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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 PURSUANT TO RULES 13.51B(2) AND 13.51(2) OF THE LISTING RULES

This announcement is made by PINE Technology Holdings Limited (the “**Company**”) pursuant to Rules 13.51B(2) and 13.51(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Mr. Zhou Chunsheng (“**Mr. Zhou**”), being an independent non-executive director of the Company, is also an independent non-executive director of Zhonghong Holdings Co., Limited (“**Zhonghong Holdings**”), the shares of which were listed on the Shenzhen Stock Exchange (stock code: 000979) and delisted with effect from December 2018. The Company was notified on 21 October 2019 that Zhonghong Holdings received an Investigation Notice (《調查通知書》) from the China Securities Regulatory Commission (the “**CSRC**”) on 14 August 2018, that its financial reports in 2017 were alleged to contain certain false information. Pursuant to the relevant requirements of the Securities Law of the PRC, investigation has been carried out by the CSRC in respect of the allegation and no decision has been issued by the CSRC as at the date of this announcement. A decision on disciplinary actions against Zhonghong Holdings Co., Limited and parties concerned (《關於對中弘控股股份有限公司及相關當事人給予紀律處分的決定》) (the “**SZSE Decision**”) was issued by the Shenzhen Stock Exchange on 4 September 2018. Pursuant to the SZSE Decision, there were four incidents of irregularities (the “**Incidents**”) on the part of Zhonghong Holdings, which are set out below:

- (i) Zhonghong Holdings entered into an equity transfer framework agreement (the “**Framework Agreement**”) with Sanya Luhuitou Tourism Zone Development Co., Limited* (三亞鹿回頭旅遊區開發有限公司) and Hainan Xinjia Tourism Development Co., Limited* (海南新佳旅業開發有限公司) on 30 November 2017. On 28 December 2017, Zhonghong Holdings paid the relevant consideration of RMB6.15 billion (the “**Payment**”), which represented approximately 63% of the audited net assets of Zhonghong Holdings in 2016, pursuant to the Framework Agreement. The decision of the Payment was made by the actual controller of Zhonghong Holdings without the approval by the board of directors and shareholders of Zhonghong Holdings, and no

announcement was made by Zhonghong Holdings in respect of the Payment. The chief financial officer and director of Zhonghong Holdings had knowledge of the transactions contemplated under the Framework Agreement, however he failed to fulfil his reporting obligations promptly.

- (ii) On 27 April 2017, the board of directors and the supervisory committee of Zhonghong Holdings approved the resolution in relation to the use of certain idle funds to supplement the working capital of the group. On the same date, Zhonghong Holdings transferred RMB2.68 billion from the funds account to Zhonghong Holdings basic account for the purpose of repayment of short-term loans, redemption of bond interest, etc. Pursuant to the Guidelines on the Standardised Operation of Companies Listed on the main board of Shenzhen Stock Exchange (《深圳證券交易所主板上市公司規範運作指引》) (the “**Shenzhen Stock Exchange Guidelines**”), the period for a single replenishment of working capital shall not be more than 12 months. As approximately RMB2.58 billion was due and yet to be repaid as at 27 April 2018, Zhonghong Holdings was in breach of the Shenzhen Stock Exchange Guidelines.
- (iii) As disclosed in the forecast of the annual results for the year 2017 issued on 31 January 2018, the net loss attributable to the shareholders of Zhonghong Holdings were RMB 1 billion. An announcement regarding the revision of the forecast of the annual results for the year 2017 (the “**Revision Announcement**”) was later issued on 14 April 2018 to clarify that the net loss attributable to the shareholders of Zhonghong Holdings were RMB 2.48 billion. The Shenzhen Stock Exchange was of the view that there was serious delay on the issue of the Revision Announcement.
- (iv) On 19 September 2017, Hainan Ruyi Island Tourism Investment Co., Limited* (海南如意島旅遊度假投資有限公司) (“**Hainan Ruyi**”), a wholly-owned subsidiary of Zhonghong Holdings received a decision in relation to administrative supervision measures (the “**Bureau Decision**”) from the Haikou City Ocean and Fisheries Bureau* (海口市海洋和漁業局). Pursuant to the Bureau Decision, Hainan Ruyi was fined RMB37.33 million as penalty and such penalty was fully paid on 30 November 2017. However, Zhonghong Holdings failed to fulfil its disclosure obligations in respect of Bureau Decision.

Taking into consideration of the above, the Shenzhen Stock Exchange made a decision to impose (i) a public sanction on Zhonghong Holdings; (ii) a public sanction on each of the then actual controller, chairman of the board of directors, and director and chief financial officer of Zhonghong Holdings; and (iii) a notice of criticism on certain then directors and supervisors of Zhonghong Holdings, in which Mr. Zhou was not involved. To the best knowledge, information and belief of the Board, Mr. Zhou is not involved in the day-to-day management of Zhonghong Holdings, and has not been subject to any sanction, administrative penalty or criticism by the Shenzhen Stock Exchange and the CSRC.

The Board, except Mr. Zhou, has assessed the Incidents and is of the view that Mr. Zhou would still be able to be qualified as an independent non-executive Director since (i) he was not involved in the day-to-day management of Zhonghong Holdings; (ii) there was no wrongful act on his part leading to the Incidents; (iii) he was not subject to any sanction, administrative penalty or criticism by the Shenzhen Stock Exchange and the CSRC in respect of the Incidents; and (iv) as at the date of this announcement, he was not aware of any actual or potential claim that had been or would be made against him as a result of the Incidents. As such, the Board (including the nomination committee of the Board but excluding Mr. Zhou) is satisfied that Mr. Zhou will be able to continue fulfil his duties as an independent non-executive director of the Company, and the above Incidents have not had and will not have any impact on the daily operation of the Company nor impair Mr. Zhou's suitability to act as an independent non-executive director of the Company.

Save as disclosed in this announcement, the Company is not aware of any other information on the above matter which needs to be brought to the attention of shareholders of the Company and there is no other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

By Order of the Board
PINE Technology Holdings Limited
Zhang Sanhuo
Chairman

Hong Kong, 23 October 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Sanhuo, Mr. Chan Cheuk Ho and Mr. Chiu Hang Tai; and the independent non-executive Directors are Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong.

* *For identification purposes only*