
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Pinestone Capital Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 804)

I. PROPOSED SHARE CONSOLIDATION; II. PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE; III. CLOSURE OF REGISTER OF MEMBERS; AND IV. NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders



Placing Agent

PineStone 鼎石

A letter from the Board is set out on pages 11 to 41 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 42 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 43 to 80 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Tuesday, 19 August 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 1 September 2025 to Monday, 8 September 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 1 September 2025 to Monday, 8 September 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 21/F, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on Thursday, 14 August 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Tuesday, 12 August 2025 at 11:00 a.m.) for the EGM or any adjournment thereof (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed “Letter from the Board - Conditions of the Rights Issue” in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

25 July 2025

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EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Share Consolidation, the Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation and the Rights Issue will be fulfilled:

Events	Expected Date/Time
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Expected despatch date of the circular, proxy form and notice of the EGM	4:30 p.m. on Friday, 25 July 2025
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Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 7 August 2025
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Closure of register of members of the Company for determination of the right to attend and vote at the EGM (both days inclusive)	Friday, 8 August 2025 to Thursday, 14 August 2025
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Latest time for lodging proxy forms for the EGM	11:00 a.m. on Tuesday, 12 August 2025
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Record date for attendance and voting at the EGM	Thursday, 14 August 2025
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Expected time and date of the EGM to approve the proposed Share Consolidation, the Rights Issue and the transactions contemplated respectively thereunder	11:00 a.m. on Thursday, 14 August 2025
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Announcement of the poll results of the EGM	Thursday, 14 August 2025
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Register of members of the Company re-opens	Friday, 15 August 2025
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The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation, which are included in the circular, and therefore the dates are tentative:

Effective date of the Share Consolidation	Monday, 18 August 2025
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Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 18 August 2025
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Original counter for trading in Existing Shares in the board lot size of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 18 August 2025
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EXPECTED TIMETABLE

Events	Expected Date/Time
Temporary counter for trading in the Consolidated Shares in board lot size of 250 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 18 August 2025
First day of free exchange of existing shares certificates for new share certificates for Consolidated Shares.	Monday, 18 August 2025
The following events are conditional on the fulfilment of the conditions for the implementation of the Rights Issue, which are included in the circular, and therefore the dates are tentative:	
Last day of dealings in Consolidated Shares on a cum-rights basis	Monday, 18 August 2025
First day of dealings in Consolidated Shares on an ex-rights basis	Tuesday, 19 August 2025
Latest time for the Shareholders to lodge transfer of the Consolidated Shares to qualify for the Rights Issue	4:30 p.m. on Wednesday, 20 August 2025
Closure of register of members for the Rights Issue (both days inclusive)	Thursday, 21 August 2025 to Wednesday, 27 August 2025
Record Date for the Rights Issue	Wednesday, 27 August 2025
Register of members of the Company re-opens	Thursday, 28 August 2025
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only).	Thursday, 28 August 2025
First day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares.	Monday, 1 September 2025

EXPECTED TIMETABLE

Events	Expected Date/Time
Original counter for trading in the Consolidated Shares in the board lot size of 5,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Monday, 1 September 2025
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Monday, 1 September 2025
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Monday, 1 September 2025
Latest time for splitting of the PALs	4:30 p.m. on Wednesday, 3 September 2025
Last day of dealing in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares.	Monday, 8 September 2025
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Thursday, 11 September 2025
Latest Time for Acceptance of and payment for the Rights Share	4:00 p.m. on Thursday, 11 September 2025
Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements.	Thursday, 18 September 2025
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent.	Friday, 19 September 2025
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Friday, 19 September 2025

EXPECTED TIMETABLE

Events	Expected Date/Time
Temporary counter for trading in the Consolidated Shares in the board lot size of 250 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Friday, 19 September 2025
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Friday, 19 September 2025
Latest time for free exchange of existing share certificates for new share certificates.	4:30 p.m. on Tuesday, 23 September 2025
Latest time of placing of Unsubscribed Rights Shares and Unsold Rights Shares subject to Compensatory Arrangements	4:00 p.m. on Monday, 29 September 2025
Latest Time for Termination of the Placing Agreement	4:00 p.m. on Tuesday, 30 September 2025
Announcement of the allotment results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per Unsold Rights Share under the Compensatory Arrangements)	Wednesday, 8 October 2025
Despatch of share certificates for fully-paid Rights Shares	Thursday, 9 October 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated.	Thursday, 9 October 2025
Commencement of dealings in fully-paid Rights Shares in the board lot size of 5,000 Rights Shares.	9:00 a.m. on Friday, 10 October 2025
Payment of Net Gain to relevant No Action Shareholders (if any).	Thursday, 16 October 2025

Note: All times and dates in this timetable refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 11 September 2025. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 11 September 2025. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place at 4:00 p.m. on Thursday, 11 September 2025, the dates mentioned in the expected timetable may be affected. The Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise required:

“Announcement”	the announcement of the Company dated 10 June 2025 in relation to, among other things, the Share Consolidation and Rights Issue
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Pinestone Capital Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 804)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this circular
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consolidated Share(s)”	ordinary shares of HK\$0.4 each in the share capital of the Company after the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Director”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation, the Rights Issue and the transactions contemplated respectively thereunder

DEFINITIONS

“Existing Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company prior to the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Lau Kelly, Mr. Wong Chun Peng Stewart and Mr. Cheng Man Pan, which has been established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	Diligent Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Rights Issue and the transaction contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and not connected with any of them or their respective associates
“Latest Practicable Date”	23 July 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Last Trading Day”	10 June 2025, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 11 September 2025 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Tuesday, 30 September 2025 or such later time or date for the termination of the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on mainboard of the Stock Exchange
“Net Gain”	any premiums paid by the independent placee(s) over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholders”	the Qualifying Shareholders who do not subscribe for the Rights Shares under the PAL(s) or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholder in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)” or “NQS”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, individuals, corporate, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Pinestone Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO

DEFINITIONS

“Placing Agreement”	the placing agreement dated 10 June 2025 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing from the first Business Day after the date of announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares, which is expected to be Friday, 19 September 2025, and ending at 4:00 p.m. on Monday, 29 September 2025
“PRC”	People’s Republic of China
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues
“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	Thursday, 28 August 2025, or such other date as the Company may determine, being the date on which the Prospectus Documents are made available to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 27 August 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to participate in the Rights Issue will be determined
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	The proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	up to 36,546,008 Consolidated Shares (assuming no change in the number of issued Shares on or before the Record Date other than as a result of the Share Consolidation) to be allotted and issued pursuant to the Rights Issue
“SFC”	Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) as the case may be
“Share Consolidation”	proposed consolidation of the issued and unissued Existing Shares in the share capital of the Company on the basis of twenty (20) Existing Shares into one (1) Consolidated Share with par value of HK\$0.40 each
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.66 per Rights Share under the Rights Issue
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or renouncee(s) or transferee(s) of the nil-paid Rights under PAL(s)
“%”	per cent

LETTER FROM THE BOARD

PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 804)

Executive Directors:

Mr. Lee Chun Tung (*Chairman*)

Mr. Wang Han

Ms. Cheung Ka Yi

Registered office:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Non-Executive Directors:

Mr. Lau Chun Hung

Head Office and Principal Place of

Business in Hong Kong:

Independent Non-Executive Directors:

Mr. Lau Kelly

Mr. Wong Chun Peng Stewart

Mr. Cheng Man Pan

Room 1807, 18/F.,

China Resources Building

26 Harbour Road,

Wan Chai

Hong Kong

25 July 2025

*To the Qualifying Shareholders, for information only and,
the Non-Qualifying Shareholders*

Dear Sir or Madam,

**I. PROPOSED SHARE CONSOLIDATION;
II. PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED
SHARES HELD ON THE RECORD DATE;
III. CLOSURE OF REGISTER OF MEMBERS; AND
IV. NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 10 June 2025, 20 June 2025 and 23 June 2025, in relation to, among other matters, the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue and the Placing Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder; and (v) a notice of the EGM.

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the Listing Rules to effect the Share Consolidation. The Share Consolidation will become effective on the second Business Day immediately following the fulfillment of the above conditions.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 25,000,000,000 Existing Shares of HK\$0.02 each, of which 487,280,100 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$500,000,000 divided into 1,250,000,000 Consolidated Shares of HK\$0.40 each, of which 24,364,005 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

LETTER FROM THE BOARD

Listing Application

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective. Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Other securities of the Company

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Odd lot arrangement

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company has appointed Pinestone Securities Limited as a designated broker to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Monday, 1 September 2025 to 4:00 p.m. on Friday, 19 September 2025. Shareholders who wish to take advantage of this facility should contact Mr. Wilson Lee of Pinestone Securities Limited at Room 1807, 18/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong (telephone number (852) 3728 0828 or by facsimile at (852) 3102 0055) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period.

LETTER FROM THE BOARD

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the period from Monday, 18 August 2025 to 4:30 p.m. on Tuesday, 23 September 2025 (both days inclusive), submit the existing share certificates for the Existing Shares (in yellow colour) to the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares (in blue). Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for delivery, trading and settlement purposes.

Reasons for the Share Consolidation

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the closing price of the Shares as quoted on the Stock Exchange as at the Latest Practicable Date was HK\$0.23 per Existing Share, the value of each existing board lot of 5,000 Shares was HK\$1,150, which was less than HK\$2,000.

As at the Latest Practicable Date, the closing price of the Shares was HK\$0.23 per Existing Share, with a board lot size of 5,000, the existing board lot value is less than HK\$2,000. The Directors consider that the proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot and increase the value of each board lot of the Consolidated Shares to over HK\$2,000. As such, it would enable the Company to comply with the trading requirements under the Listing Rules.

Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. Accordingly, the Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save as disclosed in this circular, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve months, the proposed Share Consolidation is fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$60.7 million (assuming full subscription under the Rights Issue) by way of issuing up to 36,546,008 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than as a result of the Share Consolidation) at the Subscription Price of HK\$1.66 per Rights Share on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). Further details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$1.66 per Rights Share
Number of Existing Shares in issue as at the Latest Practicable Date	:	487,280,100 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidate becoming effective	:	24,364,005 Consolidated Shares

LETTER FROM THE BOARD

Number of Rights Shares (Shares to be issued pursuant to the Rights Issue) : 36,546,008 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation)

The aggregate nominal value of the Rights Shares will be HK\$14,618,403.2

Total number of Consolidated Shares in issue upon completion of the Rights Issue : 60,910,013 Consolidated Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation)

Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) : Approximately HK\$1.58 per Rights Share

Maximum gross proceeds to be raised from the Rights Issue before expenses : Approximately HK\$60.7 million (assuming no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation)

Assuming no change in the number of issued Consolidated Shares on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 36,546,008 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 150% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) 60% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

The Subscription Price

The Subscription Price is HK\$1.66 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of approximately 63.91% to the theoretical closing price of HK\$4.600 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.23 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 40.71% to the theoretical closing price of approximately HK\$2.800 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.1400 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.63% to the theoretical average closing price of approximately HK\$2.844 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.1422 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 40.20% to the theoretical average closing price of approximately HK\$2.776 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.1388 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 22.14% to the theoretical ex-rights price of approximately HK\$2.132 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.140 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.98% of the theoretical diluted price of approximately HK\$2.1336 per Consolidated Share to the benchmarked price of approximately HK\$2.844 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of HK\$0.140 per Existing Share on the Last Trading Day and the average closing price of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.142 per Existing Share; and
- (vii) a discount of approximately 75.64% to the net asset value of the Company of approximately HK\$6.82 per Consolidated Shares (after taking into account the Share Consolidation has become effective) based on the net asset value attributable to owners of the Company of approximately HK\$138,372,000 as at 31 December 2024 and 20,303,505 Consolidated Shares (assuming the Share Consolidation has become effective).

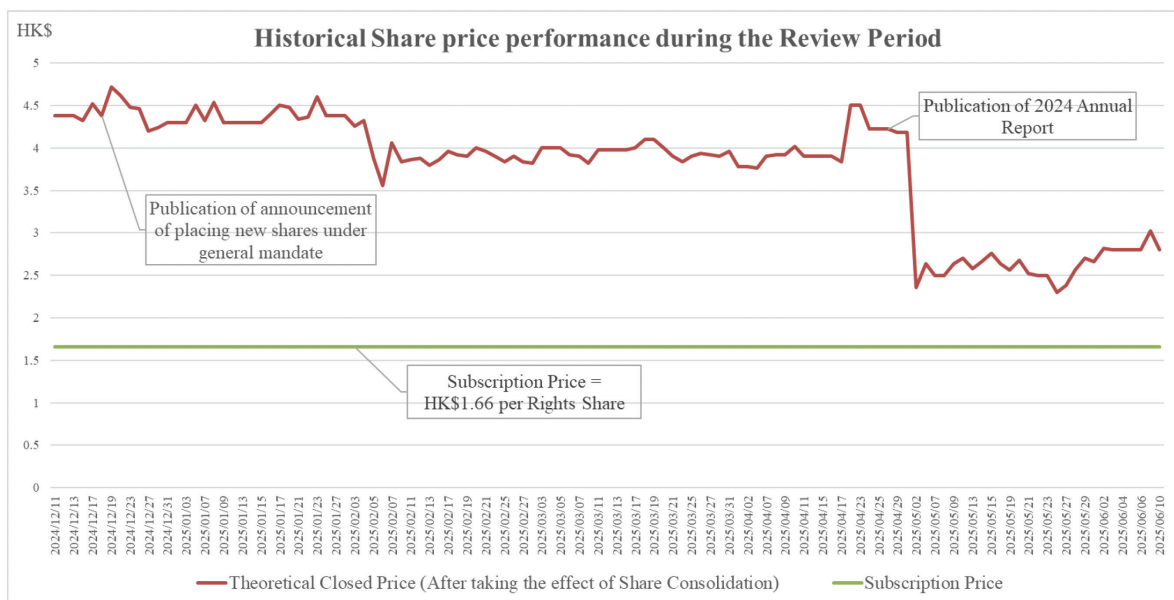
LETTER FROM THE BOARD

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$1.58.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; (iii) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” in this circular; and (iv) the amount of funds the Company intends to raise under the Rights Issue.

The Subscription Price was determined by the Directors with reference to (i) the prevailing market price of the Shares during the six months immediately preceding the Last Trading Day (the “**Review Period**”) which presented a stable trend until 2 May 2025 range from the HK\$0.178 to HK\$0.236, from 2 May 2025 to the Last Trading Day it recorded a range of HK\$0.115 to HK\$0.151; (ii) the current market conditions in Hong Kong taking into consideration the rather cautious investment sentiment of the general public investors in Hong Kong amid economic uncertainties; (iii) low liquidity of the Shares during the Review Period with the average daily trading volume of approximately 2,431,592 Shares, representing approximately 0.499% of the total number of issued Shares as at the Last Trading Day; and (iv) the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” below in this circular.



