

The consolidated financial statements on pages 29 to 83 were approved and authorised for issue by the Board of Directors on 26 September 2011 and are signed on its behalf by:

Chiu Hang Tai
DIRECTOR

Chiu Samson Hang Chin
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Share capital US$'000	Share premium US$'000	Surplus account US$'000	Exchange reserve US$'000	Capital reserve US$'000	Investments revaluation reserve US$'000	Share options reserve US$'000	Retained profits US$'000	Total US$'000
At 1 July 2009	11,971	27,210	2,954	2,142	63	73	378	31,236	76,027
Profit for the year	–	–	–	–	–	–	–	4,049	4,049
Other comprehensive income (expense) for the year									
Exchange differences arising on translation of foreign operations	–	–	–	643	–	–	–	–	643
Fair value gain on available-for-sale investments	–	–	–	–	–	60	–	–	60
Cumulative gain reclassified to profit or loss on sale of available-for-sale investments	–	–	–	–	–	(14)	–	–	(14)
	–	–	–	643	–	46	–	–	689
Total comprehensive income for the year	–	–	–	643	–	46	–	4,049	4,738
Recognition of equity-settled share-based payments	–	–	–	–	–	–	106	–	106
Share repurchased and cancelled	(37)	(51)	–	–	–	–	–	–	(88)
Transfer upon forfeiture of share options	–	–	–	–	–	–	(6)	6	–
At 30 June 2010	11,934	27,159	2,954	2,785	63	119	478	35,291	80,783
Loss for the year	–	–	–	–	–	–	–	(5,179)	(5,179)
Other comprehensive income (expense) for the year									
Exchange differences arising on translation of foreign operations	–	–	–	466	–	–	–	–	466
Fair value loss on available-for-sale investments	–	–	–	–	–	(240)	–	–	(240)
	–	–	–	466	–	(240)	–	–	226
Total comprehensive income (expense) for the year	–	–	–	466	–	(240)	–	(5,179)	(4,953)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	131	–	131
Issue of shares under share option scheme	25	56	–	–	–	–	(30)	–	51
Dividends recognised as distribution (note 32)	–	–	–	–	–	–	–	(1,181)	(1,181)
Share repurchased and cancelled	(115)	(152)	–	–	–	–	–	–	(267)
Transfer upon forfeiture of share options	–	–	–	–	–	–	(24)	24	–
At 30 June 2011	11,844	27,063	2,954	3,251	63	(121)	555	28,955	74,564

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

Notes:

(1) 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 in previous years.

(2) Capital reserve represents statutory reserves transferred from retained 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 Statement of Cash Flows

For the year ended 30 June 2011

	2011	2010
	US$'000	US$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	**(5,411)**	5,533
Adjustments for:		
Finance costs	**1,020**	727
Interest income	**(13)**	(6)
(Gain) loss on disposal of property, plant and equipment	**(10)**	161
(Reversal of allowance for doubtful debt) allowance for doubtful debts	**(777)**	2,732
Allowance for inventories	**975**	1,339
Amortisation of development costs	**1,196**	1,325
Amortisation of trademarks	**14**	9
Depreciation of property, plant and equipment	**3,133**	3,310
Gain on disposal of available-for-sale investments	**–**	(14)
Share option expenses	**131**	106
Operating cash flow before movements in working capital	**258**	15,222
Decrease (increase) in inventories	**26,974**	(25,950)
Decrease (increase) in trade, bills and other receivables	**7,186**	(151)
Decrease in trade, bills and other payables	**(16,640)**	(6,387)
Cash generated from (used in) operations	**17,778**	(17,266)
Interest paid on bank borrowings	**(1,019)**	(718)
Interest paid on other borrowings	**–**	(8)
Interest paid on finance leases	**(1)**	(1)
Hong Kong Profits Tax paid	**(44)**	(52)
Overseas tax paid	**(1,031)**	(966)
Overseas tax refunded	**–**	106
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**15,683**	(18,905)
INVESTING ACTIVITIES		
Interest received	**13**	6
Proceeds from disposal of available-for-sale investments	**–**	89
Proceeds from disposal of property, plant and equipment	**18**	–
Purchase of property, plant and equipment	**(4,207)**	(1,141)
Development expenditure incurred	**(1,868)**	(1,046)
Acquisition of trademark	**(87)**	(10)
Purchase of available-for-sale investments	**–**	(146)
Decrease (increase) in pledged bank deposits	**841**	(3)
NET CASH USED IN INVESTING ACTIVITIES	**(5,290)**	(2,251)

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	2011 US$'000	2010 US$'000
FINANCING ACTIVITIES		
Dividends paid	**(1,181)**	–
New bank borrowings raised	**113,327**	133,717
Proceeds from issue of equity shares	**51**	–
Repayment of bank borrowings	**(122,937)**	(113,016)
Repayment of obligations under finance leases	**(3)**	(4)
Repayment of other borrowings	**–**	(2,697)
Payment on repurchase of shares	**(267)**	(88)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(11,010)**	17,912
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(617)**	(3,244)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**10,919**	14,104
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**8**	59
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**10,310**	10,919
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**10,310**	10,919

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street Hamilton HM11, Bermuda and Unit A, 32/F Manulife Tower, 169 Electric Road, North Point, Hong Kong, respectively.

The Company's share were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 November 1999 and the listing of the shares has been transferred to the Main Board of the Stock Exchange since 18 November 2010.

