



PINE TECHNOLOGY HOLDINGS LIMITED

松景科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 8013)

THIRD QUARTERLY RESULT ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

* for identification purposes only

RESULT HIGHLIGHTS

For the nine months ended 31 March 2010:

- Revenue reported at US\$276,799,000 versus US\$250,168,000 last corresponding period.
- Net profit was US\$3,150,000 versus US\$227,000 last corresponding period.

THIRD-QUARTERLY RESULTS

The board of the directors (the “Directors”) of PINE Technology Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months (the “Nine-month Period”) and the three months (the “Quarterly Period”) ended 31 March 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2010

	<i>Notes</i>	Unaudited			
		Nine months ended 31 March		Three months ended 31 March	
		2010	2009	2010	2009
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	2	276,799	250,168	94,687	75,205
Cost of sales		(249,309)	(225,185)	(84,851)	(67,595)
Gross profit		27,490	24,983	9,836	7,610
Other income (expense)		419	72	(29)	13
Selling and distribution expenses		(6,783)	(5,361)	(2,842)	(1,646)
General and administrative expenses		(16,840)	(17,696)	(5,349)	(5,377)
Finance costs		(505)	(1,350)	(190)	(246)
Profit before taxation		3,781	648	1,426	354
Taxation	3	(631)	(421)	(118)	(150)
Profit for the period		<u>3,150</u>	<u>227</u>	<u>1,308</u>	<u>204</u>
Earnings per share	4				
– Basic (US cents)		<u>0.338</u>	<u>0.024</u>	<u>0.141</u>	<u>0.022</u>
– Diluted (US cents)		<u>0.338</u>	<u>0.024</u>	<u>0.140</u>	<u>0.022</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 31 MARCH 2010

	Unaudited			
	Nine months ended		Three months ended	
	31 March		31 March	
	2010	2009	2010	2009
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the period	3,150	227	1,308	204
Other comprehensive income (expense):				
Exchange differences arising on translation of foreign operations	902	(326)	353	(205)
Available-for-sale investments	<u>112</u>	<u>(175)</u>	<u>112</u>	<u>77</u>
Other comprehensive income (expense) for the period	1,014	(501)	465	(128)
Total comprehensive income (expense) for the period	<u><u>4,164</u></u>	<u><u>(274)</u></u>	<u><u>1,773</u></u>	<u><u>76</u></u>

Notes:

1. BASIS OF PRESENTATION

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

The principal accounting policies used in the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 30 June 2009.

2. TURNOVER

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

	Nine months ended		Three months ended	
	31 March		31 March	
	2010	2009	2010	2009
	US\$'000	US\$'000	US\$'000	US\$'000
Manufacture and sale of products under the Group's brand names	191,241	166,685	70,190	51,755
Distribution of other manufacturer's products	<u>85,558</u>	<u>83,483</u>	<u>24,497</u>	<u>23,450</u>
	<u><u>276,799</u></u>	<u><u>250,168</u></u>	<u><u>94,687</u></u>	<u><u>75,205</u></u>

3. TAXATION

Nine months ended 31 March		Three months ended 31 March	
2010	2009	2010	2009
US\$'000	US\$'000	US\$'000	US\$'000

The charge comprises:

– Hong Kong Profits Tax	172	7	64	3
– Taxation arising in other jurisdictions	459	414	54	147
	<u>631</u>	<u>421</u>	<u>118</u>	<u>150</u>

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the Nine-month Period and Quarterly Period.

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

4. EARNINGS PER SHARE

The calculation of the basic earnings per share and diluted earnings per share for the Nine-month Period, the Quarterly Period, the corresponding nine-month period and quarterly period in 2009 are based on the following data:

Nine months ended 31 March		Three months ended 31 March	
2010	2009	2010	2009
US\$'000	US\$'000	US\$'000	US\$'000

Earnings for the purpose of:

basic and diluted earnings per share

	<u>3,150</u>	<u>227</u>	<u>1,308</u>	<u>204</u>
	'000	'000	'000	'000

Weighted average number of
ordinary shares for the purpose
of basic earnings per share

	930,935	930,935	930,935	930,935
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Effect of dilutive potential
ordinary shares in respect of:

– Share options

	<u>507</u>	<u>–</u>	<u>1,082</u>	<u>–</u>
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Weighted average number of
ordinary shares for the purpose
of diluted earnings per share

	<u>931,442</u>	<u>930,935</u>	<u>932,017</u>	<u>930,935</u>
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The share options had no dilutive effect on ordinary shares for the nine-month period and the quarterly period in 2009 as the exercise price of the Company's share options was higher than the average market price of shares of the Company for the period.