Source: The website of the Stock Exchange

During the Review Period, the Shares listed on the Stock Exchange achieved the highest closing price of HK\$0.236 (or theoretical closing price of HK\$4.72) on 19 December 2024, while the lowest closing price of HK\$0.115 (or the theoretical closing price of HK\$2.30) was recorded on 26 May 2025. The average closing price for the Shares during the Review Period was approximately HK\$0.189 (or the theoretical closing price of approximately HK\$3.78).

LETTER FROM THE BOARD

The Subscription Price reflects a discount of approximately 63.91% to Latest Practicable Date of HK\$0.23. The Directors (including the independent non-executive Directors) consider that the discount of the Subscription Price would encourage Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. In light of the above, the Directors (including the independent non-executive Directors) consider that the Subscription Price, are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

Set out below is the table showing (i) the monthly total trading volume of the Shares; (ii) the number of trading days of each month; (iii) the average daily trading volume of the Shares; and (iv) the percentage of the average daily trading volume of the Shares to the total issued Shares at the end of each month during the Review Period:

Month	Monthly trading volume of the Shares (Shares)	Number of trading days in the month (days)	Average daily trading volume of the Shares in the month (Shares) (Note 1)	Percentage of average daily trading volume of the Shares to total number of Shares (approximate) (Note 2)
From 11 December 2024 to 31 December 2024	10,177,250	13	782,865	3.00%
January 2025	48,990,875	19	2,578,467	0.53%
February 2025	12,723,000	19	669,632	0.14%
March 2025	30,537,500	21	1,454,167	0.30%
April 2025	2,132,000	19	112,211	0.02%
May 2025	216,560,000	20	10,828,000	2.22%
From 1 June 2025 to 10 June 2025	4,405,000	7	629,286	0.13%

Source: Website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Calculation is based on the average daily trading volume of Shares divided by the total issued Shares of the Company at the end of each respective month.

During the Review Period, the monthly trading volume of the Shares varied significantly. It ranged from a low of 2,132,000 Shares traded in April 2025 to a peak of 216,560,000 Shares traded in May 2025. This represents approximately 0.02% of the total issued Shares for the lowest volume and approximately 2.22% for the highest volume.

LETTER FROM THE BOARD

The six-month review period was deemed appropriate by the Directors as it provides a balanced and representative time frame to assess the historical trading performance of the Shares while accounting for recent market trends. This duration captures sufficient market data to reflect both stable and volatile periods, ensuring that the Subscription Price is determined based on a comprehensive analysis rather than short-term fluctuations. The inclusion of the six-month period allows for a fair evaluation of the Shares' price range, liquidity conditions, and overall market sentiment, thereby supporting a well-informed and reasonable pricing decision that aligns with the Company's fundraising objectives and shareholder interests.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group further details can be referred to the section headed "Letter from the Board – Reasons for and benefits of the rights issue and the use of proceeds" in this circular.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Non-underwritten Basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules.

LETTER FROM THE BOARD

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the Share Consolidation having become effective;
- (ii) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (v) the Prospectus Documents having been made available to the Qualifying Shareholders and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date; and
- (vi) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions precedent by the Latest Time for Termination or such other date as the Company and the Placing Agent may agree.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents.

LETTER FROM THE BOARD

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made with the Registrar on or before the Latest Time for Acceptance by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for. There will be no excess application arrangements in relation to the Rights Issue.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 20 August 2025 (Hong Kong time).

The last day of dealing in the Consolidated Shares on cum-rights basis is Monday, 18 August 2025. The Consolidated Shares will be dealt with on an ex-rights basis from Tuesday, 19 August 2025.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Excluded Shareholders for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

LETTER FROM THE BOARD

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of the Overseas Shareholder(s) (if any)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

For the Rights Shares in nil-paid form that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Based on the register of members of the Company, as at the Latest Practicable Date, the Company has no Overseas Shareholder.

LETTER FROM THE BOARD

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to GEM Listing Rule. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to take part in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the securities of the Company.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 9 October 2025 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Thursday, 9 October 2025 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Fractional Entitlements to the Rights Shares

Rights Shares in provisional allotment will be rounded down to the nearest whole number. No fractional Rights Shares shall be issued under the Rights Issue. All fractions of the Rights Shares will be aggregated and placed by the Placing Agent under the Compensatory Arrangements to Independent Third Parties for the benefit of the Company.

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots arising from the Rights Issue on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be despatched to the Shareholders in relation to, among others, the Rights Issue.

Holders of odd lots arising from the Rights Issue should note that successful matching of the sale and purchase of odd lots arising from the Rights Issue are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

LETTER FROM THE BOARD

Application for listing of the Rights Shares and applicable fees

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payments of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

LETTER FROM THE BOARD

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m., on Monday, 29 September 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

A: the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

B: the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in “A” and “B” of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised as below.

On 10 June 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date	:	10 June 2025 (after trading hours)
Issuer	:	the Company
Placing Agent	:	Pinestone Securities Limited, appointed as the bookrunner and placing agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis. The Placing Agent confirmed that it is a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries as at the Latest Practicable Date, the Placing Agent is a wholly-owned subsidiary of the Company.

Placing Price	:	The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the placement process.
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Placing Period	:	The period from Friday, 19 September 2025 up to 4:00 p.m. on Monday, 29 September 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
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Placing Commission	:	The commission payable to the Placing Agent shall be 5% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.
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LETTER FROM THE BOARD

The Company will pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing (excluding legal and other professional fees and expenses) which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.

- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who are Independent Third Parties and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.
- Ranking of the Unsubscribed :
Rights Shares and the
NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Consolidated Shares in issue as at the Latest Practicable Date.
- Ranking of the placed :
Unsubscribed Rights
Shares and NQS Unsold
Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (i) the Share Consolidation having become effective;
 - (ii) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
 - (iii) the approval of the Rights Issue and the transactions contemplated thereunder (including the Placing Agreement) by more than 50% of the Independent Shareholders at the EGM by way of poll;

LETTER FROM THE BOARD

- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i), (ii) and (iii) above) by notice in writing to the Company.

Termination : The Placing Period shall end at 4:00 p.m. on Monday, 29 September 2025 or any other date by mutual written agreement between the Placing Agent and the Company. The engagement of the Placing Agent may also be terminated by the Placing Agent at any time prior to 4:00 p.m. on Tuesday, 30 September 2025 or any other date by mutual written agreement between the Placing Agent and the Company in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. Further, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the reasonable opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

The Company shall use its best endeavours to procure the fulfillment of such conditions precedent to the Placing Agreement by the Placing Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Placing Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfillment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

LETTER FROM THE BOARD

The terms of the Placing Agreement (including the commission payable) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to independent Placees on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Undertaking

The Company had not received, as at the Latest Practicable Date, any irrevocable undertaking from any substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group, comprising the Company and its subsidiaries, is principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services.

Pursuant to ongoing development strategies, the Group strives to explore the possibility of establishing a presence in the virtual asset industry and broadening its revenue stream from types of services offered by the Group.

Following the SFC's approval of virtual asset futures ETFs for public offering on 31 October 2022, and the introduction of regulatory rules and guidelines for virtual asset service providers on 23 May 2023, the management recognized the emerging opportunities in the virtual asset sector.

LETTER FROM THE BOARD

In discussions with potential clients, there was expressed interest from the clients in cooperating in virtual assets business with the Company. However, the Type 1 license held by the subsidiary of the Company does not include virtual asset dealing services. The Company is actively looking to establish the virtual asset business by applying for the virtual asset trading dealing service license conditions, so the subsidiary of the Company will be able to meet the demand of its clients to deal with virtual assets such as cryptocurrency. As at the Latest Practicable Date, the Company is in negotiation of establishing the joint venture for virtual asset business in the fourth quarter of 2025 and potentially provide the virtual asset service in the first quarter of 2026.

Having reviewed the potential in the virtual asset industry, as at the Latest Practicable Date the Board considers that the exploration in the virtual asset industry provides a precious opportunity for the Group to develop its presence in the fast growing virtual asset industry, diversify its businesses and maximise the return to the Shareholders. On 14 July 2025, the Board has engaged a corporate legal firm to assist on applying for the following license conditions (i) virtual asset dealing services; (ii) introducing clients to virtual asset trading platform operators; and (iii) providing virtual asset advisory services, the Company intends to submit the application in late July and it is expected to be granted the abovementioned license conditions in the first quarter of 2026.

Reference is made to the annual report for the financial year ended 31 December 2024 (the “**2024 Annual Report**”), where the Company had disclosed that the revenue from contracts with customers within the scope of HKFRS 15 was approximately HK\$7.8 million while the revenue from the other sources was approximately HK\$25.5 million, specifically, interest income from margin financing services increased by approximately HK\$2.1 million or approximately 21% to approximately HK\$11.9 million for the year ended 31 December 2024 from approximately HK\$9.8 million for the year ended 31 December 2023 and recorded revenue of approximately HK\$5.9 million from interest income from money lending services.

As mentioned above, the Group recorded interest income from margin financing services of approximately HK\$11.9 million and interest income from money lending services of approximately HK\$5.9 million for the year ended 31 December 2024 (“**Key Businesses**”). In light of the capital-intensive nature of the Group’s Key Businesses, it is important for the Group to promote its liquidity to a higher level to increase the Group’s operational flexibility and to sustain its capability for financing any potential development opportunities of the Group’s existing businesses, as and when suitable opportunity arises.

LETTER FROM THE BOARD

The Group generates interest income from its margin financing services by providing margin facilities to clients, enabling them to leverage their investments for potentially higher returns. Before any margin facility is granted, clients are required to undergo credit assessment procedures, account opening and know-your-customer (KYC) checks, and must deposit an adequate amount of cash or eligible collateral. Margin facilities are extended on an individual basis. There is no fixed repayment term for trade receivables arising from margin financing, while loan receivables typically have a maturity period ranging from approximately five months to one year. Interest rates for these receivables range from approximately 8% to 35% per annum. As disclosed in the Company's annual report for the year ended 31 December 2024, the Group's total trade receivables from margin financing clients amounted to approximately HK\$76.8 million as at 31 December 2024. As at 31 December 2024, there were 7 margin financing clients with loan balances exceeding HK\$1 million, with individual loan sizes ranging from approximately HK\$2.3 million to approximately HK\$20.2 million. The customer base is diversified, comprising both corporate and individual clients, including managers and directors of trading, technology, media, construction, and F&B companies, as well as general managers.

The Group also holds a money lender licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), and provides loan facilities, including money lending and other secured lending services, to both corporate and individual clients. Loan collateral may consist of listed securities, non-listed securities, properties, or other valuable assets. These lending activities are conducted primarily through Pinestone Capital Group Limited, a wholly-owned subsidiary of the Company. Interest income is received from the provision of such loan facilities, with listed securities commonly pledged for money lending and other assets or non-listed securities pledged for other secured lending services. According to the 2024 Annual Report, the Group's total loan receivables from money lending and other secured lending clients were approximately HK\$74.5 million as at 31 December 2024.

LETTER FROM THE BOARD

According to the Annual Report 2024, the breakdown of the clients' profiles, interest rates, loans receivable and amount of impairments with regard to our money lending and other secured lending services under PCGL as at 31 December 2024 as follow:

Client	Type and Source of Client	Background and Relationship among the borrowers (note 1)	Date of loans agreement	Principal Amount HK\$'million	Interest rate % p.a.	Term	Collateral as at 31 December 2024 HK\$' million	Book value of loans receivable as at 31 December 2024	Accumulated impairment losses (included unwinding of discount) as at 31 December 2024	Net amount of loan receivable as at 31 December 2024	Proportion out of the Group's total loan receivable as at 31 December 2024
								HK\$' million	HK\$' million	HK\$' million	
(Rank by book value of loans receivable)				(Approximately)							
1st client	Individual By client referral	CEO of Corporate Services None	6 Oct 2023 and 2 Jul 2024	19.0	16 and change to 12	6 months	Share charge with a property valuation of approximately 19.0	19.2	1.9	17.3	25.8
2nd client	Corporate By client referral	Holding company None	19 Jan 2024 and 21 Oct 2024	16.5	12	6 months	Share charge with properties valuation of approximately 238.0	16.6	0	16.6	22.3
3rd client	Individual By client referral	Director of trading company None	23 Jun 2021	8.8	12	12 months	No collaterals in the margin account (non-termed) for the client's termed loan	12.4	12.4	0	16.6
4th client	Individual By client referral	Director of investment company None	23 Jun 2021	8.8	12	12 months	No collaterals for the client's termed loan	12.4	12.4	0	16.6
5th client	Individual By client referral	Merchant for trading investment None	19 Dec 2024	6.0	24	12 months	3rd party personal guarantee with collateral of 17.0	6.0	0.6	0	8.1
6th client	Corporate By client referral	Transportation business None	23 Apr 2024	3.5	13	12 months	Share charge of 33.9	3.6	0	3.6	4.8
7th client	Individual By client referral	Shareholder of private company None	8 Nov 2024	3.0	34.8	1 month extended to 7 April 2025	Share charge of 3.0	3.1	0	3.1	4.2
8th client	Individual By client referral	Company Director of catering industry None	13 Dec 2024	1.2	30	1 month	Share charge of 1.7	1.2	0	1.2	1.6
Total								74.5	26.7	47.8	100

LETTER FROM THE BOARD

Notes:

1. The business model of the money lending business involves the Group granting loans to individual and corporate clients generating interest income as one of the Group's revenue sources. The Group's principal business focus for its money lending business are investors, high net worth individuals, substantial shareholders of Hong Kong listed companies, etc. who can be individual or corporate clients with investment appetites for the securities of small to medium sized companies listed on the Stock Exchange. Source of funding for this business is mainly paid-up capital contributed by the Company's shareholders and internal resources of the Group.
2. According to the credit policy of the money lending business, the Group's responsible officers, senior management and office staff are responsible for the ongoing monitoring repayments and loan recoverability. Internal control procedures for loan collection include, on a case-by-case basis, steps such as (i) a margin call (if applicable) or a demand for partial repayment to restore the Group's credit risk to an acceptable level; (ii) in the event that step (i) above does not yield tangible results, the Group may proceed to force liquidation of collateral (if applicable) to reduce the Group's exposure; (iii) in the event that the Group's credit risk after taking steps (i) and (ii) above remains unacceptably high, the Group may proceed to negotiation of a repayment schedule with the client; (iv) should steps (i), (ii) and (iii) above fail to restore the Group's credit risk to an acceptable level, the Group may issue formal demand letter via its legal adviser demanding repayment of the outstanding loan within a stated time period; and (v) in the event that no tangible outcome arose out of the aforementioned steps, the Group may proceed to commencement of legal action against the client.
3. Based on the best information and knowledge of the Group as at the date hereof, the Group is not aware that there is any relationship amongst the Group's clients with outstanding loan receivables as at 31 December 2024.
4. The list still includes two of the eight clients we mentioned in our 2022 and 2023 annual reports as being related to money lending or other secured lending services. The Company continued to liaise with the clients and pushed for loan recovery. Statutory demand letters were sent in January 2025 and further legal actions are proceeding. We have made provisions for 100% impairment on these two money lending borrowers.
5. The 1st client has made 10% impairment provision as his loan has entered into the 2-stage of the ECL model. The client has partially paid interest but failed to payback the loan when the contract becomes due. On-going discussion and negotiations on the loan settlement have been made.
6. The 3rd and 4th clients have made 100% impairment provisions.