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

The principal activities of the Group are the manufacturing and sales of high-quality computer components and computer related consumer electronic products.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in note 33.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKAS 27 and HKFRS 3 as part of Improvements to HKFRSs issued in 2010
HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Except as described below, the application of the new and revised standards and interpretations in the current year had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of US$2,000,000 as at 30 June 2010 have been reclassified from non-current liabilities to current liabilities. The Group had no bank loans classified as non-current liabilities as at 1 July 2009 and the application of HK Int 5 has had no material effect on the amounts reported in the consolidated financial statements as at 1 July 2009, thus consolidated statement of financial position as at 1 July 2009 are not presented. As at 30 June 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of US$1,385,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 31 for details).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[3]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 27 (as revised in 2011)	Separate Financial Instruments[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Instruments[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7, and HK(IFRIC) – Int 13 as part of Improvements to HKFRSs issued in 2010[4]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company are in the process of assessing the potential impact and so far based on the assets and liabilities of the Group as at 30 June 2011, the directors of the Company anticipate that the application of HKFRS 9 and other new and revised standards and interpretations will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that 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 Stock Exchange 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). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and 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 in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective 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 on initial recognition.

Property, plant and equipment

Property, plant and equipment including freehold land and building are held for the production or supply of goods, or for administrative purpose. Property, plant and equipment other than freehold land, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. No depreciation is provided for freehold land which is stated at cost less subsequent accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Property, plant and equipment *(Continued)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Research and development expenditure

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Trademarks

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

Inventories

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

Impairment of assets

At each end of the reporting period, 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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 in profit or loss.

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 in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 and available-for-sale financial assets. 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 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 to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills 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 receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to 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 the end of the reporting period. 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 affected.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, including trade receivables 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, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between to the asset's carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets 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.

For financial assets measured at amortised cost, if, in a subsequent period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

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 other comprehensive income and accumulated in investments revaluation reserve.

Financial liabilities and equity instruments

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.

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 to the carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade, bills and other payables and bank 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 in its entirety, the difference between the carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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.

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 consolidated statement of financial position 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 expenses are charged immediately to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense 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 statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 the respective 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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.

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 end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

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

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded 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 shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to employees 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 options reserve).

At the end of the reporting period, 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 options reserve.

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 after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits.

Retirement benefits costs

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 contributions.

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of performance focuses on the sales of brands of products provided by the Group's operating divisions. The Group is currently organised into two operating divisions, which are sale of Group's brand products and other brand products. These two operating divisions form the basis of internal reports about components of the Group that are regularly reviewed by the CODM for the purpose of resources allocation and performance assessment. The Group's operating segments under HKFRS 8 are therefore as follows:

Group's brand products – manufacture and sales of markets video graphic cards and other computer components under the Group's brand name

Other brand products – distribution of other manufacturers' computer components

The following is an analysis of the Group's revenue and results by operating segment.

2011

	Group's brand products US$'000	Other brand products US$'000	Consolidated US$'000
TURNOVER			
External sales	164,614	94,945	259,559
SEGMENT RESULT	(3,650)	527	(3,123)
Interest income			13
Unallocated corporate expense			(1,281)
Finance costs			(1,020)
Loss before tax			(5,411)

4. TURNOVER AND SEGMENT INFORMATION *(Continued)*

2010

	Group's brand products US$'000	Other brand products US$'000	Consolidated US$'000
TURNOVER			
External sales	243,849	107,571	351,420
SEGMENT RESULT	7,189	458	7,647
Interest income			6
Unallocated corporate expense			(1,393)
Finance costs			(727)
Profit before tax			5,533

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the gross profit generated from each segment, net of selling and distribution costs and administration costs directly attributable to each segment without allocation of interest income, corporate expense and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue from major products

The Group's major products are derived from the sales of market video graphic cards included in Group brand products operating segment amounting to US$159,067,000 (2010: US$238,354,000). Others are derived from the sales of other computer components.

Geographical information

The Group's revenue from external customers mainly derive from customers located in Canada and the United States and information about its non-current assets by geographical location of the assets are detailed as below:

	Revenue by external customers		**Non-current assets**	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Canada	**73,542**	79,817	**585**	695
United States	**97,743**	129,791	**3,723**	362
PRC	**–**	1,546	**5,407**	7,327
Others	**88,274**	140,266	**2,622**	1,791
	259,559	351,420	**12,337**	10,175

Note: Non-current assets exclude financial instruments and deferred taxation.

4. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Included in revenue arising from sales of other brand products of US$94,945,000 (2010: US$107,571,000) are revenues of US$18,006,000 (2010: US$36,610,000) which arose from sales to the Group's largest customer.

No segment asset, liabilities and other segment information in the measure of Group's segment result and segment assets are presented as the information is not reported to the CODM for the purposes of resource allocation and performance assessment.

5. OTHER GAINS AND LOSSES

	2011	2010
	US$'000	US$'000
Allowance for doubtful debts, net	**–**	(2,732)
Exchange gain, net	**708**	240
Gain on disposal of available-for-sale investments	**–**	14
Gain (loss) on disposal of property, plant and equipment	**10**	(161)
Reversal of allowance for doubtful debts, net	**777**	–
	1,495	(2,639)

6. FINANCE COSTS

	2011	2010
	US$'000	US$'000
Interest on:		
Bank borrowings wholly repayable		
– within five years	**1,006**	718
– over five years	**13**	–
Other borrowings wholly repayable within five years	**–**	8
Finance leases	**1**	1
	1,020	727

7. DIRECTORS' REMUNERATION

	2011 US$'000	2010 US$'000
Fees:		
Executive directors	**62**	62
Non-executive director	**15**	–
Independent non-executive directors	**45**	45
	122	107
Other emoluments to executive directors:		
Basic salaries and other benefits	**378**	444
Retirement benefits schemes contributions	**2**	2
Share-based payment expenses	**94**	40
	474	486
	596	593

