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 2018

CHAIRMAN'S STATEMENT

Fiscal 2018 was another strong year for PINE Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") in terms of sales. For the year ended 30 June 2018, the Group's revenue was US$282,235,000, a 22% increase from last year. Gross Profit dropped by 14% as compared to that of last year to US$9,111,000. The Group incurred a loss of US$9,289,000.

During the year, through the fund raising activities, the Group raised approximately HK$114.99 million (equivalent to approximately US$14.74 million) to strengthen its equity position for working capital needs, future expansion and acquisition.

Business review

PC related business

This past year we continued to pursue market share aggressively. At the same time, we also focus on reducing the accounts receivable turnover. We achieved these two goals successfully – sales was increased by US$51,134,000 to US$282,048,000, while accounts receivable turnover was reduced from 99 days to 53 days. At the same time, the gross margin dropped 30.4%, from 4.6% to 3.2% due to increased component cost.

In the first half of the year, the supply on some of the key components was tight and the material cost was trended up. So we had to commit to extra components to support the anticipated robust sales for the second half of the year. Because of this, we had a lower gross margin and a higher level of inventory at year end.

Money lending service

During the year, the Company has extended the scope of the Group's existing business by applying up to approximately HK$70 million for the development of money lending business in Hong Kong. A subsidiary, namely Rong Xin Finance Limited, being a company incorporated in Hong Kong with limited liability and holds a money lenders license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) was established. The directors believe that the entry of the new business segment will diversify the Group's business scope with a view to broadening its revenue basis to enhance its profitability and achieve a better return for the shareholders.

IT related business

The Company had successfully acquired China UIP Information Technology Co. Ltd. ("China UIP") in July 2018. China UIP is a company established in the PRC which is principally engaged in computer software and hardware and system development for e-government and e-commerce solutions in the People's Republic of China ("PRC"). In 2003, China UIP set up its headquarter in Guangzhou and currently, its total number of staff exceeds 80 persons.

Taking into consideration the prolonged experience in the IT industry for more than 15 years, China UIP has developed a good reputation in the IT industry and has developed a wide range of technology services, including but not limited to, (i) the self-developed platform for government at all levels, (ii) the comprehensive platform of the market supervision department, (iii) the law enforcement system, the big data management platform and the food safety and the traceability management platform, and (iv) more than 30 software products and solutions with copyrights registered in the government sector. Looking forward, China UIP shall further expand its business from government sectors to commercial sectors by providing solutions to its customers.

As the competition in the high-quality computer components will continue to be intense for the business segments, the Directors will continue to review existing principal business and the strategic directions and operations of the Group to chart the long-term corporate strategy and growth and to explore other business or investment opportunities.

Business outlook

We are taking a cautious approach towards the coming year. We expect that the ongoing trade war between the United States and the PRC and the unstable supply chain will result in an even higher material cost. With the uncertainty of the exchange rate and the certainty of intense competition, we believe that the head wind will remain strong.

Towards the year ahead, the Company aims to continue accelerating on its IT related business. We will be also actively looking for attractive opportunities for the Group to broaden its income base.

Zhang Sanhuo
Chairman

Hong Kong, 27 September 2018

FINANCIAL RESULTS

The board ("Board") of directors ("Directors") of the Company is pleased to present the audited consolidated results of the Group for the year ended 30 June 2018, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	**2018** ***US$'000***	2017 *US$'000*
Revenue	2	**282,235**	230,914
Cost of sales		**(273,124)**	(220,352)
Gross profit		**9,111**	10,562
Other income		**588**	102
Selling and distribution expenses		**(3,756)**	(3,399)
General and administrative expenses		**(12,540)**	(10,440)
Other gains and losses	3	**(1,626)**	(1,201)
Finance costs		**(625)**	(888)
Loss before tax		**(8,848)**	(5,264)
Income tax (expense) credit	4	**(441)**	254
Loss for the year	5	**(9,289)**	(5,010)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**153**	(93)
Total comprehensive expense for the year		**(9,136)**	(5,103)
Loss for the year attributable to:			
Owners of the Company		**(8,235)**	(4,758)
Non-controlling interest		**(1,054)**	(252)
		(9,289)	(5,010)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(8,105)**	(4,891)
Non-controlling interest		**(1,031)**	(212)
		(9,136)	(5,103)
Loss per share	6		
Basic (US cents)		**(0.78)**	(0.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2018