As at 31 May 2025, the cash and bank balances of the Company stood at approximately HK\$12.5 million. After excluding HK\$9.0 million earmarked for working capital purposes, including financial reserve for license corporate, the Group has a limited capital base of approximately HK\$3.5 million available for expanding its business opportunities.

LETTER FROM THE BOARD

The Group expects the market landscape is going to be improved in the rest of 2025 and 2026. Therefore, the Board is of the view that the Group should conduct equity fundraising to strengthen its capital base for expand its business opportunities and enhance the financial position and the resistance to liquidity risk of the Group. The Group intends to continuously scale-up the Key Businesses and utilise the net proceeds from the Rights Issue for the expansion of its business, in particular, the Key Businesses. The Group also plans to further expand the Key Businesses by soliciting new clients in the rest of 2025 and 2026. The Group intends to solicit new clients primarily through the following ways with existing recourses: (i) recruiting new employees and its existing licensed representatives who are responsible for sourcing new customers, maintaining client relationships, promoting its services and soliciting new customers through referrals from existing customers; (ii) performing marketing activities with professional parties and existing customers to strengthen business relationships; and (iii) acting as underwriter/placing agent and providing margin financing to clients, as at Latest Practicable Date, the Company has recruited one new employee, and potentially engaged by two companies for underwriting/placing services. The net proceeds to be raised in the Rights Issue shall allow the Company to explore further business opportunities and to provide extra funds to new customers of Key Businesses. The Group is actively discussing with potential clients to explore the new business opportunities. The Group is actively promoting our services to securities firms, listed companies and the shareholders of the listed companies by referral from existing employees, directors and potential clients; therefore, excluding the foregoing new clients by referral from existing employees and directors and existing clients, the Group is in course of discussing with potential clients in respects of the Key Businesses. The Group have reverted the terms to the potential clients, thereof the interest rates of the potential projects range from 12% to 20%; the size of the potential projects are ranging from approximately HK\$100,000 to HK\$15,000,000 and the duration of potential projects are up to 12 months, as at the Latest Practicable Date, there are two potential clients shall engage with our margin financing service, which they are engage in provision of formwork work services and securities brokerage services, respectively, and there are two potential shall engage with our money lending business, which they are in mining business and engaged in making investments in operating companies established or having significant operations in the PRC. The Group proactively identifies and approaches prospective clients through multiple channels such as referrals from existing clients, business partners, and professional intermediaries. The Group maintains regular communication with these prospects, including meetings to understand their financing needs and business backgrounds. The Group also conducts thorough due diligence and credit assessments to ensure the quality of potential borrowers and the security of collateral. For potential financing projects, the Group intends to enter into agreements with clients under acceptable terms and with sufficient financial resources available.

The Company intends to strategically deploy partially of the net proceeds towards the expansion of its margin financing services and money lending services businesses. This allocation is expected to strengthen the Company's capital base, thereby enhancing its capacity to extend additional financing facilities to clients. Given the direct correlation between available reserves and lending volume, the incremental capital will enable the Company to scale its loan portfolio, driving higher interest income generation. This initiative is expected to boost the Company's revenue, building on the strong growth in interest income from margin financing and money lending services, which recorded HK\$11.9 million and HK\$5.9 million, respectively, in the last financial year.

LETTER FROM THE BOARD

Intended use of proceeds

As at the 31 December 2024, the Company had trade receivables of approximately of HK\$76.8 million from margin financing services, and loans receivable of approximately HK\$74.5 million from money lending.

Assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than as a result of the Share Consolidation and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the related expenses) is expected to be approximately HK\$57.6 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately 9.2% of the net proceeds or approximately HK\$5.3 million for potentially applying for a license conditions to be able to deal with virtual asset;
- (ii) approximately 60.8% of the net proceeds or approximately HK\$35.0 million to provide margin financing services, the Company intends to lend net proceeds of HK\$35.0 million to our margin financing clients;
- (iii) approximately 26.0% of the net proceeds or approximately HK\$15.0 million to provide money lending services, the Company intends to lend net proceeds of HK\$15.0 million to our money lending clients; and
- (iv) approximately 4.0% of the net proceeds or approximately HK\$2.3 million for enhancing the general working capital of the Group, including but not limited to directors' fees and salary, head office rental and management fees and other payables.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through Rights Issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

LETTER FROM THE BOARD

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s), if any, should note that their shareholdings will be diluted.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately before the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
18 December 2024 and 13 January 2025	Issue of 81,210,000 new shares under general mandate	Approximately HK\$13.86 million	general working capital	fully utilized in accordance with the intended use

LETTER FROM THE BOARD

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation; (iii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue; and (iv) immediately upon completion of the Rights Issue assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the remaining Unsubscribed Rights Shares and NQS Unsold Rights Shares having been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Ultimate Vantage Group Limited (Note 1)	96,836,250	19.9	4,841,813	19.9	12,104,531	19.9	4,841,813	7.9
Public Shareholders								
– Independent Placees	–	–	–	–	–	–	36,546,008	60.00
– Other public Shareholders	390,443,850	80.1	19,522,192	80.1	48,805,481	80.1	19,522,192	32.1
Sub-total for public Shareholders	<u>390,443,850</u>	<u>80.1</u>	<u>19,522,192</u>	<u>80.1</u>	<u>48,805,481</u>	<u>80.1</u>	<u>56,068,200</u>	<u>92.1</u>
	<u>487,280,100</u>	<u>100.00</u>	<u>24,364,005</u>	<u>100.00</u>	<u>60,910,013</u>	<u>100.00</u>	<u>60,910,013</u>	<u>100.00</u>

Notes:

1. ULTIMATE VANTAGE GROUP LIMITED is 100% owned by Mr. Zeng Weling, who is the sole beneficial owner of 96,836,250 shares or approximately 19.9% out of the total issued 487,280,100 shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 8 August 2025 to Thursday, 14 August 2025 (both dates inclusive) for determining the Shareholders' entitlements for attending and voting at the EGM.

The register of members of the Company will be closed from Thursday, 21 August 2025 to Wednesday, 27 August 2025 (both dates inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

LISTING RULES IMPLICATIONS

The Share Consolidation

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.

The Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholder(s) at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholder(s) in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling Shareholder(s), the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, the Company does not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Existing Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required or indicated his/her intention to abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

The EGM will be convened for the Shareholders and Independent Shareholders (as the case may be) to consider and, if thought fit, approve the Share Consolidation, the Rights Issue and the respective transactions contemplated thereunder. The register of members of the Company will be closed from Friday, 8 August 2025 to Thursday, 14 August 2025 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

In order to be registered as a member of the Company on the Record Date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar for registration by no later than 4:00 p.m. (Hong Kong time) on Thursday, 14 August 2025.

A notice convening the EGM to be held at 21/F, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong on Thursday, 14 August 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Tuesday, 12 August 2025 at 11:00 a.m.) for the EGM or any adjournment thereof (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Company will make available the Prospectus containing, among other things, information of the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before Thursday, 28 August 2025. The Company will, to the extent reasonably practicable and legally permitted and subject to the results of the enquiries made by the Company from such legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any).

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 19 August 2025. Dealings in the Rights Shares in nil-paid form. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed "Conditions of the Rights Issue" in this circular above.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

LETTER FROM THE BOARD

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lau Kelly, Mr. Wong Chun Peng Stewart and Mr. Cheng Man Pan, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 42 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 43 to 80 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that proposed Share Consolidation are in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the resolution approving the Share Consolidation to be proposed at the EGM. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution approving the Rights Issue to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
On behalf of the Board
Pinestone Capital Limited
Lee Chun Tung
Chairman and Executive Director

PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 804)

25 July 2025

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO CONSOLIDATED SHARES HELD ON THE RECORD DATE

We refer to the circular of the Company dated 25 July 2025 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

Diligent Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 43 to 80 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 11 to 41 of the Circular.

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 42 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully,

on behalf of

Independent Board Committee of
Pinestone Capital Limited

Lau Kelly
*Independent non-executive
Director*

Wong Chun Peng Stewart
*Independent non-executive
Director*

Cheng Man Pan
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



**DILIGENT
CAPITAL**

道勤資本有限公司
Diligent Capital Limited
Rm. 2203, 22/F., New World Tower 1,
16-18 Queen's Road Central,
Hong Kong

Tel +852 2170 0699
Fax +852 2170 0600

25 July 2025

*To the Independent Board Committee and
the Independent Shareholders of
Pinestone Capital Limited*

Dear Sirs and Madams,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue (the “**Transaction**”), particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 25 July 2025 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular.

1. The proposed Rights Issue

Reference is made to the Letter.

On 10 June 2025, the Company announced its intention to raise gross proceeds of approximately HK\$60.7 million by issuing up to 36,546,008 Rights Shares, assuming there is no change to the total issued share capital of the Company on or before the Record Date, except for adjustments resulting from the Share Consolidation. The Subscription Price is set at HK\$1.66 per Rights Share, with the allocation being three (3) Rights Shares for every two (2) Consolidated Shares held by Qualifying Shareholders at the close of business on the Record Date.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

Assuming there is no change to the total issued capital of the Company on or before the Record Date, the maximum of 36,546,008 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 150% of the theoretical total issued share capital of the Company (after taking into account the effect of the Share Consolidation) as at the Latest Practicable Date; and (ii) 60% of the theoretical total issued share capital of the Company (after taking into account the effect of the Share Consolidation) as enlarged by the allotment and issuance of the Rights Shares immediately upon the completion of the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As of the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options, convertible securities, or other similar rights that are convertible or exchangeable into Existing Shares.

2. Implications under the Listing Rules

As the Rights Issue will increase the total issued share capital of the Company by more than 50% within the 12 months immediately preceding the Latest Practicable Date, the Rights Issue is conditional on minority Shareholders' approval at the EGM under the requirements of Rule 7.19A of the Listing Rules.

Pursuant to Rule 7.27A(1) of the Listing Rules, where Shareholders' approval is required for rights issue under Rule 7.19A, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As of the Latest Practicable Date, the Company has no controlling shareholder, as defined under the Listing Rules. Additionally, none of the Directors or chief executives of the Company hold any interest in the Existing Shares. Therefore, none of them will be required to abstain from voting in favor of the proposed Rights Issue at the EGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Lau Kelly, Mr. Wong Chun Peng Stewart and Mr. Cheng Man Pan, has been established to consider and advise the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

OUR INDEPENDENCE

We, Diligent Capital Limited ("**Diligent Capital**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Diligent Capital is a licensed corporation licensed under the Securities and Futures Ordinance (“SFO”) to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Felix Huen (“**Mr. Huen**”) is the person signing off the opinion letter from Diligent Capital contained in the Circular. Mr. Huen has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2019 and he has participated in and completed various independent financial advisory transactions in Hong Kong.

As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Diligent Capital and the Company or any other parties that could be reasonably be regarded as hindrance to Diligent Capital’s independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Transaction.

We are not associated with and have no significant connection financial or otherwise, with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. Diligent Capital did not provide any service to the Company in the last two years. Accordingly, we consider that we are eligible to give independent advice on the terms of the Rights Issue.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”). We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Company or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Transaction, as referred to in Rule 13.80 of the Listing Rules (including the notes thereof) in formulating our opinion and recommendation.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Rights Issue, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Transaction

On 10 June 2025, the Company announced its intention to raise gross proceeds of approximately HK\$60.7 million by issuing up to 36,546,008 Rights Shares, assuming there is no change to the total issued share capital of the Company on or before the Record Date, except for adjustments resulting from the Share Consolidation. The Subscription Price is set at HK\$1.66 per Rights Share, with the allocation being three (3) Rights Shares for every two (2) Consolidated Shares held by Qualifying Shareholders at the close of business on the Record Date.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

1.1 Information of the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have been listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the holding company of the Group.

(a) Principal business of the Group

The Group is primarily engaged in offering a comprehensive range of services, including securities brokerage, securities-backed lending, additional money lending solutions, as well as placement and underwriting services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Financial position of the Group

Below is a summary of the Group's audited consolidated financial position as of 31 December 2024 and 31 December 2023, as extracted from the Company's annual report for the year ended 31 December 2024 (the "2024 Annual Report").

	As at 31 December 2024 HK\$000 (Audited)	As at 31 December 2023 HK\$000 (Audited)
Non-current assets	19,401	14,003
Current assets		
– Trade receivables	55,134	97,822
– Loan receivables	47,749	37,121
– Other receivables, deposits and prepayments	1,381	673
– Tax recoverable	2,693	—
– Trust bank balances held on behalf of customers	12,585	3,001
– Cash and bank balances	15,929	23,394
Total current assets	135,471	162,011
Total assets	154,872	176,014
Current liabilities		
– Trade payables	12,243	2,732
– Other payables and accruals	3,245	1,259
– Contract liabilities	1,012	—
– Lease liabilities	—	622
– Tax payable	—	1,363
Total current liabilities	16,500	5,976
Net current assets	118,971	156,035
Total assets less current liabilities	138,372	170,038
Net assets	138,372	170,038

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As indicated in the table above, as of 31 December 2024, the Group's total current assets amount to approximately HK\$135,471,000. This total primarily comprises (i) trade receivables of approximately HK\$55,134,000, (ii) loan receivables of approximately HK\$47,749,000, and (iii) cash and cash equivalents totaling approximately HK\$15,929,000.