The details of emoluments of the directors are as follows:

	Directors' fees		Basic salaries and other benefits		Retirement benefits schemes contributions		Share-based payment expenses		Total	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000	**2011 US$'000**	2010 US$'000	**2011 US$'000**	2010 US$'000	**2011 US$'000**	2010 US$'000
Executive directors										
Mr. Chiu Hang Tai	**31**	31	**227**	311	**2**	2	**49**	22	**309**	366
Mr. Chiu Samson Hang Chin	**31**	31	**151**	133	**–**	–	**45**	18	**227**	182
	62	62	**378**	444	**2**	2	**94**	40	**536**	548
Non-executive director										
Mr. Chiu Herbert H T	**15**	–	**–**	–	**–**	–	**–**	–	**15**	–
Independent non-executive directors										
Mr. Li Chi Chung	**15**	15	**–**	–	**–**	–	**–**	–	**15**	15
Mr. So Stephen Hon Cheung	**15**	15	**–**	–	**–**	–	**–**	–	**15**	15
Dr. Huang Zhijian	**15**	–	**–**	–	**–**	–	**–**	–	**15**	–
Dr. Chung Wai Ming (resigned on 29 June 2010)	**–**	15	**–**	–	**–**	–	**–**	–	**–**	15
	45	45	**–**	–	**–**	–	**–**	–	**45**	45
	122	107	**378**	444	**2**	2	**94**	40	**596**	593

No director waived any emoluments during the year ended 30 June 2011 and 2010.

8. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group include two (2010: two) executive directors of the Company, whose emoluments are included in note 7 above. The emoluments of the remaining three (2010: three) individuals are as follows:

	2011 US$'000	2010 US$'000
Basic salaries and other benefits	**483**	535
Contributions to retirement benefits schemes	**28**	27
Share-based payment expenses	**–**	14
	511	576

Their emoluments were within the following bands:

	2011 Number of employees	2010 Number of employees
US$Nil to US$129,000	**1**	1
US$129,001 to US$193,000	**–**	–
US$193,001 to US$257,000	**2**	2

During each of the two years ended 30 June 2011, 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.

9. INCOME TAX (CREDIT) EXPENSE

	2011 US$'000	2010 US$'000
Current tax		
Hong Kong	**6**	76
PRC Enterprise Income Tax	**160**	793
Other jurisdictions	**(694)**	469
(Over)under provision in prior years		
Hong Kong	**(1)**	1
PRC Enterprise Income Tax	**42**	138
Other jurisdictions	**–**	(32)
	(487)	1,445
Deferred taxation (note 16)	**255**	39
	(232)	1,484

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Other jurisdictions mainly included United States and Canada.

Taxation arising in other region in the PRC and other jurisdictions (of which United States is at 40%) is calculated at the rates prevailing in the respective jurisdictions.

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

東莞嘉耀電子有限公司, a subsidiary of the Company, was entitled to the two year's exemption from Enterprise Income Tax followed by three years of 50% tax deduction commencing from the first profit-making year with effect from 2008.

The tax (credit) charge for the year can be reconciled to the (loss) profit per the consolidated statement of comprehensive income as follows:

9. INCOME TAX (CREDIT) EXPENSE *(Continued)*

	2011 US$'000	2010 US$'000
(Loss) profit before tax	**(5,411)**	5,533
Tax charge at the applicable tax rate of 40% (2010: 40%) (note)	**(2,164)**	2,213
Tax effect of expenses not deductible for tax purpose	**127**	656
Tax effect of income not taxable for tax purpose	**(276)**	(97)
Tax effect of utilisation of tax losses previously not recognised	**–**	(12)
Tax effect of tax losses not recognised	**1,600**	367
Tax effect of reversal of deferred tax assets recognised in prior years	**303**	–
Underprovision in respect of prior year	**41**	107
Effect of tax exemption granted to a Macao subsidiary	**(140)**	(1,176)
Effect of tax exemption granted to PRC subsidiaries	**(71)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**270**	(733)
Others	**78**	159
Tax (credit) charge for the year	**(232)**	1,484

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

10. (LOSS) PROFIT FOR THE YEAR

	2011 US$'000	2010 US$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Amortisation charges (included in general and administrative expenses):		
Development costs	**1,196**	1,325
Trademarks	**14**	9
Auditor's remuneration	**385**	376
Cost of inventories recognised as an expense, including allowance for inventories and reversals of allowance for inventories of US$975,000 and US$Nil (2010: US$1,438,000 and US$99,000) respectively	**237,451**	311,411
Depreciation of property, plant and equipment	**3,133**	3,310
Operating lease rentals in respect of land and buildings	**1,756**	1,685
Research and development costs	**779**	842
Staff costs including directors' remuneration	**13,327**	14,424
Less: Staff costs capitalised in development costs	**(559)**	(556)
	12,768	13,868
Interest income	**(13)**	(6)

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2011 US$'000	2010 US$'000
(Loss) earnings for the purposes of basic and diluted earnings per share ((loss) profit for the year attributable to owners of the Company)	**(5,179)**	4,049

	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**921,035**	930,659
Effect of dilutive potential ordinary shares:		
Share options	**N/A**	725
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**N/A**	931,384

