



## **PINE TECHNOLOGY HOLDINGS LIMITED**

**松景科技控股有限公司\***

*(incorporated in Bermuda with limited liability)*

(Stock code: 8013)

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 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

## **CHAIRMAN'S STATEMENT**

Nobody knew for sure if and when the last global economic situation would finally turned around. And certainly we do not know if this turnaround is complete, or will be sustained. What we can predict with certitude is that innovation will keep driving demand, and that our team's preparation and perspiration will keep the company in good shape.

Two years ago, when it seemed that the sky was falling down, most people were at a loss of direction or reacted randomly. Not Pine. We took the crisis as an opportunity for us to go back to the basics—revamp our manufacturing process, improve our logistics and streamline our business processes. We brought on AMD as one of our significant business partners to strengthen our GPU (Graphics Processing Unit) supply. We created new product categories such as the gaming power supply unit (PSU). We have prepared ourselves and worked harder than ever to position ourselves favorably. And we know with certitude that we will be ready when the market is ready.

Now, two years later, our fundamentals are stronger, our troop is sharper, our financial resource is deeper, and our product line is more diverse. And all this preparation and perspiration paid off.

When it comes to product innovation, our top of the line HD5970 graphics card employs 2 AMD GPUs; each one of them has over 2 billion transistors inside, and each can deliver 2.7 Teraflops (Trillion multiplication operations per second). When this card is used in a PC running Windows 7 and DirectX 11 API, it delivers stunning graphics at an unprecedented speed. It blurs the distinction between virtual reality and reality. It is this kind of innovation that continues to drive the demand in the graphics card industry.

It is this certitude that helps us turns crisis into opportunity, that keeps us ahead of the competition.

## **BUSINESS REVIEW**

In the past year, the Group's revenue was US\$351,420,000 with a gross profit of US\$40,009,000. This reflects a 12% and a 29% increase from the previous year. Our net profit was US\$4,049,000, which represents a 264% increase from the previous year.

But overall, the market is still soft. Consumers are cautious in making their buying decisions. In general, they buy only when they have a compelling reason. Our team has worked hard to provide them with a strong value proposition.

AMD has proved to be our significant partner. They are the technology leader in the GPU. They are also the company that launched the world's first DirectX 11 GPU in July last year. Since then, we have rolled out 25 DX11 based graphics cards using the newest technologies to maximize the value for our customers. Some of the models can support up to 6 multiple displays using AMD's Eyefinity Technology. This technology delivers innovative graphics display capabilities enabling massive desktop workspaces and ultra-immersive visual environments for the ultimate panoramic computing experience. This is an important piece of technology that is expected to spark off many new applications in gaming, productivity, and entertainment environments over the next few years.

## **BUSINESS OUTLOOK**

We are cautiously optimistic about the business outlook. We think that there are still weaknesses in a few regional economies and we believe that in the foreseeable future, consumers will remain to be cautious in spending.

But it is encouraging to see that there are over 1 billion PC installed base worldwide. With the continual technological advancement and innovation, we can safely assume that the life cycle of a typical PC will remain about 3 to 5 years. And the upgrade period maybe even shorter for faster and better graphics cards, or bigger PSUs.

On the gaming software side, a new trend has developed. The industry has taken a remarkable turn towards "digital distribution". Over 80% of the PC gaming software is now sold through digital downloads. It is also forecasted that by 2012, the revenue from PC games will surpass that of the console games. This is an indication that the popularity of PC gaming will continue to grow.

With the breakneck pace of technological innovation in both software and hardware, we are certain that the demand for our XFX graphics cards will continue to be strong.

On the PSU side, we are getting ready to roll out our next generation of Power Supply Units with new bells and whistles. We are confident that the addition of these new products will provide significant revenue.

On the Distribution business side, we have expanded our distribution facility and upgraded our software to go after the opportunity in the reverse logistics business and to improve the overall operational efficiency.

Overall, we think that year 2011 will be a solid year for us.