As disclosed in the 2024 Annual Report, the Group recognised impairment losses and write-offs of trade and loan receivables amounting to approximately HK\$20.9 million and approximately HK\$16.15 million, respectively. This situation indicates a significant level of uncertainty regarding the recoverability of these receivables. Consequently, it is likely to have a considerable impact on the Group's treasury planning, particularly in its ability to address funding requirements associated with emerging business opportunities.

Furthermore, the Group's net current assets as of 31 December 2024 are approximately HK\$118,971,000. Consequently, the Group's liquidity relies heavily on the recoverability of its trade and loan receivables, which significantly impacts its capacity for business development, especially in light of the capital-intensive nature of its operations. Therefore, it is agreed that the Group is currently under considerable pressure to secure additional funding; without this, the scope of its business activities could be severely constrained.

2. Reasons for and benefits of the Rights Issue and the intended use of proceeds

2.1 *The intended use of proceeds from the Rights Issue*

Assuming that the Rights Issue is fully accepted and no new shares will be allotted or issued on or before the Record Date, the net proceeds of the Rights Issue (the “**Net Proceeds**”) to be received by the Company, after deducting all estimated expenses payable for the Rights Issue, are estimated to be up to approximately HK\$57.6 million.

The Company intends to apply the Net Proceeds as follows:

- (i) approximately 9.2% of the Net Proceeds, or approximately HK\$5.3 million, will be allocated for potentially acquiring a company and dealing with virtual permits under the SFO, or for possibly applying for license conditions to manage virtual assets;
- (ii) approximately 60.8% of the Net Proceeds, or approximately HK\$35.0 million, will be allocated to the Group's margin financing business;
- (iii) approximately 26.0% of the Net Proceeds, or approximately HK\$15.0 million, will be allocated to finance the Group's money lending business; and
- (iv) approximately 4.0% of the Net Proceeds, or approximately HK\$2.3 million, will be allocated to enhance the Group's general working capital, including but not limited to directors' fees and salary, head office rental and management fees and other payables.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.2 The Board's view on the reasons and benefits of the Rights Issue

As outlined in the Letter from the Board, the Group is actively exploring opportunities to invest in and establish a foothold within the virtual asset industry to diversify its revenue streams. Following the Securities and Futures Commission's (SFC) approval of virtual asset futures exchange-traded funds (ETFs) for public offering on 31 October 2022, and the implementation of regulatory rules and guidelines for virtual asset service providers on 23 May 2023, the Group's management has identified significant opportunities in this emerging sector.

In discussions with prospective clients, the Clients' interest in cooperating in virtual assets business with the Company has been clearly expressed. The Company has been approached by an institution, through its clients' network, and other securities firms to explore a potential collaboration in trading virtual assets. As of the Latest Practicable Date, the Company is in the process of establishing a joint venture with the institutional partner to launch its virtual asset business. The structure of this joint venture is expected to be finalised in the fourth quarter of 2025. Once the joint venture is successfully established, both parties plan to begin operations in the first quarter of 2026. As of the Latest Practicable Date, no formal agreement has been executed with the institution regarding a potential collaboration in virtual asset trading. However, it is important to note that the Type 1 license held by the Company's subsidiary does not permit virtual asset dealing services. In light of this, the Company is diligently seeking to establish the virtual asset business by fulfilling the license conditions of the virtual asset trading dealing service. This strategic move would enable the subsidiary to effectively address client demand for transactions involving virtual assets, including cryptocurrencies.

Upon assessing the potential of the virtual asset industry, the Board is convinced that pursuing investment in this sector offers a valuable opportunity for the Group to strengthen its presence in the rapidly evolving virtual asset market. Furthermore, it presents a chance to diversify business operations and optimise returns for shareholders. The Group is committed to (i) fulfill the license conditions of virtual asset dealing services; (ii) propose clients to virtual asset trading platform operators; and (iii) offer virtual asset advisory services. The Board has engaged a corporate legal firm to assist on fulfilling the above targets and intended to submit the license application to SFC in late July 2025. The above license conditions are anticipated to be granted in the first quarter of 2026.

In addition, we noted that the Company intends to strategically allocate a portion of the net proceeds to expand its margin financing and money lending services. This investment is expected to fortify the Company's capital base, enhancing its ability to provide additional financing solutions to clients. Given the direct relationship between available reserves and lending volume, the incremental capital will facilitate scaling the Company's loan portfolio, which is projected to drive higher interest income generation.

Having considered the above, the Directors (excluding the independent non-executive Directors who will express their views after taking into account the advice of the Independent Financial Adviser) believe that, the terms of the Rights Issue are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.3 *Our view*

To assess and conclude whether the Rights Issue is in the interest of the Company and the Independent Shareholders as a whole, we have taken into consideration the factors above with the following conclusions:

(a) Enhancing capital resources for margin financing services

The Group operates its securities business through its subsidiary, Pinestone Securities Limited (“**Pinestone Securities**”), which holds the licenses for type 1 regulated activities under the Securities and Futures Ordinance (SFO). We understand that the Group’s margin financing portfolio is limited by its available capital resources. Therefore, the Group plans to expand its financing services for customers interested in acquiring securities on a margin basis.

To facilitate this expansion, the Company intends to allocate HK\$35 million from the Net Proceeds to enhance the Group’s margin financing business. This investment will be strategically directed toward providing the necessary capital to fulfill the financing requirements of the Group’s clients. All allocated funds will be applied towards granting loan principal, while corresponding administrative expenses will be managed using the Group’s existing cash resources. This strategic approach is expected to increase the Group’s interest income and broaden its customer base. Additionally, by increasing the available funds for financing, the Group can offer margin loans to a larger audience or provide more significant margin limits to its existing customers.

The Group has implemented a comprehensive credit policy that includes (i) continuous monitoring of risk management performance through various risk indicators, including the loan-to-margin ratio and loan-to-value ratio, as well as the proportion of margin loans attributable to the Group based on loan balance and the margin loan balance associated with individual clients; (ii) establishment and regular review of a list of shares that qualify as collateral for the margin financing business; (iii) evaluation and approval of customer applications for trading limits and credit limits; and (iv) development of risk management policies specifically designed for cash account transactions and institutional clients, along with the formulation of effective settlement arrangements. This policy aims to thoughtfully determine the margin limit for each customer, thereby ensuring robust credit control while fostering the continued growth of the financing business.

According to the latest HKEX Monthly Market Highlights published on the Stock Exchange’s website, the average daily turnover for June 2025 was approximately HK\$230.2 billion. This represents a substantial increase of about 107% compared to the HK\$111.2 billion recorded in June 2024. In the first six months of 2025, 44 new companies were listed, indicating a 47% increase from the 30 companies listed during the same period last year. Additionally, funds raised through initial public offerings (IPOs) in the first half of 2025 totaled approximately HK\$107.1 billion, marking an impressive increase of around 699% from the HK\$13.4 billion raised in the corresponding period last year.

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Given the increasing confidence in the Hong Kong investment market, which is evidenced by substantial trade volumes and a rising number of IPOs, we concur with the Directors that the net proceeds will significantly strengthen the Group's liquidity. This financial improvement will enable the Group to (i) expand its margin financing services for clients interested in acquiring securities on a margin basis; (ii) potentially increase the Group's interest income while also broadening its customer base; and (iii) extend margin loans to a broader clientele or provide larger margin limits to existing customers.

As a result, strengthening the capital base will allow the Group to take advantage of opportunities presented by the bullish market and the increasing number of companies listed in Hong Kong.

(b) Expansion of the Group's loan portfolio

The Group has developed strategies to expand its money lending business to capitalise on growth opportunities, increase market share, and strengthen its brand. This involves growing its loan portfolio and enhancing brand recognition and industry presence. The growth of the money lending business is directly tied to the availability of funds for offering loans. In other words, expanding the Group's loan portfolio depends on securing adequate funding.

However, if the Group struggles to obtain financing from banks and financial institutions, its ability to execute these expansion plans may be limited. In such cases, the Group may need to scale back its planned growth, hindering the overall strategy implementation.

To address this, the Directors plan to allocate approximately 26% of the Net Proceeds to expand the Group's loan portfolio and diversify its customer base by offering a wider range of mortgage, corporate, and personal loans. Additionally, the Directors aim to enhance the Group's brand and awareness through ongoing marketing efforts to establish the Group as a professional, stable, and reputable lender in the market.

In light of these initiatives, we agree with the Directors that these actions will enable the Group to generate increased revenue through a higher volume and/or value of transactions.

(c) Diversification of service offerings

We acknowledge that the Group's strategy to establish a virtual asset trading platform presents a promising opportunity for long-term growth and supports the advancement of the Group's overall business objectives. In pursuit of this strategic direction, the Group plans to apply for the necessary license under the Securities and Futures Ordinance (SFO) to ensure compliance with all regulatory requirements for operating virtual asset dealing services.

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We understand that the primary focus of the Group will be on customising the platform to align with the specific needs and preferences of clients in Hong Kong, while ensuring adherence to all local regulatory requirements. This expansion is intended to leverage the growth potential within the Hong Kong cryptocurrency market and to further diversify the Group's geographic presence.

The Group's entry into virtual asset trading presents a significant opportunity to tap into markets with a growing demand for cryptocurrencies, including Southeast Asia, Europe, and North America. The appeal of virtual assets is expected to attract international investors seeking innovative opportunities, thereby broadening the Group's client base beyond Hong Kong. Additionally, the introduction of a diverse range of virtual asset products will cater to various investor preferences and enhance the Group's appeal across different markets. As a result, expanding into virtual asset trading not only positions the Group to capitalise on the rapidly growing cryptocurrency market in Hong Kong but also strategically improves its geographic diversification, enhancing its competitiveness within the global financial landscape. By integrating the Group's virtual asset trading platform with insights and resources from its existing securities operations, we align with the Directors' assessment that allocating Net Proceeds towards the expansion of virtual asset trading services will facilitate deeper market penetration and widen our client base in these sectors.

Conclusion

Based on our analysis, we conclude that it is reasonable to allocate a portion of the Net Proceeds to support the general working capital of the Group.

2.4 Alternative fundraising alternatives

In addition to the Rights Issue, we understand that the Directors have explored other fundraising options, including bank borrowings, placements, or an open offer. When considering debt financing, the Directors noted that bank loans would incur interest costs and may require the provision of security, meaning that creditors would have priority over shareholders. This type of financing would also add an interest burden and increase the Group's gearing ratio, while imposing repayment obligations. Furthermore, securing debt financing on favorable terms within a timely manner may not be possible.

On the other hand, equity fundraising, such as through the placement of new shares, is generally smaller in scale compared to a Rights Issue. It could also result in an immediate dilution of existing shareholders' interests, as it does not allow them to participate in the expanded capital base of the Company, which is not the intention of the Company.

Unlike an open offer, a Rights Issue allows shareholders to sell their nil-paid rights. It will enable qualifying shareholders to maintain their proportional shareholding interests and continue participating in the Company's future development.

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After considering these alternatives, we agree that raising funds through the Rights Issue is the more attractive option given the current market conditions. The Rights Issue will help strengthen the Company's working capital and enhance its financial position, allowing qualifying shareholders to maintain their proportional shareholdings.

Based on the above, we concur with the Directors that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Rights Issue

Set out below are the principal terms of the Rights Issue:

Basis of the Rights Issue:	Three (3) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$1.66 per Rights Share
Number of Shares in issue as of the Latest Practicable Date:	487,280,100 Existing Shares
Number of Consolidated Shares upon the Share Consolidation becoming effective:	24,364,005 Consolidated Shares
Maximum number of Rights Shares:	36,546,008 Rights Shares, assuming there is no change to the total issued share capital of the Company on or before the Record Date, except for adjustments resulting from the Share Consolidation.

Assuming there is no change to the total issued capital of the Company on or before the Record Date, the maximum of 36,546,008 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 150% of the theoretical total issued share capital of the Company (after taking into account the effect of the Share Consolidation) as at the Latest Practicable Date; and (ii) 60% of the theoretical total issued share capital of the Company (after taking into account the effect of the Share Consolidation) as enlarged by the allotment and issuance of the Rights Shares immediately upon the completion of the Rights Issue.

As of the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options, convertible securities, or other similar rights that are convertible or exchangeable into Shares.

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3.1 *Non-underwritten basis*

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules.

3.2 *Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements*

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company, therefore, appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best-effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders on a pro-rata basis.

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4. Evaluation of the terms of the Subscription Price

4.1 The Subscription Price

The Subscription Price is HK\$1.66 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price represents:

- (i) a discount of approximately 63.91% to the theoretical closing price of approximately HK\$4.600 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.2300 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 40.71% to the theoretical closing price of approximately HK\$2.800 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.1400 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.63% to the theoretical average closing price of approximately HK\$2.844 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.1422 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 40.20% to the theoretical average closing price of approximately HK\$2.776 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.1388 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 22.14% to the theoretical ex-rights price of approximately HK\$2.132 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.1400 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.98% of the theoretical diluted price of approximately HK\$2.1336 per Consolidated Share to the benchmarked price of approximately HK\$2.844 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of HK\$0.1400 per Existing Share on the Last Trading Day and the average closing price of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1422 per Existing Share); and

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- (vii) a discount of approximately 75.64% to the latest published audited consolidated net asset value per Consolidated Share as at 31 December 2024 of approximately HK\$6.82 based on the net asset value of HK\$138,372,000 and 406,070,100 Existing Shares (representing 20,303,505 Consolidated Shares) from the annual report of the Company published on 28 April 2025 for the year ended 31 December 2024 and the number of Consolidated Shares in issue upon the Share Consolidation becoming effective. The Directors consider the discount represented by the Subscription Price to the audited consolidated net asset value per New Ordinary Share as at 31 December 2024 to be fair and reasonable with reasons set out below in this letter.

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; (iii) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed “Reason for and benefits of the Rights Issue and the use of proceeds” in the Circular; and (iv) the amount of funds the Company intends to raise under the Rights Issue.

4.2 Evaluation of the Subscription Price

To assess the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to (a) the historical Share price performance; (b) the historical trading volume and liquidity of the Shares; and (c) the market comparable in respect recent issuance of subscription shares under a rights issue, as set out below.

