



Two Thousand and Ten
Third Quarterly Report

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

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

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

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

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

| | Notes | Unaudited | | | |
|-------------------------------------|-------|---------------------|--------------|---------------------|--------------|
| | | Nine months ended | | Three months ended | |
| | | 2010 | 2009 | 2010 | 2009 |
| | | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 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 | 112 | (175) | 112 | 77 |
| | <u>1,014</u> | <u>(501)</u> | <u>465</u> | <u>(128)</u> |
| Other comprehensive income (expense) for the period | | | | |
| 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 | 85,558 | 83,483 | 24,497 | 23,450 |
| | <u>276,799</u> | <u>250,168</u> | <u>94,687</u> | <u>75,205</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 |
| Effect of dilutive potential ordinary shares in respect of: | | | | |
| – Share options | <u>507</u> | – | <u>1,082</u> | – |
| 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> |

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 | Capital reserve US\$'000 | Investments revaluation reserve US\$'000 | Share option reserve US\$'000 | Accumulated 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 (Note 1) | 211,175,958 | 22.68% |
| Chiu Samson Hang Chin (Note 2) | Beneficial owner | 169,663,056 | 18.23% |

Notes:

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

In addition to above, Mr. Chiu Hang Tai and Madam Leung Sin Mei, spouse of Mr. Chiu Hang Tai, both beneficially owned 600,000 non-voting deferred shares in Pineview Industries Limited, a subsidiary of the Company as at 31 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><u>8,946,600</u></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><u>10,133,340</u></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 (Note 1) | 196,500,000 | 21.11% |
| Chiu Hang Tung Jason (Note 2) | Beneficial owner | 62,718,084 | 6.74% |
| Chiu Man Wah (Note 2) | Beneficial owner | 62,718,084 | 6.74% |
| Chiu Herbert Hang Tat (Note 2) | Beneficial owner | 60,824,958 | 6.53% |

Notes:

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

Saved as disclosed above, the directors are not aware of any person who, as at 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 report 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 report, 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.