**Chiu Hang Tai**  
*Chairman*

Hong Kong, 17 September 2010

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
	<i>Notes</i>	<i>US\$' 000</i>	<i>US\$' 000</i>
Turnover	2	351,420	313,487
Cost of sales		<u>(311,411)</u>	<u>(282,496)</u>
Gross profit		40,009	30,991
Other income		287	153
Selling and distribution expenses		(9,355)	(6,305)
General and administrative expenses		(22,042)	(21,808)
Other gains and losses		(2,639)	296
Finance costs		<u>(727)</u>	<u>(1,520)</u>
Profit before taxation		5,533	1,807
Taxation	3	<u>(1,484)</u>	<u>(695)</u>
Profit for the year	4	<u><u>4,049</u></u>	<u><u>1,112</u></u>
<b>Other comprehensive income (expense)</b>			
Exchange difference arising from the translation of foreign operations		643	(659)
Fair value gain (loss) on available-for-sale financial assets		60	(175)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale investments		<u>(14)</u>	<u>–</u>
		<u>689</u>	<u>(834)</u>
Total comprehensive income for the year		<u><u>4,738</u></u>	<u><u>278</u></u>
Earnings per share			
Basic (US cents)	5	<u><u>0.44</u></u>	<u><u>0.12</u></u>
Diluted (US cents)		<u><u>0.43</u></u>	<u><u>0.12</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	<i>Notes</i>	<b>2010</b> <i>US\$'000</i>	2009 <i>US\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>9,015</b>	11,289
Development costs		<b>1,050</b>	1,325
Trademarks		<b>110</b>	112
Available-for-sale investments		<b>342</b>	225
Deferred taxation		<b>251</b>	199
		<u><b>10,768</b></u>	<u>13,150</u>
<b>Current assets</b>			
Inventories		<b>73,644</b>	48,181
Trade, bills and other receivables	6	<b>53,852</b>	55,791
Tax recoverable		<b>56</b>	421
Pledged bank deposits		<b>4,125</b>	4,122
Bank balances and cash		<b>10,919</b>	14,104
		<u><b>142,596</b></u>	<u>122,619</u>
<b>Current liabilities</b>			
Trade and other payables	7	<b>32,856</b>	38,541
Tax payable		<b>1,602</b>	1,440
Obligations under finance leases		<b>3</b>	3
Bank borrowings		<b>35,983</b>	16,998
Other borrowings		<b>–</b>	2,697
		<u><b>70,444</b></u>	<u>59,679</u>
<b>Net current assets</b>		<u><b>72,152</b></u>	<u>62,940</u>
		<u><b>82,920</b></u>	<u>76,090</u>
<b>Capital and reserves</b>			
Share capital		<b>11,934</b>	11,971
Share premium and reserves		<b>68,849</b>	64,056
<b>Total equity</b>	8	<u><b>80,783</b></u>	<u>76,027</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		<b>7</b>	10
Bank borrowings		<b>2,000</b>	–
Deferred taxation		<b>130</b>	53
		<u><b>2,137</b></u>	<u>63</u>
		<u><b>82,920</b></u>	<u>76,090</u>

Notes:

## 1. BASIS OF PRESENTATION

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of GEM Listing Rules and the Hong Kong Companies Ordinance. They have also been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

Except as described below, the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

### **Hong Kong Accounting Standards (“HKAS”) 1 (Revised 2007) Presentation of Financial Statements**

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

### **HKFRS 8 Operating Segments**

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group’s operating segments (see note 2).

### **Amendments to HKFRS 7 Financial Instruments: Disclosures**

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

## 2. TURNOVER AND SEGMENT INFORMATION

### **Turnover**

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

The Group has adopted HKFRS 8 Operating Segments with effect from 1 July 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), the board of directors, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s operating segments and changed the basis of measurement of segment revenue as compared with the primary reportable segments determined in accordance with HKAS 14.