	Notes	2018 US$'000	2017 US$'000
Non-current Assets			
Property, plant and equipment		**853**	274
Development costs		**–**	242
Trademarks		**3**	150
Interest in a joint venture	7	**–**	–
Deposit placed for a life insurance policy		**484**	463
Rental deposits		**47**	39
		1,387	1,168
Current Assets			
Inventories		**100,485**	32,178
Trade and other receivables	8	**12,665**	71,335
Loan receivables	9	**9,162**	–
Amount due from a joint venture		**–**	1,188
Tax recoverable		**14**	9
Pledged bank deposits		**–**	670
Bank balances and cash		**8,681**	7,069
		131,007	112,449
Current Liabilities			
Trade and other payables	10	**48,763**	32,957
Amount due to a joint venture		**–**	27
Loan from a non-controlling shareholder of a subsidiary		**7,511**	7,511
Tax payable		**9**	75
Obligations under finance leases		**–**	20
Secured bank borrowings		**13,334**	16,657
		69,617	57,247
Net Current Assets		**61,390**	55,202
Total Assets less Current Liabilities		**62,777**	56,370
Capital and Reserves			
Share capital	11	**14,214**	11,851
Share premium and reserves	11	**47,361**	42,394
Equity attributable to owners of the Company		**61,575**	54,245
Non-controlling interest	11	**1,031**	2,062
Total Equity		**62,606**	56,307
Non-current Liability			
Deferred tax liability		**171**	63
		62,777	56,370

Notes:

1. **BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to 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 disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

2. **REVENUE AND SEGMENT INFORMATION**

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on the sales of brands of products provided by the Group's operating divisions. The Group is currently organised into three operating divisions, which are the sales of Group's brand products, sales of other brand products and money lending service. These three 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

Group's brand products	–	manufacture and sales of market video graphics cards and other computer components under the Group's brand name
Other brand products	–	distribution of other manufacturers' computer components and consumer electronic products and others
Money lending service	–	money lending service in Hong Kong

During the year ended 30 June 2018, the Group has commenced its money lending business in Hong Kong and an operating segment regarding this money lending services was reported.

The following is an analysis of the Group's revenue and results by operating and reportable segment.

2018

	Group's brand products	**Other brand products**	**Money lending service**	**Consolidated**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Revenue				
External sales	**211,869**	**70,179**	**–**	**282,048**
Loan interest income	**–**	**–**	**187**	**187**
	211,869	**70,179**	**187**	**282,235**
Segment result	**(5,089)**	**(232)**	**19**	**(5,302)**
Interest income				**55**
Unallocated corporate expenses				**(2,976)**
Finance costs				**(625)**
Loss before tax				**(8,848)**

2017

	Group's brand products	Other brand products	Money lending service	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*
Revenue				
External sales	164,115	66,799	–	230,914
Segment result	(4,090)	698	–	(3,392)
Interest income				28
Unallocated corporate expenses				(1,012)
Finance costs				(888)
Loss before tax				(5,264)

Segment result represents gross loss incurred by or gross profit generated from each segment, net of selling and distribution costs and administration costs directly attributable to each segment without allocation of interest income, corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

No segment assets and liabilities in the measure of the Group's reporting are presented as the information is not reported to the CODM for the purposes of resources allocation and performance assessment.

Revenue from major products and service

The Group's major products are derived from the sales of market video graphics cards, other computer components, consumer electronic products and others, and interest income from money lending service as set out as follows:

	2018	2017
	US$'000	*US$'000*
Sales of market video graphics cards	**209,755**	160,375
Sales of other computer components	**57,160**	54,596
Sales of consumer electronic products and others	**15,133**	15,943
Interest income from money lending service	**187**	–
	282,235	230,914

Geographical information

The Group's revenue from external customers mainly derives from customers located in Canada, the United States, Asia and Europe, and information about its non-current assets by geographical location of the assets are detailed as below:

	Revenue by external customers		**Non-current assets**	
	2018	2017	**2018**	2017
	US$'000	*US$'000*	***US$'000***	*US$'000*
Canada	**38,044**	41,869	**123**	163
The United States	**93,581**	62,209	**47**	60
Asia	**93,032**	97,279	**727**	227
Europe	**56,099**	29,440	**6**	14
Others	**1,479**	117	**–**	241
	282,235	230,914	**903**	705

Note: Non-current assets exclude financial instruments and interest in a joint venture.

Information about major customers

Included in revenue arising from sales of Group's brand products of US$211,869,000 (2017: US$164,115,000) are revenue of US$21,189,000 (2017: US$17,239,000) which arose from sales to the Group's largest customer.