5. SHARE PREMIUM AND RESERVES

	Share premium account US\$'000	Surplus account US\$'000	Exchange reserve US\$'000	Investments Capital reserve US\$'000	revaluation reserve US\$'000	Share option reserve US\$'000	Accum- ulated profits US\$'000	Total US\$'000
At 1 July 2008	27,210	2,954	2,801	63	248	243	30,124	63,643
Exchange differences arising on translation of foreign operations	-	-	(326)	-	-	-	-	(326)
Available-for-sale investments	-	-	-	-	(175)	-	-	(175)
Profit for the period	-	-	-	-	-	-	227	227
Total comprehensive income (expense) for the period	-	-	(326)	-	(175)	-	227	(274)
Recognition of share-based payment	-	-	-	-	-	(205)	-	(205)
At 31 March 2009	<u>27,210</u>	<u>2,954</u>	<u>2,475</u>	<u>63</u>	<u>73</u>	<u>38</u>	<u>30,351</u>	<u>63,164</u>
At 1 July 2009	27,210	2,954	2,142	63	73	378	31,236	64,056
Exchange differences arising on translation of foreign operations	-	-	902	-	-	-	-	902
Available-for-sale investments	-	-	-	-	112	-	-	112
Profit for the period	-	-	-	-	-	-	3,150	3,150
Total comprehensive income for the period	-	-	902	-	112	-	3,150	4,164
Recognition of share-based payment	-	-	-	-	-	63	-	63
At 31 March 2010	<u>27,210</u>	<u>2,954</u>	<u>3,044</u>	<u>63</u>	<u>185</u>	<u>441</u>	<u>34,386</u>	<u>68,283</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 March 2010 (2009: Nil).

BUSINESS REVIEW

We are encouraged to see a steady growth in the first three quarters both in revenue and profit.

In the nine months ended March 2010, the group's revenue was US\$276,799,000, a 11% increase compared to US\$250,168,000 in the same period last year. XFX's revenue was US\$191,241,000, a 15% increase. The Distribution's revenue was US\$85,558,000, a 2% increase. The Group's gross profit was US\$27,490,000; and the after tax net profit was increased from US\$227,000 to US\$3,150,000.

We are especially pleased with the strong result of our third quarter. Compared to the same quarter last year, the group's quarterly revenue was increased by 26% to US\$94,687,000. XFX's revenue was increased by 36% to US\$70,190,000. And the Distribution's revenue was increased by 4% to US\$24,497,000. The after tax net profit was increased from US\$204,000 to US\$1,308,000.

This encouraging result is contributed by the investment we made in 2009 on the ATI Radeon HD 5000 GPU technology which was the first and only GPU family with DirectX 11 support in 2009, from which we have successfully developed our whole new family of DX11 based graphic cards in the same year. This new XFX graphic family takes full advantage of the new Direct X API technology provided by the Microsoft Windows 7, and has become one of the hottest graphics cards in the market.

BUSINESS OUTLOOK

All data indicate that the global economy has recovered. We are very positive of our business outlook in the foreseeable future as well. We have successfully launched a family of winning products during this recovering period. We have many exciting products getting ready in the pipeline. We are confident that all these will carry us to new heights.

On behalf of the Board of Directors, I would like to thank the whole TEAM who contributed to this successful turnaround within a year's time. Their hard work, their tenacity, and their passion to excellence made this fast turnaround happen.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL AND OPTIONS

As at 31 March 2010, the interests of the directors and the chief executive of the Company and their respective associates in the share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 or 345 of Part XV of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Chiu Hang Tai	Controlled corporation/ beneficial owner (<i>Note 1</i>)	211,175,958	22.68%
Chiu Samson Hang Chin (<i>Note 2</i>)	Beneficial owner	169,663,056	18.23%

Notes:

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

In addition to above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, spouse of Mr. Chiu Hang Tai, both beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited, a subsidiary of the Company as at 31 March 2010. The non-voting deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the subsidiary. On winding up, the holders of the deferred shares are entitled to distribution out of the remaining assets of the subsidiary only after the distribution of HK\$1,000 million, as specified in the articles of association of the subsidiary, to holders of ordinary shares.

Saved as disclosed above, and other than certain nominee shares in subsidiaries held by directors in trust for the Company’s subsidiaries as at 31 March 2010, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

B) Share Options

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

As at 31 March 2010, the following directors were granted share options to subscribe for shares in the Company, details of share options granted under the Scheme are as follows:

Name of director	Date of grant	Exercisable period (both dates inclusive)	Exercise price per share HK\$	Number of share options as at 31 March 2010
Chiu Hang Tai	05.10.2007	05.10.2009 to 04.10.2012	0.464	2,976,600
	30.03.2010	30.03.2011 to 29.03.2014	0.275	<u>5,970,000</u>
				<u>8,946,600</u>
Chiu Samson Hang Chin	30.03.2007	01.01.2009 to 31.12.2011	0.250	2,678,940
	05.10.2007	05.10.2009 to 04.10.2012	0.464	1,984,400
	30.03.2010	30.03.2011 to 29.03.2014	0.275	<u>5,470,000</u>
				<u>10,133,340</u>

SUBSTANTIAL SHAREHOLDERS

So far as the directors and chief executive of the Company are aware of, as at 31 March 2010, the following persons (not being a director or a chief executive of the Company) were interested in 5% or more of in the issued share capital of the Company:

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

Notes:

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

Saved as disclosed above, the directors are not aware of any person who, as at 31 March 2010, had an interest or short position in the shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO, or was interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

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

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

Hong Kong, 7 May 2010

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

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the Company's website at www.pinegroup.com.