Information reported to the Group's CODM for the purpose of resources allocation and assessment of performance is focused 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 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 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:

	<b>Group brand products</b>		<b>Other brand products</b>		<b>Consolidated</b>	
	<b>2010</b>	2009	<b>2010</b>	2009	<b>2010</b>	2009
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Revenue</b>						
External sales	<u><b>243,849</b></u>	<u>216,863</u>	<u><b>107,571</b></u>	<u>96,624</u>	<u><b>351,420</b></u>	<u>313,487</u>
<b>Segment result</b>	<u><b>7,189</b></u>	<u>4,406</u>	<u><b>458</b></u>	<u>298</u>	<u><b>7,647</b></u>	<u>4,704</u>
Interest income					<b>6</b>	63
Unallocated corporate expense					<b>(1,393)</b>	(1,440)
Finance costs					<u><b>(727)</b></u>	<u>(1,520)</u>
Profit before taxation					<u><b>5,533</b></u>	<u>1,807</u>

### **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\$238,354,000 (2009: US\$203,349,000). Others are derived from the sales of other computer components.

## Geographical information

The Group's revenue from external customers mainly 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	
	2010 US\$'000	2009 US\$'000	2010 US\$'000	2009 US\$'000
Canada	79,817	70,265	695	268
United States	129,791	101,247	362	484
People's Republic of China (the "PRC")	1,546	5,584	7,327	9,086
Others	140,266	136,391	1,791	2,888
	<u>351,420</u>	<u>313,487</u>	<u>10,175</u>	<u>12,726</u>

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

## Information about major customers

Included in revenue arising from sales of other brand products of US\$107,571,000 (2009: US\$96,624,000) are revenues of US\$36,610,000 (2009: US\$37,231,000) which arose from sale 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 assessment at performance.

## 3. TAXATION

	2010 US\$'000	2009 US\$'000
The charge (credit) comprises:		
Current tax		
– Hong Kong	76	47
– other region in the PRC	793	365
– other jurisdictions	469	173
Under(over) provision in prior year		
– Hong Kong	1	(7)
– other region in the PRC	138	–
– other jurisdictions	(32)	22
	<u>1,445</u>	<u>600</u>
Deferred taxation	<u>39</u>	<u>95</u>
	<u>1,484</u>	<u>695</u>



Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the year.

Income tax in United States is calculated at 40% (2009: 40%) of the estimated assessable profit for the year.

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

#### 4. PROFIT FOR THE YEAR

	<b>2010</b>	2009
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the year has been arrived at after charging:		
Amortisation charges:		
Development costs (included in cost of sales)	<b>1,325</b>	1,124
Trademarks (included in general and administrative expenses)	<b>9</b>	9
Loss on disposal of property, plant and equipment	<b>161</b>	28
Depreciation of property, plant and equipment	<b>3,310</b>	3,343
and after crediting:		
Gain on disposal of available-for-sale investments	<b>14</b>	–

#### 5. 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:

	<b>2010</b>	2009
	<i>US\$'000</i>	<i>US\$'000</i>
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<b><u>4,049</u></b>	<b><u>1,112</u></b>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>930,659</b>	930,935
Effect of dilutive potential ordinary shares:		
Share options	<b><u>725</u></b>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b><u>931,384</u></b>	<b><u>930,935</u></b>

## 6. TRADE, BILLS AND OTHER RECEIVABLES

The Group allows a credit period of 1 to 180 days (2009: 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:

	2010 <i>US\$'000</i>	2009 <i>US\$'000</i>
1 to 30 days	23,292	26,953
31 to 60 days	9,238	8,744
61 to 90 days	4,211	3,078
Over 90 days	<u>12,738</u>	<u>13,580</u>
Trade and bills receivables	49,479	52,355
Deposits, prepayments and other receivables	<u>4,373</u>	<u>3,436</u>
	<u><b>53,852</b></u>	<u><b>55,791</b></u>

## 7. TRADE AND OTHER PAYABLES

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

	2010 <i>US\$'000</i>	2009 <i>US\$'000</i>
1 to 30 days	14,286	17,774
31 to 60 days	5,929	8,013
61 to 90 days	4,337	3,763
Over 90 days	<u>2,556</u>	<u>3,874</u>
Trade payables	27,108	33,424
Deposits in advance, accruals and other payables	<u>5,748</u>	<u>5,117</u>
	<u><b>32,856</b></u>	<u><b>38,541</b></u>