No customer contributed over 10% of the total sales of the Group.

Other segment information

	Group's brand product *US$'000*	Other brand product *US$'000*	Money lending service *US$'000*	Total *US$'000*
2018				
Allowance for doubtful debts (reversed) recognised, net	**(16)**	**12**	**–**	**(4)**
Amortisation on development costs	**252**	**–**	**–**	**252**
Amortisation on trademarks	**13**	**–**	**–**	**13**
Depreciation of property, plant and equipment	**155**	**55**	**66**	**276**
Impairment losses on amount due from a joint venture	**1,055**	**–**	**–**	**1,055**
Impairment losses on development costs	**236**	**–**	**–**	**236**
Impairment losses on property, plant and equipment	**60**	**–**	**–**	**60**
Impairment losses on trademarks	**140**	**–**	**–**	**140**
Loss on disposal of property, plant and equipment	**5**	**–**	**–**	**5**

	Group's brand product *US$'000*	Other brand product *US$'000*	Money lending service *US$'000*	Total *US$'000*
2017				
Allowance for doubtful debts recognised, net	1,042	57	–	1,099
Amortisation on development costs	220	–	–	220
Amortisation on trademarks	13	–	–	13
Depreciation of property, plant and equipment	237	57	–	294
Loss on disposal of property, plant and equipment	78	–	–	78

3. OTHER GAINS AND LOSSES

	2018 *US$'000*	2017 *US$'000*
Allowance for doubtful debts reversed (recognised), net	**4**	(1,099)
Foreign exchange loss, net	**(134)**	(24)
Impairment losses on amount due from a joint venture	**(1,055)**	–
Impairment losses on development costs	**(236)**	–
Impairment losses on property, plant and equipment	**(60)**	–
Impairment losses on trademarks	**(140)**	–
Loss on disposal of property, plant and equipment	**(5)**	(78)
	(1,626)	(1,201)

4. INCOME TAX EXPENSE (CREDIT)

	2018	2017
	US$'000	*US$'000*
Current tax:		
Hong Kong Profits Tax	**6**	5
The People's Republic of China ("PRC") Enterprise Income Tax	**339**	155
Other jurisdictions	**6**	13
	351	173
(Over) underprovision in respect of prior years:		
Hong Kong Profits Tax	**(5)**	(440)
PRC Enterprise Income Tax	**(13)**	17
Other jurisdictions	**–**	(48)
	(18)	(471)
Deferred taxation	**108**	44
	441	(254)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits for both years. The PRC Enterprise Income Tax Law requires withholding tax to be levied on distribution of profits earned by PRC subsidiary for profits generated after 1 January 2008 at rate of 10% for companies incorporated in the British Virgin Islands ("BVI"), which is the beneficial owner of the dividend received.

Other jurisdictions mainly included the United States. Taxation arising in other jurisdictions (of which United States is at 40%) is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the Macao SAR's Offshore Law, Pine Technology (Macao Commercial Offshore) Ltd., a subsidiary of the Company, is exempted for all taxes in Macao, including income tax, industrial tax and stamp duties.

5. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):	**2018** ***US$'000***	2017 *US$'000*
Amortisation charges:		
Development costs (included in cost of sales)	**252**	220
Trademarks	**13**	13
Auditor's remuneration	**488**	381
Cost of inventories recognised as an expense	**267,549**	218,219
Depreciation of property, plant and equipment	**276**	294
Interest income on bank deposits	**(34)**	(10)
Interest income on deposit placed for a life insurance policy	**(21)**	(18)
Operating lease rentals in respect of rented premises	**1,238**	1,072
Research and development costs recognised as expense	**78**	93
Staff costs:		
Directors' and chief executive's emoluments	**1,260**	666
Other staff costs	**7,149**	6,657
	8,409	7,323
Write down of inventories	**5,575**	1,913

6. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2018 ***US$'000***	2017 *US$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(8,235)**	(4,758)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,059,106**	921,585

No diluted loss per share for the both years was presented as the exercise of the share options would result in a reduction in loss per share for both years.

