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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 2011

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.

* *for identification purposes only*

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

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 2011, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2011

	Notes	**2011**	2010
		US$'000	*US$'000*
Turnover	*2*	**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		**1,495**	(2,639)
Finance costs		**(1,020)**	(727)
(Loss) profit before tax		**(5,411)**	5,533
Income tax credit (expense)	*3*	**232**	(1,484)
(Loss) profit for the year	*4*	**(5,179)**	4,049
Other comprehensive income (expense)			
Exchange difference arising from the translation of foreign operations		**466**	643
Fair value (loss) gain on available-for-sale investments		**(240)**	60
Cumulative loss 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			
Basic (US cents)	*5*	**(0.56)**	0.44
Diluted (US cents)		**N/A**	0.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	**2011**	2010
		US$'000	*US$'000*
			(restated)
Non-current assets			
Property, plant and equipment		**10,386**	9,015
Development costs		**1,766**	1,050
Trademarks		**185**	110
Available-for-sale investments		**102**	342
Deferred taxation		**–**	251
		12,439	10,768
Current assets			
Inventories		**45,847**	73,644
Trade, bills and other receivables	*6*	**47,683**	53,852
Tax recoverable		**1,371**	56
Pledged bank deposits		**3,284**	4,125
Bank balances and cash		**10,310**	10,919
		108,495	142,596
Current liabilities			
Trade, bills and other payables	*7*	**16,507**	32,856
Tax payable		**1,366**	1,602
Obligations under finance leases		**3**	3
Bank borrowings		**26,016**	37,983
		43,892	72,444
Net current assets		**64,603**	70,152
		77,042	80,920
Capital and reserves			
Share capital		**11,844**	11,934
Share premium and reserves	*8*	**62,720**	68,849
Total equity		**74,564**	80,783
Non-current liabilities			
Obligations under finance leases		**4**	7
Bank borrowings		**2,344**	–
Deferred taxation		**130**	130
		2,478	137
		77,042	80,920

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"). In addition, the consolidated financial statements include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance. They have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

In the current year, the Group applied the following new and revised standards and interpretations issued by the HKICPA.

HKAS 32 (Amendments)	Classification of Right 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 Team Loan that Contains a Repayment on Demand Clause
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the adoption 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 period. 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 loan 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 statements 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.

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 board of 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 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:

	Group's brand products		Other brand products		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover						
External sales	**164,614**	243,849	**94,945**	107,571	**259,559**	351,420
Segment result	**(3,650)**	7,189	**527**	458	**(3,123)**	7,647
Interest income					**13**	6
Unallocated corporate expense					**(1,281)**	(1,393)
Finance costs					**(1,020)**	(727)
(Loss) profit before tax					**(5,411)**	5,533

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	2010	**2011**	2010
	US$'000	*US$'000*	***US$'000***	*US$'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.

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 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 performance assessment.

3. Income tax (credit) expense

	2011	2010
	US$'000	*US$'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	**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.

4. (Loss) profit for the year

	2011	2010
	US$'000	*US$'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
Depreciation of property, plant and equipment	**3,133**	3,310
Gain (loss) on disposal of property, plant and equipment	**10**	(161)
Gain on disposal of available-for-sale investments	**–**	14

5. (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	2010
	US$'000	*US$'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.

6. Trade, bills and other receivables

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
Trade and bills receivables	**45,676**	49,479
Deposits, prepayments and other receivables	**2,007**	4,373
	47,683	53,852

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:

	2011	2010
	US$'000	*US$'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

8. Share premium 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 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	–	–	–	–	–	–	–	(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

DIVIDEND

The directors of the Company do not recommend a dividend for year ended 30 June 2011 (2010: HK$0.01).

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 has established an audit committee with written terms of reference to set out its authority and duties. The audit committee comprised 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 2011 and provided advice and comments thereon.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Month of repurchase	Number of ordinary shares of HK$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*US$'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.

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

Hong Kong, 26 September 2011

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.