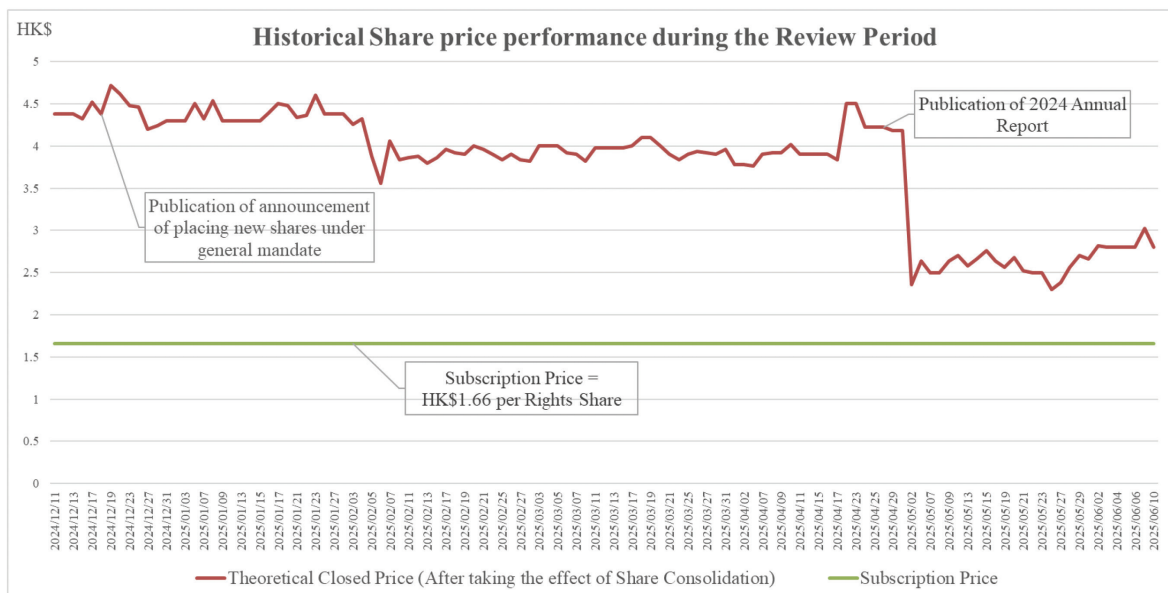
4.2.1 Review of the historical price performance of the Shares

Below is a chart illustrating the movement of the closing prices of the Shares as quoted on the Stock Exchange from 11 December 2024 up to and including 10 June 2025, six-months before the Last Trading Date (the “**Review Period**”).

We believe that the six-month Review Period is an appropriate timeframe for effectively capturing general market sentiment. This duration aligns with the latest market trends and fluctuations in Share prices, thereby providing a reliable reflection of market attitudes toward the Shares. Conversely, extending the review period to twelve months could result in an overwhelming amount of information that may not effectively illustrate the relationship between Share price performance and the Company’s published information. Thus, we believe that opting for a six-month Review Period is both fair and reasonable.

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To provide clarity and enhance accessibility, we have adjusted the Share price for the Review Period to reflect the impact of the share consolidation (the “**Theoretical Closing Price**”).



Source: The website of the Stock Exchange

During the Review Period, the Shares listed on the Stock Exchange achieved the highest closing price of HK\$0.236 (or the Theoretical Closing Price of HK\$4.72) on 19 December 2024, while the lowest closing price of HK\$0.115 (or the Theoretical Closing Price of HK\$2.30) was recorded on 26 May 2025. The average closing price for the Shares during the Review Period was approximately HK\$0.189 (or the Theoretical Closing Price of approximately HK\$3.78). The Subscription Price reflects (i) a discount of approximately 27.83% to the lowest Theoretical Closing Price of HK\$2.30, (ii) a discount of approximately 64.83% to the highest Theoretical Closing Price of HK\$4.72, and (iii) a discount of approximately 56.09% to the average Theoretical Closing Price of HK\$3.78, observed during the Review Period.

As shown in the chart above, the Share price closed between HK\$0.115 per Consolidated Share (or the Theoretical Closing Price of HK\$2.30 per Consolidated Share) and HK\$0.236 per Consolidated Share (or the Theoretical Closing Price of HK\$4.72 per Consolidated Share) during the Review Period.

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During the Review Period, the Company released several announcements, including: (i) a proposed change of the Company's name, published on 12 December 2024; (ii) a placing of new shares under a general mandate, published on 18 December 2024 and 13 January 2025; (iii) a voluntary announcement about the commencement of a new business activity, published on 3 January 2025; (iv) a profit warning announcement, published on 21 March 2025; (v) inside information concerning the suspension of duties for Mr. Shi Zhu, the former non-executive Director and co-chairman of the Board, published on 9 April 2025 and 10 April 2025; (vi) a supplemental announcement regarding the decision not to proceed with the proposed change to the Company's name, published on 28 April 2025; and (vii) a voluntary announcement regarding a potential strategic cooperation, published on 8 May 2025.

Save as these announcements, the Company did not disclose any other material information to the public.

Considering the considerations above, we believe that the Share price performance during the Review Period reflects a volatile market environment characterised by sharp fluctuations. However, it is crucial to consider additional factors to evaluate the fairness and reasonableness of the subscription price.

In order to assess the fairness and reasonableness of the Subscription Price as compared to the recent closing price of the Shares, we have further, based on the information available from the Stock Exchange's website, observed the trading volume and liquidity of the Shares and identified the Comparables (as defined below) for further analysis. Please refer to the subsection headed "Comparison with recent transactions" for details on the analysis.

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4.2.2 Review on the trading volume and liquidity of the Shares

Set out below is the table showing (i) the monthly total trading volume of the Shares; (ii) the number of trading days of each month; (iii) the average daily trading volume of the Shares; and (iv) the percentage of the average daily trading volume of the Shares to the total issued Shares at the end of each month during the Review Period:

Month	Monthly trading volume of the Shares (Shares)	Number of trading days in the month (days)	Average daily trading volume of the Shares in the month (Shares) (Note 1)	Percentage of average daily trading volume of the Shares to total number of Shares (approximate) (Note 2)
From 11 December 2024 to 31 December 2024	10,177,250	13	782,865	3.00%
January 2025	48,990,875	19	2,578,467	0.53%
February 2025	12,723,000	19	669,632	0.14%
March 2025	30,537,500	21	1,454,167	0.30%
April 2025	2,132,000	19	112,211	0.02%
May 2025	216,560,000	20	10,828,000	2.22%
From 1 June 2025 to 10 June 2025	4,405,000	7	629,286	0.13%

Source: Website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. Calculation is based on the average daily trading volume of Shares divided by the total issued Shares of the Company at the end of each respective month.

During the Review Period, the monthly trading volume of the Shares varied significantly. It ranged from a low of 2,132,000 Shares traded in April 2025 to a peak of 216,560,000 Shares traded in May 2025. This represents approximately 0.02% of the total issued Shares for the lowest volume and approximately 2.22% for the highest volume.

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In light of the low trading volume, the Shareholders may encounter challenges in selling their Shares promptly at a more favourable price. Furthermore, the Company may face difficulties raising equity funds from third parties without offering a substantial discount to the prevailing Share price. Given the low trading liquidity and the observed downward trend in the closing price of the Shares during the Review Period, we understand that the Directors do not have specific information to pinpoint the factors contributing to this significant decrease in share price. However, this situation illustrates a volatile market environment marked by substantial fluctuations. Such volatility often leads to increased uncertainty in pricing, making it difficult for Shareholders to accurately assess the fair value of the Shares. Additionally, we noticed that (i) the Group is currently facing ongoing financial losses, which have a considerable impact on its financial position. This scenario may adversely influence the determination of the Subscription Price; and (ii) the limited liquidity of the Shares observed during the Review Period indicates the possibility of a significant discount to the Subscription Price. This adjustment may serve to encourage Shareholders to accept the allotment under the Rights Issue, together with the factors explained in the subsection “4.2.3 Comparison with recent transactions” below, we concur with the Directors that the terms of the Subscription Price are fair and reasonable, thus encouraging Qualifying Shareholders to participate in the Rights Issue and to support the future development of the Company.

4.2.3 Comparison with recent transactions

To evaluate the reasonableness of the Subscription Price, we have identified an exhaustive list of 31 transactions conducted by companies listed on the Stock Exchange (the “**Comparables**”). This process was based on the information available from the Stock Exchange’s website and conducted on a best-effort basis. The criteria for selecting the Comparables were as follows: (i) the companies must be listed on the Stock Exchange; (ii) the exclusion of rights issue transactions of A-Shares and H-Shares; (iii) the proposed rights issues announced during the Review Period.

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Despite the Comparables including rights issues of varying sizes, different business models, and diverse financial performances. In our assessment, we have considered several key factors: (i) all Comparables, and the Group, are listed on the Stock Exchange; (ii) our analysis primarily focuses on the principal terms of the rights issues, and we have not found any established evidence indicating a correlation between the size of the rights issue and its underlying principal terms; (iii) including transactions from Comparables with different funding needs and business operations provides a more comprehensive understanding of market sentiment in our analysis; (iv) by selecting Comparables over a six-month period, we have obtained a meaningful sample size of 31 Hong Kong-listed issuers, which adequately reflects current market practices regarding recent rights issues. In contrast, extending the selection period to 12 months would yield an excessive number of comparable rights issues, potentially diluting the analysis due to the wider range of premiums and discounts associated with subscription prices; (v) the inclusion of Comparables was conducted without any artificial selection or filtering, ensuring that they authentically represent recent market trends among other Hong Kong-listed issuers. As a result, we are of the view that the Comparables provide fair and representative samples.

Based on the above, we believe that our comparable analysis, based on the criteria outlined above, is valuable for evaluating the fairness and reasonableness of the Subscription Price. To the best of our knowledge, the list of Comparables includes all relevant companies that meet our specified search criteria. We consider these Comparables to be a reliable reference for recent rights issues, as there have been a sufficient number of transactions within this period, resulting in a reasonable sample size.

It is important to note that the comparable companies may have different principal activities, market capitalisations, profitability, and financial positions compared to the Company. Additionally, the reasons that led these companies to pursue rights issues may differ from those of the Company.

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price of the share on the last trading day	Premium/ (Discount) of subscription price over to the price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
02/12/2024	Luxx Group Limited	1327	1 for 1	principally engaged in the manufacture and sales of own-branded watches and jewellery, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, OEM watches and third-party watches	139.6	16.2	(i) repayment of the group's bond payables (ii) general working capital of the group	(44.44%)	(44.44%)	N/A	(79.45%)	22.22%	1.5% or HK\$100,000	No
03/12/2024	Graphex Group Limited	6128	3 for 1	principally engaged in development and processing of graphite products, in particular, graphite anode material for lithium-ion batteries used in electric vehicles and other applications. The Group is also engaged in landscape architecture design businesses	164.3	110.7	(i) implementation of project in Latinx, the PRC; (ii) repayment of loans and interests of the group; (iii) general working capital of the group	(32.00%)	(28.27%)	(10.53%)	(51.51%)	24.00%	1.50%	No
06/12/2024	Xinming China Holdings Limited	2699	4 for 1	principally engaged in property development, property investment and property leasing	2,085.3	84.2	(i) settlement of convertible bonds; repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the group within around three months upon completion of the rights issue; (ii) general working capital of the group, including but not limited to its daily operational expenses of the group for the forthcoming 6 months upon completion of the rights issue	(13.80%)	(18.80%)	N/A	N/A	16.90%	3.00%	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
10/12/2024	KNT Holdings Limited	1025	3 for 1	manufacturing and trading of garment products	12.8	44.0	(i) investment in potential opportunity in southeast Asia; (ii) the repayment of debt of the group	(9.38%)	(10.22%)	(2.52%)	8.08%	3.00%	No
13/12/2024	China Energy Storage Technology Development Limited	1143	2 for 1	principally engaged in electronic manufacturing services; telecommunications products and multimedia products and computer accessories	74.0	94.2	(i) procurement costs, settling deposit and payment to suppliers; (ii) settling the consideration of the assignment; (iii) additional research and development undertakings in respect of energy storage system technology; and (iv) general working capital of the Group, including but not limited to marketing and promotion, salary expenses and other office and corporate expenses in relation to the assignment	(36.36%)	(35.78%)	(16.00%)	24.24%	1.50%	No
13/12/2024	Royal Century Resources Holdings Limited	8125	3 for 1	principally engaged in provision of design, fitting out and engineering, and procurement of furnishings and related products services; leasing of construction equipment and provision of related installation services; sourcing and merchandising of fine and rare wines; and provision of financial services	68.0	39.2	(i) support the group's projects; (ii) settlement of debts including accruals, trade and other payables; and (iii) general working capital of the group	(23.95%)	(22.10%)	(7.30%)	17.96%	2.00%	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
19/12/2024	HSC Resources Group Limited	1850	4 for 1	principally engaged in design, supply and installation of fire safety systems for buildings under construction or re-development, maintenance and repair of fire safety systems for built premises and trading of fire service accessories	24.2	73.3	(i) support the group's projects; and (ii) general working capital of the Group	(24.29%)	N/A	N/A	19.43%	1.50%	No
20/12/2024	Mansion International Holdings Limited	8456	4 for 1	principally engaged in the sale of baby and children garments	67.3	30.7	(i) repayment of the group's other borrowings; (ii) payment of rental expenses and management fee for the next 12 months; (iii) payment of salaries of the group's employees for the next 12 months; and (iv) working capital for the existing business	(22.90%)	(5.30%)	N/A	18.80%	1.50%	No
27/12/2024	China Kingstone Mining Holdings Limited	1380	2 for 5	principally engaged in mining, processing and trading of the marble stones and marble-related products	43.9	20.4	(i) general working capital of the group, including but not limited to staff costs, rent and rates, professional fees and other general corporate expenses; and (ii) investment in potential business opportunities	16.28%	11.11%	(65.60%)	0.00%	2.25% or HK\$300,000	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
31/12/2024	China Demeter Financial Investments Limited	8120	1 for 2	principally engaged in manufacturing, development and distribution of feedstock products, animal husbandry and related activities in the People's Republic of China; provision of loan financing in Hong Kong; provision of financial services (including advising and dealing in securities and asset management); investment in listed and unlisted securities; provision food and beverage services; alcoholic beverage distribution; and provision of children education services	39.7	15.6	(i) repayment of the outstanding loan borrowing and interest of the company; (ii) settlement of outstanding rental expenses and or payment of the food raw materials and ingredient supplier for the group's existing food and beverage business; and (iii) general working capital of the group	(25.00%)	(18.18%)	(59.08%)	8.55%	2.50%	No
17/01/2025	Wan Kei Group Holdings Limited	1718	1 for 1	principally engaged in the provision of foundation construction, ground investigation services, financial services, trading of consumer products and e-commerce sales, live streaming and promotion business in the social media	26.73	23.0	General working capital of the Group, particularly for the funding of the construction segment of the Group and the general working capital of the headquarter	(29.82%)	(17.53%)	(75.00%)	17.64%	3.00%	No
27/01/2025	Colour Life Services Group Co., Limited	1778	1 for 4	primarily engaged in the provision of property management services, the provision of engineering services and the provision of community leasing, sales and other services	244.0	61.4	(i) the general working capital of the group; (ii) the application of artificial intelligence technology in the group's community operations and big data construction in order to improve efficiency of the Group's services; (iii) the development of the group's community value-added services; and (iv) working capital reserve	0.00%	N/A	N/A	43.00%	N/A	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
02/02/2025	CSI Properties Limited	497	18 for 10	primarily engaged in property trading; strategic investment which engages in property investment through strategic alliances with the joint venture partners of the jointly controlled entities and associates; and securities investment engages in the securities trading and investment	1,565.7	1,492.0	(i) refinance and/or repay indebtedness; (ii) working capital requirements, which in turn will enhance the company's financial position and its ability to tap future financing from banks and public markets as opportunities arise	5.88%	2.04%	(93.55%)	0.00%	N/A	Yes
07/02/2025	Stream Ideas Group Limited	8401	2 for 1	primarily engaged in providing online advertising services, including social viral, engager, and mass blogging services. It operates platforms with front-end user interfaces, such as websites and mobile applications, to deliver these services	19.9	40.8	(i) the expansion and development in the business of online advertising services and promotion of the online platform of the group; (ii) general working capital of the Group, including but not limited to operational costs, staff costs, rental expenses, professional fees and other office overheads of the group	(15.00%)	(5.56%)	N/A	11.58%	3.00%	No