No diluted loss per share for the year ended 30 June 2011 is presented as the exercise of the share options would result in a reduction in loss per share for the year ended 30 June 2011.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building in the United States US$'000	Leasehold improvements US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Furniture, fixtures and equipment US$'000	Computer equipment US$'000	Total US$'000
COST							
At 1 July 2009	–	5,747	14,639	415	873	2,582	24,256
Exchange adjustments	–	45	118	(5)	1	56	215
Additions	–	286	446	2	28	379	1,141
Disposals	–	(877)	(293)	(14)	(21)	(10)	(1,215)
At 30 June 2010	–	5,201	14,910	398	881	3,007	24,397
Exchange adjustments	–	141	604	4	5	44	798
Additions	3,416	–	336	48	7	400	4,207
Disposals	–	–	(161)	(56)	(27)	(5)	(249)
At 30 June 2011	3,416	5,342	15,689	394	866	3,446	29,153
DEPRECIATION AND AMORTISATION							
At 1 July 2009	–	4,295	6,646	263	433	1,330	12,967
Exchange adjustments	–	41	81	(1)	–	38	159
Provided for the year	–	442	2,254	76	114	424	3,310
Eliminated on disposals	–	(831)	(187)	(14)	(12)	(10)	(1,054)
At 30 June 2010	–	3,947	8,794	324	535	1,782	15,382
Exchange adjustments	–	102	356	2	2	31	493
Provided for the year	–	254	2,222	56	117	484	3,133
Eliminated on disposals	–	–	(155)	(55)	(26)	(5)	(241)
At 30 June 2011	–	4,303	11,217	327	628	2,292	18,767
CARRYING VALUES							
At 30 June 2011	3,416	1,039	4,472	67	238	1,154	10,386
At 30 June 2010	–	1,254	6,116	74	346	1,225	9,015

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	Estimated useful lives
Building	35 years
Leasehold improvements	2-10 years
Plant and machinery	2-10 years
Motor vehicles	4-6 years
Furniture, fixtures and equipment	4-6 years
Computer equipment	4-5 years

As at 30 June 2011, the carrying values of furniture, fixture and equipment included an amount of US$Nil (2010: US$10,000) in respect of assets held under finance lease.

13. DEVELOPMENT COSTS

	US$'000
COST	
At 1 July 2009	11,006
Exchange adjustments	49
Additions	1,046
At 30 June 2010	12,101
Exchange adjustments	404
Additions	1,868
At 30 June 2011	14,373
AMORTISATION	
At 1 July 2009	9,681
Exchange adjustments	45
Provided for the year	1,325
At 30 June 2010	11,051
Exchange adjustments	360
Provided for the year	1,196
At 30 June 2011	12,607
CARRYING VALUES	
At 30 June 2011	1,766
At 30 June 2010	1,050

The amortisation period for development costs is two years.

14. TRADEMARKS

	US$'000
COST	
At 1 July 2009	184
Exchange adjustments	(8)
Addition	10
At 30 June 2010	186
Exchange adjustments	5
Addition	87
At 30 June 2011	278
AMORTISATION	
At 1 July 2009	72
Exchange adjustments	(5)
Provided for the year	9
At 30 June 2010	76
Exchange adjustments	3
Provided for the year	14
At 30 June 2011	93
CARRYING VALUES	
At 30 June 2011	185
At 30 June 2010	110

The above trademarks have definite useful lives and are amortised straight-line basis over twenty years.

15. AVAILABLE-FOR-SALE INVESTMENTS

	2011 **US$'000**	2010 US$'000
Equity securities listed in Hong Kong, at fair value	**102**	342

As at the end of the reporting period, all available-for-sale investments are stated at fair value, which have been determined by reference to the latest market bid price quoted in active markets.

16. DEFERRED TAXATION

For the purpose of statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011 **US$'000**	2010 US$'000
Deferred tax assets	**–**	(251)
Deferred tax liabilities	**130**	130
	130	(121)

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

	Accelerated tax depreciation US$'000	**Tax losses** US$'000	**Others** US$'000	**Total** US$'000
At 1 July 2009	110	(11)	(245)	(146)
(Credit) charge to profit or loss for the year	(63)	–	102	39
Exchange adjustments	–	–	(14)	(14)
At 30 June 2010	47	(11)	(157)	(121)
(Credit) charge to profit or loss for the year	(44)	8	291	255
Exchange adjustments	1	–	(5)	(4)
At 30 June 2011	**4**	**(3)**	**129**	**130**

16. DEFERRED TAXATION *(Continued)*

At 30 June 2011, the Group has estimated tax losses of approximately US$7,232,000 (2010: US$3,278,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US$26,000 (2010: US$72,000) of such losses. No deferred tax asset has been recognised in respect of the remaining estimated tax losses of US$7,206,000 (2010: US$3,206,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$5,601,000 (2010: US$2,218,000) that will expire in 2019. Other losses may be carried forward indefinitely.

At 30 June 2011, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries was US$6,280,000 (2010: US$7,379,000). A deferred tax liability has been recognised in respect of US$1,290,000 (2010: US$1,290,000) of such temporary difference. No liability has been recognised in respect of US$4,990,000 (2010: US$6,089,000) 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.

At 30 June 2011, the Group has not recognised any deferred tax asset in respect of any deductible temporary differences. At 31 June 2010, deductible temporary difference of US$733,000 has been fully recognised as deferred tax asset with carrying amount of US$251,000 and such deductible temporary difference has been fully revised to profit and loss in the current year due to the unpredictability of future profit streams.

17. INVENTORIES

	2011	2010
	US$'000	US$'000
Raw materials	**17,299**	28,498
Work in progress	**1,145**	2,505
Finished goods	**27,403**	42,641
	45,847	73,644

During the year, a reversal of allowance for finished goods of US$Nil (2010: US$99,000) has been recognised and included in cost of sales upon the sales of these finished goods to third parties.

