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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF AND SALE LOAN DUE BY TALENT CREST LIMITED

THE DISPOSAL

The Board is pleased to announce that on 21 December 2023 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to purchase, the Sale Shares, representing the entire issued share capital of the Disposal Company, and the Sale Loan, representing the total outstanding shareholder's loan owed by the Disposal Company to the Vendor immediately before the Completion, at the Consideration of US\$100 (equivalent to approximately HK\$780) in accordance with the terms and conditions of the Sale and Purchase Agreement.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal exceed(s) 5% but is/are less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements but is exempt from the Shareholders' approval requirement under the Listing Rules.

Completion is conditional upon the fulfillment of the condition precedent set out under the Sale and Purchase Agreement. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board is pleased to announce that on 21 December 2023 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to purchase, the Sale Shares, representing the entire issued share capital of the Disposal Company, and the Sale Loan, representing the total outstanding shareholder's loan owed by the Disposal Company to the Vendor immediately before the Completion, at the total consideration of US\$100 (equivalent to approximately HK\$780) in accordance with the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 21 December 2023

Parties: (i) The Vendor; and

(ii) The Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares and the Sale Loan free from all Encumbrances.

The Sale Shares represent the entire issued share capital of the Disposal Company as at the date of the Sale and Purchase Agreement and immediately before Completion. The Sale Loan represents the total outstanding shareholder's loan in the amount of HK\$135,732,650 owed by the Disposal Company to the Vendor immediately before Completion.

Consideration

The consideration (the "**Consideration**") for the Disposal is US\$100 (equivalent to approximately HK\$780), which shall be payable by the Purchaser to the Vendor on the Completion Date by way of cheque or cashier order drawn in favour of the Vendor or its nominee, or electronic transfer to the Vendor's designated bank account, or such other payment methods as may be agreed between the Vendor and the Purchaser.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms, after taking into account, among others, (i) the unaudited net liabilities of the Disposal Group of approximately HK\$145.6 million as at 31 October 2023; (ii) the historical loss-making position of the Disposal Group for the two financial years ended 30 June 2023; (iii) the nil market value of the Disposal Group as at 31 October 2023 based on the valuation conducted by an independent valuer using asset approach; and (iv) other factors as set out in the section headed "Reasons for and benefits of the Disposal" in this announcement below.

Condition precedent

Completion is conditional upon all necessary consent(s) and approval(s) on the part of the Vendor and the Purchaser in respect of the Disposal having been obtained.

If the above condition has not been satisfied on 31 March 2024 (or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and terminate, and thereafter none of the parties to the Sale and Purchase Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

As at the date of this announcement, the above condition has not been fulfilled.

Completion

Completion shall take place within three (3) Business Days (or such other date as may be agreed between the Vendor and the Purchaser) after the fulfillment of the condition precedent under the Sale and Purchase Agreement.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group upon Completion.

INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is a company incorporated in Samoa with limited liability, which is an investment holding company, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. As at the date of this announcement, the Disposal Company is interested in the entire issued share capital of Eternal Abundant, an investment holding company incorporated in the British Virgin Islands with limited liability, which Eternal Abundant is in turn interested in 60% equity interests in Soaring Eagle, an investment holding company incorporated in the British Virgin Island. Soaring Eagle is then in turn interested in 100% equity interests in China UIP, being a company established in the PRC with limited liability, which is principally engaged in computer software and hardware and system development for e-government and e-commerce solutions in the PRC.

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below is the financial information of the Disposal Group based on the unaudited consolidated financial statements of the Disposal Group for the two years ended 30 June 2023 and 30 June 2022 and unaudited consolidated financial statements of the Disposal Group for the four months ended 31 October 2023.

	For the four months ended 31 October 2023	For the year ended 30 June	
	<i>HK\$'000</i>	2023	2022
	(unaudited)	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	1,229	11,320	51,776
Loss before taxation	(998)	(98,396)	(58,561)
Loss after taxation	(998)	(87,975)	(56,888)

The total assets, total liabilities and net liabilities of the Disposal Group as at 31 October 2023 according to its unaudited consolidated financial statements were approximately HK\$8,066,000, HK\$153,635,000 and HK\$145,569,000, respectively.

INFORMATION OF THE PURCHASER

The Purchaser is a PRC citizen and a merchant.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

INFORMATION OF THE VENDOR

The Vendor, being a company incorporated in Samoa with limited liability, is a direct wholly-owned subsidiary of the Company which is principally engaged in investing holding.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company. As such, the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group.

