

**PINE TECHNOLOGY HOLDINGS LTD :
MANAGEMENT APPEARS TO KNOW ITS EGGS**

In its first Financial Year as a publicly listed company, Pine Technology Holdings Ltd is forecasting an increase in its Net Profits of *'not less than \$US9.84 million'* – an increase of about 136 percent over the 1999 Net Profits.

Pine Technology is the first company to enter the ranks of GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd.

It is a manufacturer of high-quality computer components, computer-related communication products, and computer-related consumer electronic products, according to the Prospectus.

The Company is offering a total of 148.50 million, 10-cent shares at a Premium of \$HK1.40 over the Par Value, raising a total of about \$HK205 million, net.

The Issue is partially new shares and partially sale shares, the latter-mentioned allows the Founders and senior management to cash in by offering a total of 17.82 million of their shares, affording them the opportunity to pocket about \$HK26.73 million between them.

The money to be raised in this flotation is earmarked as follows:

1. \$HK46.69 million to be used to expand production facilities of its factory in the People's Republic of China (PRC), at Dongguan;
2. \$HK7.75 million to establish new sales offices in Asia, Australia, Europe and North America;
3. \$HK51.11 million to be used for research and development;
4. \$HK7.75 million to be used to upgrade the Company's software applications;
5. \$HK34.87 million to retire bank debts; and,
6. \$HK57.30 million to be used as additional working capital.

In the past 2 Financial Years, this Company appears to have made impressive growth as the following table illustrates:

	Year Ended June 30	
	1998	1999
	(\$US'000)	(\$US'000)
Manufacture and Sales of Products under the Group's Brand Names	31,101	44,520
Distribution of other Manufacturers' Products	168,025	204,326
TOTAL TURNOVER	199,126	248,846
Operating Profit Before Taxation	2,710	4,793
Profit for the Year	2,123	4,165

While Page One of the Prospectus states that Pine Technology is a designer, developer, and manufacturer of high-quality computer components, computer-related communication products, and computer-related consumer electronic products, it seems only too clear from studying the above table that most of the Company's profits are derived from the distribution of other manufacturers' products.

There is nothing wrong with this modus operandi, but it does cause one to think that this Company is more of a sourcing type of operation rather than a designer, developer and manufacturer.

Which may cause some people to ask questions as to the validity ... [CLICK TO ORDER FULL ARTICLE](#)