18. TRADE, BILLS AND OTHER RECEIVABLES

	2011	2010
	US$'000	US$'000
Trade and bills receivables	**49,490**	54,438
Less: Allowance for doubtful debts	**(3,814)**	(4,959)
	45,676	49,479
Deposits, prepayments and other receivables	**2,007**	4,373
	47,683	53,852

The Group allows a credit period of 1 to 180 days (2010: 1 to 180 days) to its trade customers. The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debt, presented based on the invoice date at the end of the reporting period:

	2011	2010
	US$'000	US$'000
1 to 30 days	**21,203**	23,292
31 to 60 days	**9,930**	9,238
61 to 90 days	**2,955**	4,211
Over 90 days	**11,588**	12,738
	45,676	49,479

18. TRADE, BILLS 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. 72% (2010: 66%) 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$15,779,000 (2010: US$16,807,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss. Although no collateral over these balances is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the end of the reporting period, and considered that the default risk is low, and accordingly no impairment has been provided.

Aging of trade receivables (by due date) which are past due but not impaired:

	2011	2010
	US$'000	US$'000
1 to 30 days	**6,062**	8,085
31 to 60 days	**2,274**	3,191
61 to 90 days	**974**	1,463
Over 90 days	**6,469**	4,068
Total	**15,779**	16,807

Movements in the allowance for doubtful debts:

	2011	2010
	US$'000	US$'000
At 1 July	**(4,959)**	(2,296)
Exchange realignment	**(6)**	(10)
Impairment losses reversed (recognised)	**777**	(2,732)
Amounts written off as uncollectible	**374**	79
At 30 June	**(3,814)**	(4,959)

18. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

All allowance for doubtful debts are individually impaired trade receivables with outstanding balance overdue 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 0.01% to 0.23% (2010: 0.01% to 0.23%) per annum, will be released upon settlement of relevant bank borrowings.

20. BANK BALANCES AND CASH

Bank balances and cash comprise certain short-term bank deposits at interest rates ranging from 0.001% to 0.25% (2010: 0.001% to 0.45%) per annum with an original maturity of three months or less.

21. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2011 **US$'000**	2010 US$'000
1 to 30 days	**6,215**	14,286
31 to 60 days	**3,494**	5,929
61 to 90 days	**1,196**	4,337
Over 90 days	**975**	2,556
Trade and bills payables	**11,880**	27,108
Deposits in advance, accruals and other payables	**4,627**	5,748
	16,507	32,856

22. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its 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 10.8% (2010: 10.8%) per annum. No arrangement have been entered into for contingent rental payments.

	Minimum lease payments		**Present value of minimum lease payments**	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Amounts payable under finance leases				
Within one year	**4**	4	**3**	3
In more than one year but not more than two years	**3**	4	**3**	3
In more than two years but not more than three years	**1**	3	**1**	3
In more than three years but not more than four years	**–**	1	**–**	1
	8	12	**7**	10
Less: Future finance charges	**(1)**	(2)		
Present value of lease obligations	**7**	10		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**3**	3
Amount due for settlement after 12 months			**4**	7

23. BANK BORROWINGS

	2011 US$'000	2010 US$'000
Bank borrowings comprise the following:		
Trust receipts, export and import loans – secured	**13,480**	23,227
Other bank loans		
– secured	**12,880**	12,141
– unsecured	**2,000**	2,615
	14,880	14,756
	28,360	37,983

	2011 US$'000	2010 US$'000 (restated)
Carrying amounts of bank loans that do not contain repayable on demand clause and are repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	**43**	–
More than one year, but not exceeding two years	**43**	–
More than two years, but not more than five years	**146**	–
More than five years	**2,155**	–
	2,387	–
Carrying amounts of bank loans that contain a repayable on demand clause (shown under current liabilities) but are repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	**24,588**	35,983
More than one year, but not exceeding two years	**615**	615
More than two years, but not more than five years	**770**	1,385
	25,973	37,983
	28,360	37,983
Less: amounts due within one year shown under current liabilities	**(26,016)**	(37,983)
Amounts shown under non-current liabilities	**2,344**	–

23. BANK BORROWINGS *(Continued)*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable-rate bank borrowings are 1.76% to 6.38% (2010: 1.57% to 3.30%).

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	**Interest rate per annum**	**2011 US$'000**	2010 US$'000
Hong Kong dollars (Note)	Hong Kong Interbank Offered Rate ("HIBOR") plus 1.5% to 2%	**5,600**	4,116
United States dollars	London Interbank Offered Rate ("LIBOR") plus 1.5% to 2%	**16,328**	30,637
	Singapore Interbank Offered Rate ("SIBOR") plus 1.5%	**2,334**	3,230
	7-year Federal Home Loan Bank Rate of San Francisco ("FHLB") plus 3.25%	**2,387**	–
Canadian dollars	Canadian Prime Rate plus 1%	**1,711**	–
		28,360	37,983

Note: These borrowings are denominated in currencies other than functional currencies of the relevant group entities.

24. SHARE CAPITAL

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

	Number of shares	Value HK$'000	United States dollars equivalent US$'000
Ordinary shares of HK$0.1 each:			
Authorised			
At 1 July 2009, 30 June 2010 and 30 June 2011	2,000,000,000	200,000	25,747
Issued and fully paid			
At 1 July 2009	930,934,783	93,094	11,971
Shares repurchased and cancelled	(2,934,000)	(293)	(37)
At 30 June 2010	928,000,783	92,801	11,934
Shares repurchased and cancelled	(9,000,000)	(900)	(115)
Issue of share under share option scheme	1,984,000	198	25
At 30 June 2011	920,984,783	92,099	11,844

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.1 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid US$'000
July 2010	4,276,000	0.23	0.22	123
August 2010	4,724,000	0.25	0.23	144

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

25. SHARE OPTIONS

The Company's share option scheme adopted by the shareholders pursuant to a resolution passed on 16 April 2003 (the "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 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 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 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 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.