7. INTEREST IN A JOINT VENTURE

	2018	2017
	US$'000	*US$'000*
Cost of investment in a joint venture – unlisted	**26**	26
Share of post-acquisition losses	**(26)**	(26)
	–	–

Note:

As at 30 June 2018 and 30 June 2017, the Group had the following joint venture:

Name of joint venture	**Place of establishment/ operations**	**Class of shares held**	**Proportion of ownership interest**		**Proportion of voting rights held**		**Nature of business**
			2018	2017	**2018**	2017	
XFX Technology LLC	United Arab Emirates	Paid up capital	**49%**	49%	**50%**	50%	Wholesale and distribution of computer components

8. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 1 to 180 days (2017: 1 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period:

	2018	2017
	US$'000	*US$'000*
1 to 30 days	**7,478**	19,331
31 to 60 days	**2,112**	12,745
61 to 90 days	**1,142**	10,618
Over 90 days	**830**	27,635
Trade receivables	**11,562**	70,329
Deposits, prepayments and other receivables	**1,103**	1,006
	12,665	71,335

9. LOAN RECEIVABLES

	2018	2017
	US$'000	*US$'000*
Fixed-rate loan receivables	**9,162**	–

Unsecured loan receivables carry fixed-rate interest ranging from 12% to 18% per annum and with maturity ranging from three to six months. All amounts of principal will be receivable on respective maturity dates.

Before accepting any new borrower, the Group carries out research on the creditability of the new borrower and assesses the potential customer's credit quality and defines loan terms with borrower. The credit of the borrowers granted with loans are reviewed once a year.

There were no loan receivables past due at the end of the reporting period. The Group reviews the recoverable amount of each individual loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amount. Accordingly, the directors of the Company believe that there is no allowance or impairment required.

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period, and other payables:

	2018	2017
	US$'000	*US$'000*
1 to 30 days	**33,021**	16,399
31 to 60 days	**10,134**	11,332
61 to 90 days	**1,595**	1,383
Over 90 days	**1,118**	497
Trade payables	**45,868**	29,611
Deposits in advance, accruals and other payables	**2,895**	3,346
	48,763	32,957

The average credit period on purchases of goods is 30 to 60 days (2017: 30 to 60 days).

11. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Share capital US$'000	Share premium US$'000	Surplus account US$'000 *(Note (a))*	Exchange reserve US$'000	Share options reserve US$'000	Retained Profits US$'000	Total US$'000	Non-controlling interest US$'000	Total US$'000
At 1 July 2016	11,851	27,083	2,954	527	14	16,064	58,493	–	58,493
Loss for the year	–	–	–	–	–	(4,758)	(4,758)	(252)	(5,010)
Other comprehensive (expense) income for the year									
Exchange differences arising on translation of foreign operations	–	–	–	(133)	–	–	(133)	40	(93)
Total comprehensive expense for the year	–	–	–	(133)	–	(4,758)	(4,891)	(212)	(5,103)
Cancellation of share options	–	–	–	–	(14)	14	–	–	–
Non-controlling interest arising on disposal of partial interests in a subsidiary that does not result in losing control of that subsidiary *(Note (b))*	–	–	–	–	–	643	643	2,274	2,917
At 30 June 2017	11,851	27,083	2,954	394	–	11,963	54,245	2,062	56,307
Loss for the year	–	–	–	–	–	(8,235)	(8,235)	(1,054)	(9,289)
Other comprehensive income for the year									
Exchange differences arising on translation of foreign operations	–	–	–	130	–	–	130	23	153
Total comprehensive income (expense) for the year	–	–	–	130	–	(8,235)	(8,105)	(1,031)	(9,136)
Ordinary share issued	2,363	12,540	–	–	–	–	14,903	–	14,903
Recognition of equity settled share based payments	–	–	–	–	532	–	532	–	532
At 30 June 2018	14,214	39,623	2,954	524	532	3,728	61,575	1,031	62,606

Notes:

(a) Surplus account of the Group represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Pine Technology (BVI) Limited, the subsidiary which was acquired by the Company pursuant to the group reorganisation in previous years.

(b) During the year ended 30 June 2017, the Group disposed of 15% interest in Pine Technology (BVI) Limited to Simply Perfect Group Limited, a company controlled by certain current and former directors of the Company and their family members, for a consideration of US$2,917,000. The difference between the consideration of US$2,917,000 and the net assets attributable to the interest disposed to the non-controlling shareholder of US$2,274,000, amounting to US$643,000, was credited to retained profits.

DIVIDEND

The Board does not recommend a dividend for the year ended 30 June 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, financial resources and charge of group asset

As at 30 June 2018, the Group's bank borrowings are short-term loans of approximately US$13,334,000 (2017: US$16,657,000) which were secured by pledged bank deposits and deposit placed for a life insurance policy, guaranteed or by all assets of certain subsidiaries as floating charges to banks.