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14/02/2025	Yues International Holdings Group Limited	1529	4 for 1	primarily engaged in offering a wide range of logistics services to meet the needs of its customers' supply chains, which include transportation; warehousing; in-plant logistics; and customisation services (consisting mainly of labelling services and bundling services)	15.7	69.4	(i) the group's general working capital including employee benefits expenses, subcontracting expenses for certain transportation, warehousing and customisation services; and other expenses (such as professional fees, fleet operating expenses and outsourced labour costs where appropriate); (ii) the group's newly developed goat milk product business in Inner Mongolia Autonomous Region; and (iii) building warehouse(s) and/or other logistic related facilities in the traditional Chinese medicine (TCM) logistics industry park in Jiangxi, PRC aiming to provide quality warehousing and logistic services to customers for TCM products	(7.14%)	(1.52%)	(88.68%)	21.47%	1.00%	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price of the share price on the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
14/02/2025	China Salfower International Holding Group Limited	8623	1 for 2	principally engaged in the manufacturing and sales of wires and cables and sales of aluminium products in the PRC	11.9	6.1	(i) repayment of the group's debt and borrowings; (ii) investments in the industry of non-motor vehicle; and (iii) general working capital of the group	(6.78%)	(4.62%)	(82.79%)	2.26%	1.00%	No
18/02/2025	China Baoli Technologies Holdings Limited	164	4 for 1	principally engaged in multi-media technologies and convergence media business; gamma ray dry grinding and dry beneficiation business; and other operations – investment, securities trading and tourism and hospitality business	37.9	171.5	(i) repayment of outstanding liabilities; (ii) general working capital; and (iii) the convergence media Business	6.67%	1.27%	N/A	0.00%	1.00%	No
27/02/2025	TIMELESS RESOURCES HOLDINGS LIMITED	8028	1 for 2	principally engaged in mining and Metal Business – the exploration, development and exploitation of mines and trading of metal; and software and innovation Business – research, development and sale agency of bio and nano material products as well as software maintenance and development services.	64.1	30.0	(i) the development of the gold processing and trading business; and (ii) the development of the software business	(9.64%)	(6.81%)	(23.28%)	3.21%	N/A	No
03/03/2025	China Zenith Chemical Group Limited	362	2 for 1	principally engaged in the manufacture and sale of calcium carbide and lime powder; manufacture and sale of chemical products for agriculture; and generation and supply of heat and power	37.8	62.2	(i) repayment of the Group's indebtedness and interest expenses; and (ii) general working capital of the Group	(17.90%)	(7.10%)	N/A	13.05%	N/A	Yes

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over/to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over/to the theoretical ex-right price	Premium/ (Discount) of the subscription price over/to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
07/03/2025	Volcano Spring International Holdings Limited	1715	3 for 1	principally engaged in the manufacture and sale of calcium carbide and lime powder; manufacture and sale of chemical products for agriculture; and generation and supply of heat and power	17.6	88.4	(i) repayment of the borrowings; and (ii) Group's general working capital for the daily operations of its existing principal business, including but not limited to selling and distribution expenses, administrative expenses and research and development expenses	47.06%	8.70%	N/A	0.00%	1.00%	No
14/03/2025	Good Fellow Healthcare Holdings Limited	8143	1 for 1	principally engaged in the provision of general hospital services in the People's Republic of China	24.8	28.2	(i) repayment of Shareholder's Loans; (ii) development of the general hospital business of the Group; and (iii) general working capital of the group (including but not limited to the payment of salaries, rental expenses, professional fees and/or other corporate expenses)	(12.25%)	(7.41%)	233.33%	10.94%	1.00%	No
19/03/2025	Pacific Legend Group Limited	8547	1 for 2	principally engaged in the sale of home furniture and accessories, leasing of home furniture and accessories and provision of design consultancy services for fitting out interiors with furnishings	29.6	13.7	(i) payment of salary and remuneration expenses; payment of rental expenses; and (ii) trade related expenses including payments to suppliers, warehouse and logistics teams	(13.79%)	(9.64%)	(53.99%)	4.60%	1.25%	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds Use of proceed (HK\$ million)	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
11/04/2025	ISP Holdings Limited	2340	1 for 2	principally engaged in the provision of interiors and special projects business in Hong Kong and property and facility management business in the PRC	68.4	10.8 (i) legal cost to be incurred for the year; and (ii) general working capital of the group	(74.50%)	(66.07%)	(85.59%)	24.85%	N/A	No
16/04/2025	AustAsia Group Ltd.	2425	2 for 5	principally engaged in the production and sales of raw milk, sales of beef cattle and sales of milk products in the PRC	1,015.0	313.8 (i) fully repay a short-term loan facility of US\$25 million with a financial institution for the purpose of providing working capital for the group; (ii) repayment of onshore working capital facilities and interests with a financial institution in the PRC; and (iii) group's general working capital purposes, including, but not limited to, normal feed material procurement, purchase of silages and other working capital needs	(29.11%)	(22.76%)	(80.95%)	8.23%	N/A	No

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Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
16/04/2025	Bojour Holdings Limited	653	3 for 1	principally engaged in the retail and wholesale of beauty and health-care products in Hong Kong, Macau and the PRC	48.4	107.5	(i) upgrade its existing cross border e-commerce platform HKMALL; (ii) investment in enhancing the Group's business model of products wholesaling encompassing strategic partnerships in bonded warehousing, O2O (online-to-offline) commerce, and enhanced supply chain operations; (iii) general working capital of the group, including day-to-day salaries, office administrative overheads and selling and distribution expenses	(25.93%)	(8.05%)	(75.91%)	20.95%	2.00%	No
25/04/2025	Melco International Development Limited	200	1 for 2	principally engaged in leisure, gaming and entertainment, and other investments	4,308.9	780.0	(i) repay a portion of the principal amounts outstanding and the payment of interest of a US\$1.0 billion 5-year secured credit facility agreement entered into in June 2021	(72.93%)	(64.28%)	3,328.67%	24.31%	N/A	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
29/04/2025	C Cheng Holdings Limited	1486	1 for 2	principally engaged in the provision of comprehensive architectural service and building information modelling services	68.6	14.4	(i) further development and strengthening the Group's existing business in the Middle East and North Africa region by recruitment of skilled professionals in delivering high quality projects while also hiring business development and marketing experts; (ii) enhance the Group's information technology infrastructure through the development of digital platform with artificial intelligence technology for its existing business; and (iii) general working capital of the Group	(67.21%)	(57.75%)	(92.75%)	22.40%	3.00%	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/	Premium/	Premium/	Theoretical dilution effect	Placing commission rate	Underwriting arrangement	
								(Discount) of subscription price over to the closing price for the subscription price consecutive over to the closing share price on the last trading day	(Discount) of subscription price over to the theoretical ex-right price	(Discount) of the subscription price over to the latest net asset value per share				
07/05/2025	SEEC Media Group Limited	205	1 for 2	principally engaged in the provision of advertising agency services, distribution of books and magazines in PRC and securities broking business money lending business and provision of e-commerce platform services in Hong Kong.	94.2	40.5	(i) repayment of the group's bond payables on or before 30 August 2025; (ii) repayment of the group's other payables of corporate expense and advertising and marketing expenses on or before 31 December 2025; and (iii) general working capital, the rent and rate and staff cost of the group on or before 31 December 2026	(23.61%)	(26.17%)	(17.29%)	0.00%	3.00%	No	
09/05/2025	China Sci-Tech Industrial Investment Group Limited	339	1 for 2	principally engaged in investment in and trading of listed and unlisted equity securities	30.8	10.1	(i) for the repayment of outstanding liabilities of the company; and (ii) for the company's general working capital for the daily operations of its existing principal business	(43.10%)	(47.40%)	(38.60%)	N/A	16.20%	1.50%	No
13/05/2025	Shougang Century Holdings Limited	103	3 for 20	principally engaged in the manufacturing of steel cords and processing and trading of copper and brass products	951.8	160.4	(i) upgrade the company's technology, including but not limited to manufacturing process, workflow and production capacity optimisation as well as cost reduction, efficiency improvements, production support, and research and development; (ii) replenish general working capital and to repay loans and borrowings of the group	12.30%	14.30%	10.60%	(40.10%)	0.00%	N/A	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company name	Stock code	Basis of entitlement	Principal business	Market capitalisation on the Last Trading Date (HK\$ million)	Amount of maximum gross proceeds (HK\$ million)	Use of proceed	Premium/ (Discount) of subscription price over to the closing price for the five consecutive trading days up to and including the last trading day	Premium/ (Discount) of subscription price over to the theoretical ex-right price	Premium/ (Discount) of the subscription price over to the latest net asset value per share	Theoretical dilution effect	Placing commission rate	Underwriting arrangement
13/05/2025	Capital Realm Financial Holdings Group Limited	204	3 for 1	principally engaged in provision of IT integrated solutions services, support services from leasing contracts and security monitoring services, IT equipment leasing, IT maintenance and consultancy services; and distribution and resale of packaged hardware and software in Macau, Hong Kong and the PRC	996.2	155.7	(i) repayment of the Group bonds principal amount and accrued interests; (ii) future investments pursuant to the investment objectives of the Company for the upcoming twelve (12) months; and (iii) general working capital of the Group which mainly includes directors' emoluments, salaries, legal and professional fees and rental expenses	4.17%	21.36%	(86.28%)	0.00%	3.00%	No
			maximum		4,308.9	1,492.0		47.06%	47.06%	3,328.67%	43.00%	3.00%	
			average		399.9	136.0		(18.98%)	(19.24%)	97.40%	13.06%	1.96%	
			median		64.1	44.0		(17.90%)	(20.25%)	(75.46%)	0.00%		
			minimum		11.9	6.1		(74.50%)	(73.38%)	(93.55%)	0.00%	1.00%	
23/05/2025	Pinstone Capital Limited	804	3 for 2	principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services	145.3	60.7	(i) potentially applying for a license conditions to be able to deal with virtual asset; (ii) provide margin financing services; (iii) provide money lending services; and (iv) enhancing the general working capital of the Group, including but not limited to directors' fees and salary, head office rental and management fees and other payables	(40.71%)	(41.55%)	(75.64%)	24.93%	5.00%	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table above presents a detailed overview of the subscription prices of the Comparables in relation to their respective closing prices on or before the dates of the last trading day. These prices varied, showing a discount of approximately 74.50% to a premium of approximately 47.06%, with an average discount of approximately 18.98%.

In further examining the subscription prices in comparison to the average closing prices over the five trading days before the date of the last trading day, we found that the results showed a comparable range, with the prices varying from a discount of approximately 73.38% to a premium of approximately 47.06%, with an average discount of approximately 19.24%.

As a result, the discount of approximately 40.71% to the Theoretical Closing Price of HK\$2.80 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.140 per Existing Share as quoted on the Stock Exchange on the Last Trading Day, and the discount of approximately 41.63% to the average Theoretical Closing Price of HK\$2.844 per Consolidated Share (after taking into account the effect of the Share Consolidation) for the five consecutive trading days immediately preceding the Last Trading Day, based on the average closing price of approximately HK\$0.1422 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day, fall within the established range of the Comparables.

In addition to the above, we have observed significant variation in the premium and discount of the subscription price of the Comparables compared to the closing share price on the last trading day. This variation ranges from a premium of 47.06% to a discount of 74.50% (the “**Comparison 1**”). Furthermore, when we analysed the premium and discount of the subscription price against the closing prices for the five consecutive trading days leading up to and including the last trading day, we found a similar range, with a premium of 47.06% and a discount of 73.38% (the “**Comparison 2**”).

Given the absence of a solid rationale for excluding the outliers from the Comparables, we have decided to include them in our analysis. This approach is designed to minimise potential bias in the results and ensure a more accurate representation of the data. By incorporating the outliers, we aim to provide a thorough and comprehensive understanding of the Comparables population.

To provide a thorough assessment, we included the median in our analysis, as it is not affected by outliers and serves as a more reliable measure of central tendency in these situations. Our findings show that the median discount for Comparison 1 is 17.90%, while for Comparison 2, it is 20.25%.

Based on these observations, it is important to note that the Subscription Price, which represents a discount of approximately 40.71% and 41.55% compared to the Last Trading Day and the previous five consecutive trading days, falls outside the median range of the Comparables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In summary, as mentioned in the section headed “4.2.1 Review of the historical price performance of the Shares” in this letter, we observed that the historical performance of Share prices has been characterised by a volatile market environment with significant fluctuations. This high level of volatility often leads to increased uncertainty in pricing, making it difficult for investors to accurately assess the fair value of Shares using fundamental analysis. Moreover, in such conditions, investors may expect a higher return to compensate for the increased risk. As a result, we believe that high volatility presents notable challenges in determining the fair value of Shares, leading to substantial adjustments in evaluations.

Other than the shares liquidity, historical share price performance, the companies’ financial positions and the respective reasons and benefits for the rights issue, we do not notice any particular reason for the Comparables with high premium and discount to the closing price.