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 Scheme at any time during the effective period of the 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.

25. SHARE OPTIONS *(Continued)*

Details of the share options granted under the Scheme during the two years ended 30 June 2011 to subscribe for the shares in the Company are as follows:

2011

Granted to	Date of grant	Vesting period	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 July 2010	Granted	Exercised	Expired	Forfeited	Number of share options at 30 June 2011
Directors	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.250	2,678,940	–	–	–	–	2,678,940
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	4,961,000	–	–	–	–	4,961,000
	30.3.2010	30.3.2010 – 29.3.2011	30.3.2011 – 29.3.2014	0.275	11,440,000	–	–	–	–	11,440,000
Senior management	21.6.2006	21.6.2006 – 31.12.2007	1.1.2008 – 31.12.2010	0.198	1,984,400	–	(1,984,000)	(400)	–	–
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	3,968,800	–	–	–	–	3,968,800
	30.3.2010	30.3.2010 – 29.3.2011	30.3.2011 – 29.3.2014	0.275	3,000,000	–	–	–	–	3,000,000
Employees	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.250	8,929,800	–	–	–	(992,200)	7,937,600
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	7,689,550	–	–	–	(793,760)	6,895,790
	6.10.2009	N/A	6.10.2009 – 5.10.2013	0.150	4,000,000	–	–	–	–	4,000,000
	30.3.2010	30.3.2010 – 29.3.2011	30.3.2011 – 29.3.2014	0.275	1,200,000	–	–	–	–	1,200,000
	25.3.2011	25.3.2011 – 24.3.2013	25.3.2013 – 24.3.2021	0.207	–	1,000,000	–	–	–	1,000,000
					49,852,490	1,000,000	(1,984,000)	(400)	(1,785,960)	47,082,130
Exercisable at the end of the year										46,082,130
Weighted average exercise price					0.319	0.207	0.198	0.198	0.345	0.321

25. SHARE OPTIONS *(Continued)*

2010

Granted to	Date of grant	Vesting period	Exercisable period (both dates inclusive)	Exercise price HK$	Number of share options at 1 July 2009	Granted	Expired	Forfeited	Number of share options at 30 June 2010
Directors	28.9.2004	28.9.2004 – 31.10.2004	1.11.2004 – 31.10.2009	0.150	7,937,600	–	(7,937,600)	–	–
	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.250	2,678,940	–	–	–	2,678,940
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	4,961,000	–	–	–	4,961,000
	30.3.2010	30.3.2010 – 29.3.2011	30.3.2011 – 29.3.2014	0.275	–	11,440,000	–	–	11,440,000
Senior management	21.6.2006	21.6.2006 – 31.12.2007	1.1.2008 – 31.12.2010	0.198	1,984,400	–	–	–	1,984,400
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	3,968,800	–	–	–	3,968,800
	30.3.2010	30.3.2010 – 29.3.2011	30.3.2011 – 29.3.2014	0.275	–	3,000,000	–	–	3,000,000
Employees	30.3.2007	30.3.2007 – 31.12.2008	1.1.2009 – 31.12.2011	0.250	8,929,800	–	–	–	8,929,800
	5.10.2007	5.10.2007 – 4.10.2009	5.10.2009 – 4.10.2012	0.464	8,185,650	–	–	(496,100)	7,689,550
	6.10.2009	N/A	6.10.2009 – 5.10.2013	0.150	–	4,000,000	–	–	4,000,000
	30.3.2010	30.3.2010 – 29.3.2011	30.3.2011 – 29.3.2014	0.275	–	1,200,000	–	–	1,200,000
					38,646,190	19,640,000	(7,937,600)	(496,100)	49,852,490
Exercisable at the end of the year									34,212,490
Weighted average exercise price					0.321	0.250	0.150	0.464	0.319

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.31 (2010: Nil).

The fair value of the options granted during the year ended 30 June 2011 and 30 June 2010 was calculated using The Black-Scholes option pricing model. The inputs into the model were as follows:

Grant date	25.3.2011	30.3.2010	6.10.2009
Share price at date of grant	HK$0.205	HK$0.247	HK$0.150
Exercise price	HK$0.207	HK$0.275	HK$0.150
Expected volatility	36%	47%	61%
Expected life	10 years	4 years	4 years
Risk-free rate	2.55%	2.13%	1.84%
Expected dividend yield	Nil	Nil	Nil

Expected volatility was determined by using the historical volatility of the Company's share price over the previous three years.

25. SHARE OPTIONS *(Continued)*

The estimated fair value of options granted during the year ended 30 June 2011 amounted to approximately US$14,000. The Group recognised the total expense of US$131,000 (2010: US$106,000) for the year ended 30 June 2011 in which US$2,000 is in relation to share options granted by the Company during the year ended 30 June 2011.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the director's best estimate. The value of an opinion varies with different variables of certain subjective assumptions.

