PINE

PINE TECHNOLOGY HOLDINGS LIMITED
松景科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1079)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2012

CHAIRMAN'S STATEMENT

This is another challenging year for the Group. The global economy is still weak, and overall market demand is soft. Recently, Intel lowered its Q3 forecast by up to 10% from its earlier projection. And the Thailand flood in October last year disrupted the supply chain of PC components severely. There are many unfavorable external factors that are not under our control. As a result, the Group suffered another year of loss.

Business review

In this fiscal year, the Group's revenue was US$231,953,000, which is 11% drop from last year. The gross profit was US$22,056,000, similar to last year. The gross margin is 9.51%, compared to 8.52% last year. We incurred a loss of US$3,438,000, compared to a US$5,179,000 loss last year.

Since the yield and supply of the latest 28 nanometer wafer was much lower than expected, it has severely affected the supply of our highly anticipated 7 series family, which is the bread and butter of XFX's Performance and Enthusiast's graphics cards. Fortunately, our solid brand equity and channel position allow us to increase our profit margin nicely.

We had solid business in our other product families. The gaming Power Supply Unit ("PSU") business grew by 20%. The Aviiq digital mobility business is starting to get traction. Its enhanced Charging Station has received rave reviews globally. At the same time, we are about to launch a whole set of accessories for the Apple iPhone 5 and iPad Mini. We believe this new lineup will further establish Aviiq's brand equity and channel position, and contribute towards the Group's bottom line.

* *for identification purposes only*

For the Distribution Division, we are expanding beyond our PC-centric product categories by creating a new category of non-PC products, which include office furniture, home appliances, food, etc. This allows us to grow our Distribution business beyond PC.

On the operations side, over the last year, we have completed the consolidation and transfer of our Europe's Accounting and Operations functions to HK and China. We will continue this consolidation exercise to our other offices in Asia and North America to leverage on our global infrastructure and to maximize the group synergy.

Business outlook

Looking ahead, we are cautiously optimistic that the revenue will rebound back to the level of fiscal year 2011. We believe that the supply for our 7 series graphics family will improve, and the growth of our PSU and Aviiq digital mobility products will continue. We believe that the Distribution Division's business will remain steady. Also, we will continue to tighten the overhead and capital expenditure.

With discipline and determination, we are confident that these measures will bring us back to profitability.

Chiu Hang Tai
Chairman

Hong Kong, 21 September 2012

RESULTS

The board of directors of PINE Technology Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2012, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	**2012** **US$'000**	2011 *US$'000*
Turnover	*2*	**231,953**	259,559
Cost of sales		**(209,897)**	(237,451)
Gross profit		**22,056**	22,108
Other income		**361**	314
Selling and distribution expenses		**(7,825)**	(7,789)
General and administrative expenses		**(17,733)**	(20,519)
Other gains and losses		**783**	1,495
Finance costs		**(880)**	(1,020)
Loss before tax		**(3,238)**	(5,411)
Income tax (expense) credit	*3*	**(200)**	232
Loss for the year	*4*	**(3,438)**	(5,179)
Other comprehensive income (expense)			
Exchange difference arising from the translation of foreign operations		**393**	466
Fair value loss on available-for-sale investments		**(32)**	(240)
Other comprehensive income for the year		**361**	226
Total comprehensive expense for the year		**(3,077)**	(4,953)
Loss per share	*5*		
Basic (US cents)		**(0.37)**	(0.56)
Diluted (US cents)		**(0.37)**	(0.56)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	2012 US$'000	2011 US$'000
Non-current assets			
Property, plant and equipment		**7,795**	10,386
Development costs		**1,920**	1,766
Trademarks		**280**	185
Available-for-sale investments		**70**	102
Deposit placed at an insurance company		**384**	–
Rental deposit		**66**	–
		10,515	12,439
Current assets			
Inventories		**56,890**	45,847
Trade, bills and other receivables	*6*	**45,977**	47,683
Tax recoverable		**212**	1,371
Pledged bank deposits		**2,046**	3,284
Bank balances and cash		**12,636**	10,310
		117,761	108,495
Current liabilities			
Trade, bills and other payables	*7*	**25,628**	16,507
Tax payable		**1,329**	1,366
Obligations under finance leases		**3**	3
Bank borrowings		**27,402**	26,016
		54,362	43,892
Net current assets		**63,399**	64,603
		73,914	77,042
Capital and reserves	*8*		
Share capital		**11,844**	11,844
Share premium and reserves		**59,650**	62,720
Total equity		**71,494**	74,564
Non-current liabilities			
Obligations under finance leases		**1**	4
Bank borrowings		**2,289**	2,344
Deferred taxation		**130**	130
		2,420	2,478
		73,914	77,042

Notes:

1. **Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied the following revised standard and amendments ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Amendments to HKAS 1, HKAS 34, HKFRS 7 and HK(IFRIC) – Int 13 as part of Improvements to HKFRSs issued in 2010
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
Amendments to HKFRS 7	Financial Instruments: Disclosure – Transfer of Financial Assets
HKAS 24 (Revised 2009)	Related Party Disclosures

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

2. **Turnover and segment information**

Turnover

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 executive directors of the Company, being the chief operating decision market ("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 sales 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 and reportable 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 and reportable segment.