As at 30 June 2018, deposit placed for a life insurance policy and all assets of certain subsidiaries as floating charges were amounted to approximately US$484,000 and approximately US$24,013,000 respectively (2017: US$463,000 and US$24,753,000). There is no pledged bank deposit as at 30 June 2018 (2017: US$670,000). The Group continued to maintain a healthy financial and cash position. As at 30 June 2018, the total cash on hand amounted to approximately US$8,681,000 (2017: US$7,069,000).

Capital structure

The Group's overall treasury policies are prudent, with a focus on risk management.

Gearing ratio

As at 30 June 2018, the gearing ratio of the Group based on total liabilities over total assets was approximately 53% (2017: 50%).

Currency risk

During the year, the Group's major foreign exchange payments arose from the import of components and materials, and repayments of foreign currency loans, that were principally denominated in US dollars, Hong Kong dollars and Canadian dollars. For settlement of import payments and foreign currency loans, the Group maintained its foreign exchange balance by its export revenue, that were principally denominated in US dollars and Canadian dollars. The unsecured risk will be foreign currency payables and loan exceeds its foreign currency revenue. During the year, the Group has used foreign currency forward contracts to minimise its exposure to currency fluctuations risk of certain trade payables denominated in foreign currencies.

Segment information

Group's brand products

For the year, the segment's revenue was approximately US$211,869,000, an approximate 29% increase compared to approximately US$164,115,000 last year. The segment's loss was approximately US$5,089,000, compared to last year loss of approximately US$4,090,000.

We will continue to be market-share-centric to maintain the strong market position and to manage the inventory more effectively.

Other brand products

The turnover of the other brand products was approximately US$70,179,000, an approximate 5% increase compared to approximately US$66,799,000 last year. The segment's loss was approximately US$232,000, compared to last year profit of approximately US$698,000.

We will streamline the product line to further improve the business efficiency.

Money lending service

The Group has commenced the money lending service during the second half of the year. For the year, the segment's revenue was approximately US$187,000 and the segment's profit was approximately US$19,000.

We will continue to operate the money lending business on a very conservative basis.

Significant investments and material acquisitions and/or disposals

The Group had no significant investments or material acquisitions and/or disposals of subsidiaries and affiliated companies during the year.

Employees

As at 30 June 2018, the Group had 143 employees, an approximate 10% decrease from 159 employees as at 30 June 2017, at market remuneration with employee benefits such as medical coverage, insurance plan, retirement benefits schemes, discretionary bonus and employee share option scheme. Staff costs, including directors' emoluments, was approximately US$8,409,000 for the year ended 30 June 2018 as compared with that of approximately US$7,323,000 for the previous year.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2018 and 30 June 2017.

Funds raising activities

As disclosed in the announcement of the Company dated 28 July 2017, the Company entered into a placing agreement dated 28 July 2017 in relation to the placing of convertible bonds of an aggregate principal amount up to HK$115,000,000. As further disclosed in the announcement of the Company dated 18 August 2017, given that the conditions of such placing is not fulfilled on or before 18 August 2017, being the long stop date for the fulfillment of the conditions of the placing, the placing lapsed on 18 August 2017.

As disclosed in the announcement of the Company dated 30 August 2017, the Company entered into two separate subscription agreements (the "Subscription Agreements") with two subscribers for the subscription of a total of 43,000,000 ordinary shares of HK$0.10 each at a subscription price of HK$0.60 per subscription share. The closing market price of the shares of the Company on that date was HK$0.60. The Subscriptions were completed on 1 September 2017 and a total of 43,000,000 ordinary shares with nominal value of HK$4,300,000 were issued to the two independent subscribers at a net price of HK$0.593 per subscription share with net proceeds of approximately HK$25.50 million. The net proceeds from the Subscriptions were intended to be used for general working capital of the Group.

Further, as disclosed in the announcement of the Company dated 21 September 2017, the Company entered into a placing agreement dated 21 September 2017 in relation to the placing of up to 141,316,956 new shares of HK$0.10 each at a placing price of HK$0.64 per placing share under the general mandate granted at the annual general meeting of the Company held on 11 November 2016. The completion of the placing took place on 11 October 2017, where an aggregate of 141,316,956 new shares have been successfully placed to not less than six placees, who and whose ultimate beneficial owner(s) (if applicable) are independent third parties, at the placing price of HK$0.64 per placing share with net proceeds of approximately HK$89.49 million. The net proceeds were intended to be used as to approximately HK$10 million for general working capital of the Group and as to approximately HK$79.49 million for new business opportunities that may be identified by the Company from time to time. As further disclosed in the announcement of the Company dated 12 February 2018, the Company intended to apply as to approximately HK$70 million of such placing proceeds for the development of money lending business of the Group.