26. PLEDGE OF ASSETS

In addition to pledged bank deposits of US$3,284,000 (2010: US$4,125,000) as disclosed in the consolidated statement of financial position, the Group has also pledged assets of certain subsidiaries as charges to banks and financial institution for bank and loan facilities of US$27,032,000 (2010: US$24,393,000) granted to the Group at 30 June 2011. The total facilities secured by such charges and utilised by the Group as at 30 June 2011 amounted to US$11,598,000 (2010: US$11,500,000). Details of the assets that have been pledged to banks under such charges are as follows:

	2011	2010
	US$'000	US$'000
Fixed charge:		
Freehold land and building	**3,416**	–
Floating charges:		
Property, plant and equipment	**892**	362
Inventories	**16,161**	13,960
Trade and other receivables	**20,532**	20,481
Bank deposits	**918**	967
	41,919	35,770

27. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2011	2010
	US$'000	US$'000
Within one year	**1,275**	1,247
In the second to fifth years inclusive	**2,555**	1,971
More than five years	**1,674**	1,552
	5,504	4,770

Operating lease payments represent rentals payable by the Group for certain of its office properties, staff quarters and factory.

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

28. 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.

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.

28. RETIREMENT BENEFITS SCHEMES *(Continued)*

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

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

	2011 **US$'000**	2010 US$'000
Gross retirement benefits schemes contributions	**127**	136
Less: Forfeited contributions for the year	**–**	(4)
Net retirement benefits schemes contributions	**127**	132

At the end of the reporting period, the Group had no significant forfeited contributions available to reduce the contributions payable by the Group in the future years.

29. RELATED PARTY DISCLOSURES

(a) At 30 June 2011, Mr. Chiu Samson Hang Chin, the executive director and substantial shareholder of the Company, had assigned his life insurance policy with a face value of not less than US$2,000,000 (2010: US$2,000,000) to a bank to secure general banking facilities granted to the Group amounting to US$15,000,000 (2010: US$15,000,000). The facilities utilised at 30 June 2011 amounted to US$7,500,000 (2010: US$11,500,000).

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

	2011 **US$'000**	2010 US$'000
Short-term employee benefits	**1,077**	1,140
Post-employment benefits	**30**	29
	1,107	1,169

30. 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 borrowings as disclosed in note 23, net of cash and cash equivalents, and equity attributable to the owner of the Company, 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.

31. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2011 **US$'000**	2010 US$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**59,684**	64,681
Available-for-sale investments	**102**	342
	59,786	65,023
Financial liabilities		
At amortised costs	**41,571**	66,618

b. Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, trade, bills and other receivables, pledged bank deposits, bank balances and cash, trade, bills and other payables and bank 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.

31. 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, interest rate risk and other price risk), credit risk and liquidity risk.

Market risk

(i) Currency risk

Certain financial assets and liabilities 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 the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Hong Kong dollars ("HKD")	**4,243**	5,723	**9,165**	10,877
European dollars ("EURO")	**118**	293	**–**	106
Renminbi ("RMB")	**12**	13	**66**	1,660
United States dollars ("USD")	**1,665**	2,349	**2,603**	3,293

Sensitivity analysis

In the opinion of directors of the Company, since HKD 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% (2010: 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% (2010: 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% (2010: 5%) change in foreign currency rates. The following table details the Group's sensitivity to a 5% (2010: 5%) when EURO and RMB strengthen 5% (2010: 5%) against USD or USD strengthens 5% (2010: 5%) against CAD. There would be an equal and opposite impact when the EURO and RMB weakens 5% (2010: 5%) against USD or USD weakens 5% (2010: 5%) against CAD.

31. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(i) Currency risk (Continued)

	Decrease/increase in post tax loss/profit (increase/decrease in post tax loss/profit)	
	2011	2010
	US$'000	US$'000
EURO against USD	**4**	7
RMB against USD	**(2)**	(62)
USD against CAD	**(33)**	(33)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances and bank borrowings. The management will consider hedging significant interest rate exposure should the need arise.

The management considered that the exposure to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances is minimal, accordingly, no sensitivity analysis is presented for both years.

In addition, the Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR, SIBOR, FHLB and Canadian Prime Rate arising from the Group's borrowings denominated in HKD, USD and CAD.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was existed for the whole year. A 50 (2010: 50) basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2010: 50) basis points higher/lower and all other variables were held constant, the Group's post tax loss for the year ended 31 June 2011 would increase/decrease by US$119,000 (2010: post tax profit would decrease/increase by US$167,000).

(iii) Other price risk

The Group's investments in equity instruments are measured at fair values at the end of the reporting period. 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.

31. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(iii) Other price risk (Continued)

Other price sensitivity

The sensitivity analysis below has 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% (2010: 15%) higher while all other variables were held constant, the investments revaluation reserve for the year ended 30 June 2011 would increase by US$15,000 (2010: US$15,000). However, if the market price of the equity instruments had been 15% (2010: 15%) lower while all other variables were held constant, the loss for the year may increase by US$15,000 when the drop is considered as an impairment (2010: the investments revaluation reserve for the year would decrease by US$15,000). This is mainly due to changes in fair value of equity instruments investments.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its trade receivables is generated from a limited number of customers of certain foreign countries. The top five customers of the Group accounted for about 34% (2010: 28%) of the Group's trade receivables as at 30 June 2011. The Group manages its credit risk by closely monitoring the granting of credit period and credit limit and follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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.

31. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

The following tables detail the Group's contractual maturity for its 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flow.

	Weighted average effective interest rate	On demand or less than 3 months	4 to 6 months	7 to 9 months	10 to 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
2011								
Trade, bills and other payables	-	12,834	377	-	-	-	13,211	13,211
Obligations under finance leases	10.80	1	1	1	1	4	8	7
Bank borrowings at variable interest rate	3.44	26,021	48	48	48	3,178	29,343	28,360
		38,856	426	49	49	3,182	42,562	41,578
2010 (restated)								
Trade, bills and other payables	–	28,606	29	–	–	–	28,635	28,635
Obligations under finance leases	10.80	1	1	1	1	8	12	10
Bank borrowings at variable interest rate	2.47	37,983	–	–	–	–	37,983	37,983
		66,590	30	1	1	8	66,630	66,628

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 30 June 2011 and 30 June 2010, the aggregate undiscounted principal amounts of these bank loans amounted to US$25,973,000 and US$37,983,000 respectively.