We analysed the average and median figures for Comparison 1 and Comparison 2, where the discount to the Subscription Price exceeds that of the Comparables. However, when assessing the Subscription Price, we considered other factors, including:

- (i) the Group is currently facing continuous financial losses, which have a significant impact on its financial position. This situation may adversely influence the determination of the Subscription Price;
- (ii) the high volatility of the closing of the Shares and the limited liquidity of the Shares observed during the Review Period indicate the potential for a considerable discount to the Subscription Price. This adjustment may serve to encourage the Qualifying Shareholders to participate in the Rights Issue;
- (iii) the Rights Issue is available to all Qualifying Shareholders, whose interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares;
- (iv) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market;
- (v) the reasons in the section headed “Reasons for and benefits of the Rights Issue and the intended use of proceeds” above in this letter; and
- (vi) the theoretical dilution effect of the Rights Issue falls within the range of the Comparables.

After careful consideration, we believe the benefits of the factors mentioned above outweigh the unfavorable findings from the Comparables and the significant discount applied to the Subscription Price, therefore, we consider a substantial discount of the Subscription Price to attract subscription by the Qualifying Shareholders is fair and reasonable.

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In light of above, we consider that the determination of the Subscription Price are fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Placing Agreement

On 10 June 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement. Principal terms of the Placing Agreement are summarised below:

Placing Agent:	Pinestone Securities Limited has been appointed as the bookrunner and placing agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best-effort basis. The Placing Agent is a licensed corporation authorised to conduct Type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (SFO). To the best of the Directors' knowledge, information, and belief, and after making all reasonable inquiries as of the Latest Practicable Date, the Placing Agent is a wholly-owned subsidiary of the Company.
Placing Price:	The placing price for the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be set at a minimum equal to the Subscription Price.
Placing commission:	The commission payable to the Placing Agent shall be 5% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (the "Placing Commission").
Placees:	The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the Directors, chief executive of the Company or Substantial Shareholders or any of its subsidiaries or any of their respective associates. The Placing Agent shall also ensure that (i) none of the placees, and whose ultimate beneficial owner(s), shall own 10% or more of the total number of Shares in issue immediately upon the completion of the Rights Issue; (ii) the public float requirement under Rule 8.08 of the Listing Rules remains to be fulfilled by the Company upon the completion of the Rights Issue; and (iii) the placees, and whose ultimate beneficial owner(s), (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the completion of the Rights Issue.

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Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares: The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Consolidated Shares then in issue.

5.1 Evaluation of the Placing Price

The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price. As we consider that the Subscription Price is fair and reasonable as discussed in the paragraph headed “4.2 Evaluation of the Subscription Price” in this letter, we also consider the arrangement of setting the placing price at or above the Subscription Price is fair and reasonable.

5.2 Evaluation of the Placing Commission

To assess the fairness and reasonableness of the Placing Commission, we have considered the commission charged by placing agents of the Comparables, where applicable. We noted that the placing commission paid by these companies ranged from nil to 3.00%. The Placing Commission of approximately 5% is above the range of the Comparables, as set out in the sub-section “Comparison with recent transactions” in this letter. Despite this, when evaluating the fairness of the Placing Commission, we have taken into account that the Placing Agent is a wholly-owned subsidiary of the Company. The Placing Commission will be deducted directly from the Net Proceeds. Since a portion of the Net Proceeds is designated for the Placing Agent for business development purposes, we believe that the financial implications of the Placing Commission charged by the Placing Agent and the allocation of the Net Proceeds are effectively equivalent. Therefore, we conclude that there are no significant financial effects arising from this matter.

6. Potential dilution in public shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not take up the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and the Placing.

For those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue and the Placing will be diluted by up to a maximum of approximately 24.98%.

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Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; and (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability, we are of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares, is acceptable and justifiable.

7. Possible financial effect of the Rights Issue

7.1 Effect on net tangible assets

Reference is made to the statement of unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix II to the Circular.

As at 31 December 2024, based on (i) the audited consolidated net tangible assets of the Group attributable to the equity holder of the Company of approximately HK\$137,872,000; and (ii) taking into account the Placing of 81,210,000 Existing Shares completed on 13 January 2025, the 487,280,100 Existing Shares in issue (representing 24,364,005 Consolidated Shares), the audited consolidated net tangible assets per Consolidated Share attributable to the Shareholders amounted to approximately HK\$6.23 per Consolidated Share.

On the assumptions that the completion of the Rights Issues had taken place on 31 December 2024, the Share Consolidation had become effective and 36,546,008 Rights Shares had been issued, immediately upon the completion of the Rights Issue, (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company would become approximately HK\$209,369,000; and (ii) the number of Consolidated Shares in issue would become 60,910,013 Consolidated Shares, resulting in the unaudited pro forma adjusted consolidated net tangible assets per Consolidated Share attributable to the Shareholders of approximately HK\$3.44.

Despite a reduction of approximately 44.8% in the consolidated net tangible assets per Consolidated Share upon the completion of the Rights Issue from HK\$6.23 to HK\$3.44, we have carefully considered (i) the reasons for the Rights Issue as outlined in the section titled "2. Reasons for and benefits of the Rights Issue and the intended use of proceeds" in this letter, and (ii) the rights of the Qualifying Shareholders to take up their respective entitlements. This allows them to maintain their shareholdings in the Company and participate in the Group's potential growth. In our view, the overall impact on the consolidated net asset value per Consolidated Share is fair and reasonable, and it serves the best interests of the Company and its Shareholders as a whole.

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7.2 *Effect on working capital*

As indicated by the Company, part of the Net Proceeds will be utilised as general working capital for the Group. Consequently, the Group's working capital position is expected to improve upon the completion of the Rights Issue.

It is important to note that the analyses provided are for illustrative purposes only and do not reflect the Group's actual financial position following the completion of the Rights Issue.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Rights Issue and the Placing are fair and reasonable; and (ii) the Rights Issue and the Placing are in the interests of the Company and the Shareholders. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour on the resolutions at the EGM in relation to the Rights Issue and the Placing.

Yours faithfully
For and on behalf of
Diligent Capital Limited
Felix Huen
Director

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2022, 2023 and 2024 are disclosed in the annual reports of the Company for the years ended 31 December 2022, 2023 and 2024. The said annual reports and interim report of the Company are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.pinestone.com.hk):

- annual report of the Company for the year ended 31 December 2022 from pages 58 to 117 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800635.pdf>);
- annual report of the Company for the year ended 31 December 2023 from pages 65 to 123 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043000866.pdf>); and
- annual report of the Company for the year ended 31 December 2024 from pages 70 to 127 published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042801051.pdf>).

B. STATEMENT OF INDEBTEDNESS**Indebtedness statement**

At the close of business on 30 June 2025, being the latest practicable date for the purpose of ascertaining this indebtedness statement prior to the date of this circular, the Group did not have any bank overdrafts or borrowings, or other similar indebtedness, guarantees, material capital commitments or other material contingent liabilities outstanding.

C. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into consideration the estimated net proceeds from the Rights Issue and the financial resources available to the Group including internally generated funds, bank and other facilities, the Group will have sufficient working capital for its operation for at least twelve months from the date of this circular.

The Company has obtained the relevant confirmations as required under the Listing Rules.

D. MATERIAL ADVERSE CHANGE

The Directors confirm that, there has been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group, comprising the Company and its subsidiaries, is principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services.

For the year ended 31 December 2024, the Group's revenue amounted to a total of approximately HK\$25.5 million, representing an increment of approximately 26% compared to approximately HK\$20.2 million in 2023. The increment was mostly attributable to a notable increase in fee income and agency fees of approximately HK\$6.9 million from placing and underwriting services (including both bonds and stocks) as compared to HK\$87,000 fee income in 2023. Commission income from the securities brokerage services decreased to approximately HK\$0.5 million in 2024, compared to HK\$1.3 million for the year ended 31 December 2023. Total income generated from securities-backed lending services decreased to approximately HK\$17.7 million, representing a decrease of approximately HK\$1.0 million or approximately 5% from approximately HK\$18.7 million in 2023. For the year ended 31 December 2024, interest income from margin financing services rose by about 21% to approximately HK\$11.9 million, while interest income for money lending and other lending services fell by about 34% to about HK\$5.9 million.

For the year ended 31 December 2024, loss before income tax increased to approximately HK\$31.3 million, compared to a loss before income tax of approximately HK\$23.5 million in 2023. Net loss for the year ended 31 December 2024 was HK\$31.7 million, compared to a net loss of HK\$24.4 million in 2023. The loss was mostly attributable to bad debts written off of approximately HK\$16.2 million and impairment losses of approximately HK\$20.9 million, thus totalling HK\$37.1 million (2023: HK\$28.0 million) in respect of trade and loans receivables made related to securities-backed lending services during the year 2024.

Basic loss per share was HK\$7.56 cents for the year ended 31 December 2024, compared to basic loss per share of HK\$6.87 cents (restated) for the year ended 31 December 2023.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared by the Directors (the “**Unaudited Pro Forma Financial Information**”) in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circular” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the Group's unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 as if the Rights Issue had been taken place on that date.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the audited adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 or any further dates following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024, as extracted from published audited annual report of the Group for the year ended 31 December 2024, with adjustments described below.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Based on 36,546,008 Rights Shares to be issued at Subscription Price of HK\$1.66 per Rights Share	137,872	13,864	57,633	209,369	0.31	6.23	3.44
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1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK\$137,872,000 as adjusted by exclusion of intangible asset of approximately HK\$500,000 as extracted from the published audited annual report of the Group for the year ended 31 December 2024.
2. Pursuant to the Company's announcement dated 13 January 2025, on the same date, the Company completed the placing of 81,210,000 Placing Shares at the placing price of HK\$0.176 per Placing Shares (the "**Placing**"). The net proceeds from the Placing, after deduction of the commission and other expenses of the Placing, amounted to approximately HK\$13,864,000. Subsequent to the Placing, the number of the shares before completion of the share Consolidation of the Company was 487,280,100 with par value HK\$0.02 each (the "**Existing Shares**").

3. The Company proposed to implement the share consolidation on the basis that every twenty (20) Existing Shares of the Company to be consolidated into one (1) (the “**Share Consolidation**”). The number of the consolidated shares of the Company was 24,364,005 with par value of HK\$0.40 each (the “**Consolidated Shares**”). The estimated net proceeds from the Rights Issue of approximately HK\$57,633,000 is calculated based on 36,546,008 Rights Shares to be issued (in the proportion of three (3) Rights Shares for every two (2) Consolidated Shares held by the Shareholders on the Record Date and assuming all Rights Shares are taken up by the Qualifying Shareholders) at the subscription price of HK\$1.66 per Rights Shares, after deduction of the estimated related expenses of approximately HK\$3,033,000, assuming that the Rights Issue had been completed on 31 December 2024.
4. The consolidated net tangible assets of the Group per share as at 31 December 2024 immediately after the completion of the Placing and before the Share Consolidation which is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK\$137,872,000 and the estimated net proceeds from the Placing completed on 13 January 2025 of approximately HK\$13,864,000 divided by 487,280,100 Existing Shares.
5. The consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 immediately after the completion of the Placing and upon completion of the Share Consolidation which is based on the audited consolidated net tangible assets of the Group as at 31 December 2024 of approximately HK\$137,872,000 and the estimated net proceeds from the Placing completed on 13 January 2025 of approximately HK\$13,864,000 divided by 24,364,005 Consolidated Shares.
6. The consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 immediately after the completion of the Placing and upon completion of the Rights Issue which is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 of approximately HK\$137,872,000, the estimated net proceeds from the Placing Completed on 13 January 2025 of approximately HK\$13,864,000 and estimated net proceeds from the Rights Issue of approximately HK\$57,633,000 divided by 24,364,005 Consolidated Shares and 36,546,008 Rights Shares to be issued.
7. Exception for the Placing completed on 13 January 2025 as described above, no adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro
Forma Financial Information**

To the directors of Pinestone Capital Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Pinestone Capital Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-6 of the circular dated 25 July 2025 (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-6 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed rights issue of up to 36,546,008 rights shares at HK\$1.66 per rights share (the “**Rights Shares**”) on the basis of three (3) Rights Share for every two (2) Consolidated Shares of the Company held on the rights issue record date (the “**Rights Issue**”) on the Group’s adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2024 as if the Rights Issues had taken place at 31 December 2024. As part of this process, information about the Group’s financial position has been extracted by the directors from the financial statements of the Group for the year ended 31 December 2024, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 (“**AG 7**”) Preparation of Pro Forma Financial Information for Inclusion in Investment Circular issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management (HKSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Opinion In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

Yours faithfully,

D & PARTNERS CPA LIMITED

Certified Public Accountants

Lee Ka Wai

Practicing Certificate Number: P07169

Hong Kong, 25 July 2025

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Share Consolidation (assuming no other change in the number of issued Shares); and (iii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
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25,000,000,000 Existing Shares	500,000,000
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<i>Issued and fully paid:</i>	<i>HK\$</i>
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487,280,100 Existing Shares	9,745,602
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Immediately upon completion of the Share Consolidation (assuming no change in the number of issued Shares)

<i>Authorised:</i>	<i>HK\$</i>
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1,250,000,000 Existing Shares	500,000,000
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<i>Issued and fully paid:</i>	<i>HK\$</i>
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24,364,005 Existing Shares	9,745,602
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Immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

Authorised: *HK\$*

1,250,000,000 Existing Shares 500,000,000

Issued and fully paid: *HK\$*

60,910,013 Existing Shares 24,364,005

The Rights Shares, when allotted, issued and fully-paid, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(I) Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules (the "Model Code") were as follows:

Long position in shares or underlying shares of the Company

Name of Director	Capacity	Number of shares or underlying shares held	Percentage of issued share capital
Ultimate Vantage Group Limited (<i>Note 1</i>)	Beneficial owner	96,836,250	19.9%

1. ULTIMATE VANTAGE GROUP LIMITED is 100% owned by Mr. Zeng Weling, who is the sole beneficial owner of 96,836,250 shares or approximately 19.9% out of the total issued 487,280,100 shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(II) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at Latest Practicable Date, the Company did not have any the interests and short positions of the substantial shareholders of the Company (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register to therein, were as follows:

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, the Company did not have any controlling Shareholder and so far as the Directors are aware, none of the Directors or any of their respective associate(s) had any interest in a business which causes or may cause, either directly or indirectly, any significant competition with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which are determinable by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and in the Articles.

Pursuant to the letters of appointment between the Company and the independent non-executive Directors, the independent non-executive Directors have been appointed for a term of three years, which are determinable by either party by giving three months' written notice.