The Group is expected to record an unaudited gain on the Disposal of approximately HK\$57,091,000. Such unaudited gain is estimated after taking into account of, among other things, (i) the Consideration of US\$100 (equivalent to approximately HK\$780); and (ii) the carrying amount of the Disposal Group's unaudited net liabilities of approximately HK\$145,569,000 as at 31 October 2023.

The exact amount to be recorded in the consolidated statement of profit or loss of the Group is subject to audit, and therefore may be different from the figure provided above. Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only. The actual amount of gain on the Disposal to be recorded by the Group will depend on the financial position of the Disposal Group and the value of the Sale Loan on the Completion Date, and therefore may be different from the amount mentioned above.

As only a nominal consideration of US\$100 (equivalent to approximately HK\$780) is payable in connection with the Disposal, the Company does not expect to receive any net proceeds from the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) the sales of computer components and consumer electronic products; (ii) the trading of plastic products; and (iii) the provision of computer software and hardware and system development services (the “**Computer Service Business**”).

Following the outbreak of the novel coronavirus disease (the “**COVID-19**”) which contributes to the poor market sentiment in the PRC, being the Group's major market, customers of the Group became very conservative in their software development and were less motivated to commence new program, upgrade existing system or acquire new hardware.

Despite the gradual easing of COVID-19 pandemic, geopolitical conflicts and tensions, the global interest rate environment, and the unpredictable post-pandemic recovery in the PRC's economies will continue to cause uncertainties and external headwinds for the Computer Service Business in the PRC. The Directors are of the view that the Disposal offers an opportunity for the Group to dispose of its interests in the Disposal Group and realise the gain arising from the disposal of the net liabilities of the Disposal Group, and to better allocate its resources for the development of its existing business and/or investments in other business opportunities in respect of the Computer Service Business.

Following the Completion, the Group will closely monitor the market conditions and revive the Computer Service Business should suitable opportunities arise.

Taking into account, among others, (i) the financial position of the Disposal Group for the two years ended 30 June 2023, which was loss making; (ii) the unaudited net liabilities of the Group of approximately HK\$145,569,000 as at 31 October 2023; (iii) the minimal operational activity and the lack of concrete development plan of the Disposal Group; and (iv) the foregoing factors, the Directors are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal exceed(s) 5% but is/are less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements but is exempt from the Shareholders' approval requirement under the Listing Rules.

Completion is conditional upon the fulfillment of the condition precedent set out under the Sale and Purchase Agreement. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	any day (other than Saturday and Sunday and public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. to 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“China UIP”	China UIP Information Technology Co. Ltd. (廣州市泰富信通科技有限公司), being a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement and immediately prior to the Completion

“Company”	PINE Technology Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1079)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	any day falling within three (3) Business Days after the fulfillment of the condition precedent or such other date as the Vendor and the Purchaser may agree
“Consideration”	has the meaning ascribed thereto in the section headed “THE SALE AND PURCHASE AGREEMENT – Consideration”
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	Talent Crest Limited (才冕有限公司), being a company incorporated in Samoa with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement and immediately prior to the Completion
“Disposal Group”	Disposal Company and its subsidiaries, namely, Eternal Abundant, Soaring Eagle and China UIP
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest or deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Eternal Abundant”	Eternal Abundant Limited (常裕有限公司), being a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement and immediately prior to the Completion
“Group”	the Company and its subsidiaries, from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons (as defined under the Listing Rules) of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Zhang Guicai, an Independent Third Party, being a PRC citizen, a merchant and the purchaser to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 December 2023 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Loan”	the total outstanding shareholder’s loan in the amount of HK\$135,732,650 owed by the Disposal Company to the Vendor immediately prior to the Completion
“Sale Shares”	100 ordinary shares of US\$1.00 each in the share capital of the Disposal Company, representing the entire issued capital thereof immediately prior to the Completion
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Soaring Eagle”	Soaring Eagle Technology Limited (鷹騰科技有限公 司), being a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement and immediately prior to the Completion

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Colour Stream Holdings Limited (彩川控股有限公司), being a company incorporated in Samoa with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of United States dollars into Hong Kong dollars is calculated at the approximate exchange rate of US\$1.00 to HK\$7.8. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

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

Hong Kong, 21 December 2023

As at the date of this announcement, the executive Director is Mr. Zhang Sanhuo; and the independent non-executive Directors are Mr. So Stephen Hon Cheung, Mr. Zhou Chunsheng and Mr. Tian Hong.

* *For identification purpose only*