	Group's brand products		Other brand products		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover						
External sales	**132,615**	164,614	**99,338**	94,945	**231,953**	259,559
Segment result	**(1,693)**	(3,650)	**472**	527	**(1,221)**	(3,123)
Interest income					**39**	13
Unallocated corporate expense					**(1,176)**	(1,281)
Finance costs					**(880)**	(1,020)
Loss before tax					**(3,238)**	(5,411)

Revenue from major products

The Group's major products are derived from the sales of market video graphic cards included in Group's brand products operating segment amounting to US$127,351,000 (2011: US$159,067,000). 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	
	2012	2011	**2012**	2011
	US$'000	*US$'000*	***US$'000***	*US$'000*
Canada	**78,369**	73,542	**587**	585
United States	**77,520**	97,743	**3,729**	3,723
PRC	**–**	–	**2,788**	5,407
Others	**76,064**	88,274	**2,957**	2,622
	231,953	259,559	**10,061**	12,337

Note: Non-current assets exclude financial instruments.

Information about major customers

Included in revenue arising from sales of other brand products of US$99,338,000 (2011: US$94,945,000) are revenue of US$18,314,000 (2011: US$18,006,000) 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.

3. Income tax expense (credit)

	2012	2011
	US$'000	*US$'000*
Current tax		
Hong Kong	**6**	6
PRC Enterprise Income Tax	**104**	160
Other jurisdictions	**91**	(694)
(Over)under provision in prior years		
Hong Kong	**(1)**	(1)
PRC Enterprise Income Tax	**–**	42
	200	(487)
Deferred taxation	**–**	255
	200	(232)

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 rising 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.

4. Loss for the year

	2012	2011
	US$'000	*US$'000*
Loss for the year has been arrived at after charging (crediting):		
Amortisation charges:		
Development costs	**1,455**	1,196
Trademarks	**19**	14
Depreciation of property, plant and equipment	**2,987**	3,133
Loss (gain) on disposal of property, plant and equipment	**231**	(10)

5. Loss 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:

	2012	2011
	US$'000	*US$'000*
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(3,438)**	(5,179)
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**920,985**	921,035

The calculation of diluted loss per share does not assume the exercise of the Company's share options as the exercise of the share options would result in a reduction in loss per share for both years.

6. Trade, bills and other receivables

The Group allows a credit period of 1 to 180 days (2011: 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:

	2012	2011
	US$'000	*US$'000*
1 to 30 days	**20,757**	21,203
31 to 60 days	**5,455**	9,930
61 to 90 days	**2,891**	2,955
Over 90 days	**13,497**	11,588
Trade and bills receivables	**42,600**	45,676
Deposits, prepayments and other receivables	**3,377**	2,007
	45,977	47,683

7. Trade, bills 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:

	2012	2011
	US$'000	*US$'000*
1 to 30 days	**8,268**	6,215
31 to 60 days	**6,065**	3,494
61 to 90 days	**2,295**	1,196
Over 90 days	**2,846**	975
Trade and bills payables	**19,474**	11,880
Deposits in advance, accruals and other payables	**6,154**	4,627
	25,628	16,507

8. Capital and reserves

	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 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	–	–	–	–	–	–	–	(1,181)	(1,181)
Share repurchase 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
Loss for the year	–	–	–	–	–	–	–	(3,438)	(3,438)
Other comprehensive income (expense) for the year									
Exchange differences arising on translation of foreign operations	–	–	–	393	–	–	–	–	393
Fair value loss on available-for-sale investments	–	–	–	–	–	(32)	–	–	(32)
	–	–	–	393	–	(32)	–	–	361
Total comprehensive income (expense) for the year	–	–	–	393	–	(32)	–	(3,438)	(3,077)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	7	–	7
Transfer upon forfeiture/expiry of share options	–	–	–	–	–	–	(171)	171	–
At 30 June 2012	11,844	27,063	2,954	3,644	63	(153)	391	25,688	71,494

DIVIDEND

The directors of the Company do not recommend a dividend for year ended 30 June 2012 (2011: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code of Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules throughout the period, except for the deviations from Code Provision 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. Notwithstanding the provisions of the Company's Bye-laws, the Company intends to comply with the Code Provision A.4.2 in the way of having one-third of all directors subject to retirement by rotation at each annual general meeting.

AUDIT COMMITTEE

The Company established an audit committee on 9 November 1999 with written terms of reference. The audit committee comprised the three independent non-executive directors, namely Messrs. Li Chi Chung, So Stephen Hon Cheung and Dr. Huang Zhijian. The audit committee had reviewed the audited consolidated financial statements of the Group for the year ended 30 June 2012 and provided advice and comments thereon.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, 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, 21 September 2012

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.