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENTS

None of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

- (i) the loan agreement dated 6 October 2023 entered into between the Company as lender and Mr. Victor Wood as borrower in relation to a loan in the amount of HK\$19,000,000;
- (ii) the supplemental loan agreement dated 21 October 2024 entered into between the Company as lender and Mr. Victor Wood as borrower in respect of the extension of the maturity date of the loan;

- (iii) the loan agreement dated 10 December 2024 entered into between the Company as lender and Capital Realm Financial Holdings Group Limited as borrower in relation to a loan in the amount of HK\$17,800,000;
- (iv) the agreement entered into between the Joint Placing Agents and the Company dated 18 December 2024 in relation to the placing of 81,210,000 shares; and
- (v) the Placing Agreement.

9. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given opinions or advice contained in this circular:

Name	Qualification
Diligent Capital Limited	A corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity
D & Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$3.1 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors*Executive Directors*

Mr. Lee Chun Tung (*Chairman*)

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Mr. Wang Han

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Ms. Cheung Ka Yi

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Non-executive Director

Mr. Lau Chun Hung

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Independent Non-executive Directors

Mr. Lau Kelly

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Mr. Wong Chun Peng Stewart

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Mr. Cheng Man Pan

Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai
Hong Kong

Audit committee

Mr. Cheng Man Pan (*Chairman*)

Mr. Lau Kelly

Mr. Wong Chun Peng Stewart

Nomination committee	Mr. Cheng Man Pan (<i>Chairman</i>) Mr. Lau Kelly Mr. Wong Chun Peng Stewart
Remuneration committee	Mr. Lau Kelly (<i>Chairman</i>) Mr. Wong Chun Peng Stewart Mr. Cheng Man Pan
Registered office	Windward 3, Regatta Office Park PO Box 1350 Grand Cayman, KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	Room 1807, 18/F., China Resources Building 26 Harbour Road, Wan Chai Hong Kong
Authorised representatives	Mr. Lee Chun Tung Mr. Lau Chun Hung
Business address of all Directors and authorised representatives	Room 1807, 18/F., China Resources Building 26 Harbour Road, Wan Chai Hong Kong
Company secretary	Mr. Au Kin Kee Kinson ACG HKACG
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong
Principal banker	Bank of China (Hong Kong) Limited 2/F, Wing On House 71 Des Voeux Road Central Hong Kong
Auditor	BDO Limited Certified Public Accountants 25th Floor Wing On Centre 111 Connaught Road Central Hong Kong

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Diligent Capital Limited Room 2203, 22/F., New World Tower 1, 16 - 18 Queen's Road Central, Hong Kong
Placing Agent	Pinestone Securities Limited Room 1807, 18/F., China Resources Building 26 Harbour Road, Wan Chai Hong Kong
Legal Adviser to the Company as to the Companies Act	Appleby SUITES 3505-06, 35/F, Two Taikoo Place, 979 King's Road, Quarry Bay Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lee Chun Tung (“**Mr. Lee**”), aged 53, was appointed as an executive Director on 14 September 2022. Mr. Lee has over 20 years of experience in investment banking, financial services and securities companies. Mr. Lee obtained his Master's degree of science in financial engineering from City University of Hong Kong in 2007 and the Bachelor's (Honour) degree in accounting and finance from Manchester Metropolitan University in 1994. Mr. Lee is currently under the employment of Woso Finance Limited as Business Development Manager since June 2022 and Mr. Lee has been appointed as an independent non-executive Director for China Uptown Group Company Limited (whose shares are listed on main board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 2330)) since June 2022.

Mr. Wang Han (“**Mr. Wang**”), aged 37, obtained his Master's degree in project management of science from University of Central Lancashire in October 2011. Mr. Wang has been serving as assistant general manager at Hong Kong Jinsheng Secretarial Services Limited* (香港金盛秘書服務有限公司) since April 2023. He was the general manager at Ruili (Shenzhen) Asset Management Co., Ltd.* (瑞利(深圳)資產管理有限公司) from January 2019 to April 2020. From June 2018 to December 2018, Mr. Wang served as vice president at Guanfuholding Co., Ltd.* (冠福控股股份有限公司). He also worked as deputy general manager at Qianhai Ruishun Investment Co., Ltd.* (深圳市前海瑞松投資有限公司) from April 2018 to June 2018. From February 2012 to March 2018, he was employed at China Construction Bank's Luohu Branch.

Ms. Cheung Ka Yi (“**Ms. Cheung**”), aged 35, has joined as a director of Pinestone Securities Limited, a wholly-owned subsidiary of the Company, since September 2022. She has assumed management position in the company’s administration, operation and control. She is also a key member of the credit committee. In 2013, she earned a BSc (Hons) in Investment Science from Hong Kong Polytechnic University. Upon graduation, she had taken executive positions with World Universal (International) Limited, and the Hong Kong Monetary Authority previously. From January 2024 to May 2024, Ms. Cheung was appointed as an independent non-executive director of Fullwealth International Group Holdings Limited, whose shares are listed on main board of the Stock Exchange (stock code: 1034).

Non-executive Directors

Mr. Lau Chun Hung (“**Mr. Lau**”), aged 28, was appointed as a non-executive Director on 30 December 2024. Mr. Lau has extensive years’ experience in corporate finance, IPOs, privatizations, and mergers and acquisitions across various ventures and projects, with a deal portfolio encompassing listed companies in Hong Kong and the United States. He is also a licensed person registered under the SFO (Chapter 571 of the Laws of Hong Kong) to conduct Type 6 (advising on corporate finance) regulated activity. Since November 2024, he has served as the responsible officer for Type 6 (advising on corporate finance) regulated activity at Silverbricks Securities Company Limited, a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), and Type 6 (advising on corporate finance) regulated activities. Mr. Lau earned his bachelor’s degree in Economics from the Chinese University of Hong Kong in December 2018.

Independent non-executive Directors

Mr. Lau Kelly, aged 46, was appointed as an independent non-executive Director on 2 September 2022. He has more than 11 years of experience in business management and regulatory compliance. He has worked with the Hong Kong Police Force for twelve years between December 1998 and July 2010, receiving commendations from Secretary of Civil Service and Secretary of Home Affairs for highly rated performances during his tenure. Subsequently, Mr. Lau Kelly worked with Easy Finance Limited as principal consultant between May 2011 and October 2015, responsible for all regulatory and legal compliances. Mr. Lau Kelly was also an executive director, chief executive officer, compliance officer and authorized representative for hmvod Limited, a company listed on the GEM of the Stock Exchange of Hong Kong Limited (stock code: 8103) between December 2015 and December 2020.

Mr. Wong Chun Peng Stewart (“**Mr. Wong**”), aged 58, was appointed as an independent non-executive Director on 7 September 2022. Mr. Wong has more than 27 years of experience in the legal industry. Mr. Wong worked at Deacons Graham & James as a trainee solicitor from August 1993 to July 1995 and became an associate solicitor in the China Practice Group from August 1995 to December 1996. Mr. Wong was qualified as a solicitor of the High Court of Hong Kong in September 1995. Mr. Wong has practised law in a number of international firms such as Deacons (posting as a representative in Beijing, the PRC) from September 2002 to March 2005, Baker McKenzie from January 2007 to July 2009 and Hogan Lovells from February 1999 to March 2002, and has worked as in-house counsel in two listed companies in Hong Kong, namely Dickson Concepts (International) Limited, which is listed on the Main Board of the Stock Exchange (stock code: 0113) and Samsonite International S.A., which is also listed on the Main Board (stock code: 1910), from August 2009 to May 2013 and May 2013 to January 2016, respectively. Mr. Wong also practised as a consultant in law firms such as YTL & Co. from February 2017 to July 2018 and AH Lawyers from April 2020 to September 2020. Mr. Wong has been a principal of Stewart Wong & Associates, which is a law firm where he has been involved in the provision of a wide array of legal services, including mergers and acquisitions, litigation and general commercials. Mr. Wong graduated from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) with a bachelor’s degree of law with first class honours in November 1991. He also obtained his master’s degree in law from the University of Cambridge in England in June 1993.

Mr. Cheng Man Pan (“**Mr. Cheng**”), aged 55, was appointed as an independent non-executive Director, on 14 November 2022. Mr. Cheng worked at KPMG Peat Marwick as audit supervisor from September 1992 to June 1996. He has worked at CCT Telecom as a senior project manager from December 1997 to March 1998. Mr. Cheng has worked as a chief financial controller in Celestial Asia Securities Holdings Limited (whose shares are listed on mainboard of the Stock Exchange (stock code: 1049)) from March 1998 to June 2004. He has worked as a chief operating officer and a executive Director for CASH Financial Services Group Limited (whose shares are listed on mainboard of the Stock Exchange (stock code: 510)) from June 2004 to April 2008, then he was served under CASH Financial Services Group Limited as a managing director of retail business group and executive Director for CASH Financial Services Group Limited from May 2008 to June 2011. He also worked as a managing director of China business development and executive Director from July 2011 to September 2012 and practiced as a managing director of investment services and executive Director from October 2012 to December 2013 for CASH Financial Services Group Limited. Mr. Cheng was a director of Maroubra Assets Limited from December 2014 to June 2021. He becomes a founder and managing director of Macqueen Asset Management Limited, a licensed corporation registered under SFO to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities, starting from June 2021 to now. Mr. Cheng obtained his bachelor’s degree in Accounting in 1992 from City University of Hong Kong and his executive master’s degree of Business Administration in 2013 from the Chinese University of Hong Kong.

13. AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with specific written terms of reference formulated in accordance with the requirements of the Rule 3.21 and Appendix C1 of Listing Rules. The Audit Committee currently consists of all the three Independent non-Executive Directors (“**INEDs**”), namely Mr. Cheng Man Pan, Mr. Lau Kelly and Mr. Wong Chun Peng Stewart. Mr. Cheng Man Pan is the chairman of our Audit Committee. The primary duties of our Audit Committee are mainly (i) to make recommendations to the Board on the appointment and removal of external auditors; (ii) to review and supervise the financial statements and provide advices in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of our Company; (iv) to supervise internal control systems of our Group; and (v) to monitor any continuing connected transactions.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.pinestone.com.hk/) for a period of 14 days from the date of this circular:

the Placing Agreement;

- (a) the letter from the Board, the text of which is set out on pages 11 to 41 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 42 of this circular;
- (c) the letter from Independent Financial Adviser, the text of which is set out on pages 43 to 80 of this circular;
- (d) the accountant’s report on the unaudited pro forma financial information of the Group issued by D & Partners CPA Limited, the text of which is set out in Appendix II to this circular;
- (e) the material contracts referred to in the paragraph headed “8. Material contracts” of this appendix;
- (f) the written consent of the expert as referred to in the section headed “9. Experts and Consents” of this appendix;
- (g) this circular.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, there was no contract for the hire or hire purchase of plant to or by any member of the Group for a period of over one year which are substantial in relation to the Group's business.
- (c) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM

PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 804)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Pinestone Capital Limited (the “**Company**”) will be held at 21/F, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong on Thursday, 14 August 2025 at 11:00 a.m. (Hong Kong time), or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the circular of the Company dated 25 July 2025, with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited:

Every twenty (20) issued and unissued shares of par value HK\$0.02 each in the share capital of the Company be consolidated into one (1) share of par value HK\$0.40 (each a “**Consolidated Share**”), and such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company (the “**Share Consolidation**”).

2. “**THAT** conditional upon the passing of resolutions numbered 1 as set out above and subject to the conditions set out in the letter from the board under the heading “Conditions of the Rights Issue” in the circular of the Company dated 25 July 2025:

- (a) the allotment and issue of up to 36,546,008 Consolidated Shares, credited as fully paid upon full payment of the Subscription Price (the “**Rights Shares**”), (assuming no change in the number of Consolidated Shares in issue on or before the Record Date (as defined below) and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) pursuant to an offer by way of rights to the shareholders of the Company (the “**Shareholders**”) at the subscription price of HK\$1.66 per Rights Share (the “**Subscription Price**”), in cash, on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held by the Shareholders (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company on Wednesday, 27 August 2025, or such other date as may be determined by the Company for

NOTICE OF EGM

determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the “**Record Date**”), as described in further details in a circular issued by the Company dated 25 July 2025 (a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (the “**Non-Qualifying Shareholders**”), and on and subject to such terms and conditions as may be determined by the Directors (the “**Rights Issue**”), be and is hereby approved, confirmed and ratified;

- (b) the placing agreement dated 10 June 2025 (the “**Placing Agreement**”) and entered into between the Company and Pinestone Securities Limited (a copy of which has been produced to the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification), in relation to the placing of the Rights Shares of Unsubscribed Rights Shares and the NQS Unsold Rights Shares in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

By order of the Board
Pinestone Capital Limited
Lee Chun Tung
Chairman and Executive Director

Hong Kong, 25 July 2025

NOTICE OF EGM

Registered office:

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:

Room 1807, 18/F.,
China Resources Building
26 Harbour Road,
Wan Chai
Hong Kong

Notes:

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the Meeting (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the Meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (3) A proxy form for use at the Meeting or its adjourned Meeting is enclosed.
- (4) In order to be valid, the completed proxy form must be received by the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at least 48 hours before the time appointed (i.e. Tuesday, 12 August 2025 at 11:00 a.m.) for holding the Meeting or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Hong Kong branch share registrar and transfer office of the Company together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.
- (5) For the purposes of determining shareholders' eligibility to attend, speak and vote at the Meeting (or at any adjournment of it), the register of members of the Company will be closed from Friday, 8 August 2025 to Thursday, 14 August 2025, (both dates inclusive), during which period no transfer of shares of the Company will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), all properly completed transfer documents accompanied by the relevant share certificate must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 7 August 2025.
- (6) The voting at the Meeting or its adjourned Meeting will be taken by poll.
- (7) If tropical cyclone warning signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at www.pinestone.com.hk/ and on the website of the Stock Exchange at www.hkexnews.hk to notify the Shareholders of the date, time and place of the re-scheduled Meeting.

If a tropical cyclone warning signal No. 8 or above or a "black" rainstorm warning signal is lowered or cancelled at or before 7:00 a.m. on the date of the Meeting and where conditions permit, the Meeting will be held as scheduled.

The Meeting will be held as scheduled when an "amber" or "red" rainstorm warning signal is in force.

NOTICE OF EGM

As at the date of this notice, the Directors are:

Executive Directors:

Mr. Lee Chun Tung (*Chairman*)

Mr. Wang Han

Ms. Cheung Ka Yi

Non-executive Director:

Mr. Lau Chun Hung

Independent non-executive Directors:

Mr. Lau Kelly

Mr. Wong Chun Peng Stewart

Mr. Cheng Man Pan