Mandatory unconditional cash offer and sufficiency of public float

As disclosed in the announcement of the Company dated 3 July 2017, upon the completion of the mandatory unconditional cash offer by Sage Global Holdings Limited ("Sage Global") on 3 July 2017 to acquire 181,599,638 shares of the Company in according to the terms and conditions set out in the composite document issued by the Company dated 7 June 2017, together with the 539,964,042 shares in the Company acquired from the former controlling shareholders of the Company on 5 June 2017, Sage Global become the controlling shareholders of the Company and held 721,563,680 shares of the Company, representing approximately 78.30% of the issued share capital of the Company.

Immediately after the close of the offers made by Sage Global, 200,021,103 shares, representing approximately 21.70% of the existing issued share capital of the Company, were held by the public (within the meaning of the Listing Rules), which was less than 25% of the existing issued share capital of the Company as required under Rule 8.08(1)(a) of the Listing Rules. Accordingly, the Company was not able to satisfy the public float requirement under the Listing Rules upon the close of the Offers. An application had been made to the Stock Exchange for a temporary waiver to the Company from the strict compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules. As further disclosed in the announcement of the Company dated 1 September 2017, following the completion of the subscriptions for an aggregate of 43,000,000 new shares of the Company by two independent subscribers (the "Subscribers") pursuant to the subscription agreements dated 30 August 2017 entered into between the Company and the Subscribers, a total of 243,021,103 shares, representing approximately 25.20% of the issued share capital of the Company, were held by the public shareholders. Accordingly, the public float of the Company had been restored to not less than 25% of the total issued Shares in compliance with Rule 8.08(1)(a) of the Listing Rules on 1 September 2017.

Save as disclosed above, based on the information that is publicly available to the Company and within the Directors' knowledge, the Company has maintained a sufficient public float throughout the year ended 30 June 2018 and as at the date of this announcement.

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 year ended 30 June 2018, 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. Zhang Sanhuo 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.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transaction.

Having made specific equiry of all Directors by the Company, all Directors, save as disclosed below, confirmed that they had complied with the Model Code during the year.

Pursuant to paragraph A.3 of Appendix 10 to the Listing Rules, the Directors were prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results (the "Black-out Period").

As disclosed in the announcement of the Company dated 12 September 2018, the Board was informed by Mr. Zhang Sanhuo ("Mr. Zhang"), chairman, executive Director and chief executive officer of the Company, that he has entered into certain margin financing arrangement(s) and certain shares (each a "Share") of the Company held by Mr. Zhang were deposited in a margin securities trading account (the "Margin Account") maintained with a securities firm (the "Broker") as collaterals to secure his margin financing (the "Margin Securities"). Mr. Zhang informed the Company that pursuant to the terms and conditions applicable to the Margin Account, the Broker disposed of a total of 1,400,000 Margin Securities, representing approximately 0.1% of the entire issued share capital of the Company, on the market on 7 September 2018 (the "Disposal") to settle the outstanding balances owing to the Broker. The Disposal fell within the Black-out Period. The Directors (except Mr. Zhang) considered the Disposal and were satisfied that the Disposal during the Black-out Period was made under exceptional circumstances under paragraph C.14 of Appendix 10 to the Listing Rules, and that the Disposal during the Blackout Period should be allowed.

AUDIT COMMITTEE

The audit committee of the Company had reviewed with the management and the Company's independent auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters including the Group's annual results for the year ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase, or sell any such shares.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 9 July 2018, Talent Crest Limited which is a wholly owned subsidiary of the Company (the "Purchaser"), Harmonious Miles Limited (the "Vendor") and Mr. Wu Chung Man Ronnie, as guarantor, entered into the sale and purchase agreement (as amended and supplemented by the supplemental agreement thereto dated 13 July 2018), pursuant to which the Vendor conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire issued share capital in Eternal Abundant Limited, for a consideration of HK$220,800,000, which was satisfied by the Purchaser by procuring the Company to allot and issue an aggregate of 220,800,000 new shares of the Company. Completion took place on 23 July 2018.

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

Hong Kong, 27 September 2018

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.