## 8. SHARE PREMIUM AND RESERVES

	Share Capital US\$'000	Share premium account US\$'000	Surplus account US\$'000	Exchange reserve US\$'000	Capital reserve US\$'000	Investments revaluation reserve US\$'000	Share option reserve US\$'000	Retained profits US\$'000	Total US\$'000
At 30 June 2008	11,971	27,210	2,954	2,801	63	248	243	30,124	75,614
Profit for the year	-	-	-	-	-	-	-	1,112	1,112
<b>Other comprehensive expense for the year</b>									
Exchange differences arising on translation of foreign operations	-	-	-	(659)	-	-	-	-	(659)
Fair value changes on available-for-sale investments	-	-	-	-	-	(175)	-	-	(175)
	-	-	-	(659)	-	(175)	-	-	(834)
Total comprehensive (expense) income for the year	-	-	-	(659)	-	(175)	-	1,112	278
Recognition of equity-settled share-based payments	-	-	-	-	-	-	135	-	135
At 30 June 2009	11,971	27,210	2,954	2,142	63	73	378	31,236	76,027
Profit for the year	-	-	-	-	-	-	-	4,049	4,049
<b>Other comprehensive income for the year</b>									
Exchange differences arising on translation of foreign operations	-	-	-	643	-	-	-	-	643
Fair value changes on available-for-sale investments	-	-	-	-	-	60	-	-	60
Reclassification adjustments for the cumulative gain included in profit or loss disposal 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	<u>11,934</u>	<u>27,159</u>	<u>2,954</u>	<u>2,785</u>	<u>63</u>	<u>119</u>	<u>478</u>	<u>35,291</u>	<u>80,783</u>

## **DIVIDEND**

The directors of the Company recommended a dividend of HK\$0.01 per share (2009: Nil) to the shareholders registered in the Company's Register of Members as at the close of business on 1 November 2010, and is subject to approval by the shareholders at the forthcoming annual general meeting. The proposed final dividend will be paid on or before 15 November 2010 following the approval at the Annual General Meeting. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 30 June 2010.

## **CLOSING OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 28 October 2010 to 1 November 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 27 October 2010.

## **CODE ON 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 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("GEM Listing Rules") 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.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chiu Hang Tai assumes the role of both the Chairman and the Chief Executive Officer of the Group. The Company believes that this structure is conducive to strong and consistent leadership, enabling the Company to formulate and implement strategies efficiently and effectively. Under the supervision of the Board and its independent non-executive directors, a balancing mechanism exists so that the interests of shareholders are adequately and fairly represented. The Company considers that there is no imminent need to change this structure.

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Bye-law 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. In order to put in place good corporate governance practice, Mr. Chiu Hang Tai, Chairman of the Board, shall offer himself to retire along with Mr. So Stephen Hon Cheung at the annual general meeting and both of them, being eligible shall offer themselves for re-election.

## AUDIT COMMITTEE

The Audit Committee had reviewed the annual results and provided advice and comments thereon.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased 2,934,000 ordinary shares of HK\$0.10 each in the capital of the Company at prices ranging from HK\$0.22 to HK\$0.24 per share on the Stock Exchange.

Month/year	Number of shares repurchased	Aggregate prices paid <i>US\$'000</i>	Price paid per share	
			<i>Highest</i>	<i>Lowest</i>
May 2010	1,564,000	47	0.24	0.22
June 2010	<u>1,370,000</u>	<u>41</u>	0.23	0.22
	<u>2,934,000</u>	<u>88</u>		

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on repurchase was charged against the share premium account of the Company. The Directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

Save as disclosed above, 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  
**Chiu Hang Tai**  
*Chairman*

Hong Kong, 17 September 2010

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

*This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at [www.pinegroup.com](http://www.pinegroup.com).*