As at 30 June 2011, included in the Group's bank borrowings classified as current liabilities are bank borrowings of US$7,500,000 (2010: US$Nil) that were in breach of loan covenants and the bank has the right to demand for immediate payment. This loan balance is included in bank loans that contain a repayable on demand clause repayable within one year, as set out in note 23 and in bank borrowings that are repayable on demand or less than 3 months in above maturity analysis. Subsequent to the end of the reporting period, the Group has obtained written consent from the bank which confirmed that they have agreed to waive the right to demand for immediate repayment of such a loan balance as at 30 June 2011.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

31. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within five years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. During that period, the aggregate principal and interest cash outflows will amount to US$26,387,000 (2010: HK$38,489,000).

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments					
	Less than 3 months US$'000	4 to 6 months US$'000	7 to 12 months US$'000	Over 1 year US$'000	Total undiscounted cash outflows US$'000	Carrying amount US$'000
30 June 2011	**22,069**	**2,208**	**20**	**2,090**	**26,387**	**25,973**
30 June 2010	24,193	251	11,999	2,046	38,489	37,983

c. Fair value of financial instruments

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

- the fair value of the available-for-sale investments traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

d. Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

31. FINANCIAL INSTRUMENTS *(Continued)*

d. Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	
	2011	2010
	US$'000	US$'000
Available-for-sale investments	**102**	342

32. DIVIDEND

The dividend of HK$0.01 per ordinary share in respect of the year 30 June 2010 (2010: HK$Nil) has been paid during the year. The directors of the Company do not recommend a dividend in respect of the year 30 June 2011.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2011 and 2010 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
Eastcom, Inc.	United States of America	US$1,000	100	Wholesaling and distribution of computer components
Elite View Development Ltd.	Hong Kong	HK$1	100	Provision of services to group companies
Green Privado Asset Holdings LLC	United States of America	US$1	100	Property investment
i. Concept Inc.	Samoa	US$1	100	Investment holding
東莞嘉耀電子有限公司(Note c)	PRC	RMB9,730,160*	100	Manufacturing of electronics and computer digital audio device
Pine Group Hong Kong Limited	Hong Kong	HK$2	100	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

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
Pine Lab TW Co. Ltd.	Republic of China	NTW1,000,000	100	Provision of research and development services
Pine Technology (Macao Commercial Offshore) Ltd	Macao	MOP100,000	100	Wholesaling and distribution of computer components
Pine Technology Limited	Hong Kong	HK$3	100	Wholesaling and distribution of computer components
Pine Technology Netherlands B.V.	Netherlands	EUR18,200	100	Wholesaling and distribution of computer components
Pine Technology (BVI) Limited (Note a)	British Virgin Islands	US$10,000	100	Investment holding
Pineview Industries Limited (Note b)	Hong Kong	HK$1,000 Ordinary shares and HK$2,400,000 Non-voting 5% deferred shares	100	Provision of production and other facilities to group companies
Quality Eagle Technology Dongguan Ltd (品嘉電子(東莞)有限公司) (Note c)	PRC	RMB44,200,217*	100	Manufacturing of electronics and computer digital audio device
Samtack Inc.	Canada	CAD5 Common shares CAD2,041,250 Class A shares	100	Wholesaling and distribution of computer components

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.

The directors of the Company are of the opinions that a complete list of the particulars of all subsidiaries of the Company will be excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the result of the Group.

None of the subsidiaries had any debt securities outstanding at 30 June 2011 or at any time during the year.

Financial Summary

	Year ended 30 June				
	2007	2008	2009	2010	**2011**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
RESULTS					
Turnover	401,797	505,511	313,487	351,420	**259,559**
Cost of sales	(365,056)	(459,699)	(282,496)	(311,411)	**(237,451)**
Gross profit	36,741	45,812	30,991	40,009	**22,108**
Other income	304	340	153	287	**314**
Selling and distribution expenses	(8,557)	(8,906)	(6,305)	(9,355)	**(7,789)**
General and administrative expenses	(17,639)	(24,879)	(21,808)	(22,042)	**(20,519)**
Other gains and losses	(976)	(964)	296	(2,639)	**1,495**
Finance costs	(4,680)	(3,813)	(1,520)	(727)	**(1,020)**
Profit (loss) before tax	5,193	7,590	1,807	5,533	**(5,411)**
Income tax (expense) credit	(830)	(1,274)	(695)	(1,484)	**232**
Profit (loss) for the year	4,363	6,316	1,112	4,049	**(5,179)**
Attributable to:					
Owners of the Company	4,574	6,316	1,112	4,049	**(5,179)**
Non-controlling interests	(211)	–	–	–	**–**
	4,363	6,316	1,112	4,049	**(5,179)**

	As at 30 June				
	2007	2008	2009	2010	**2011**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
ASSETS, LIABILITIES AND EQUITY					
Total assets	173,661	180,365	135,769	153,364	**120,934**
Total liabilities	(112,257)	(104,751)	(59,742)	(72,581)	**(46,370)**
	61,404	75,614	76,027	80,783	**74,564**
Equity attributable to owners of the Company	61,404	75,614	76,027	80,783	**74,564**

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 1079
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www.pinegroup.com