

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:

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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.

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.

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.

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.

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

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).

The Subscription Price represents:

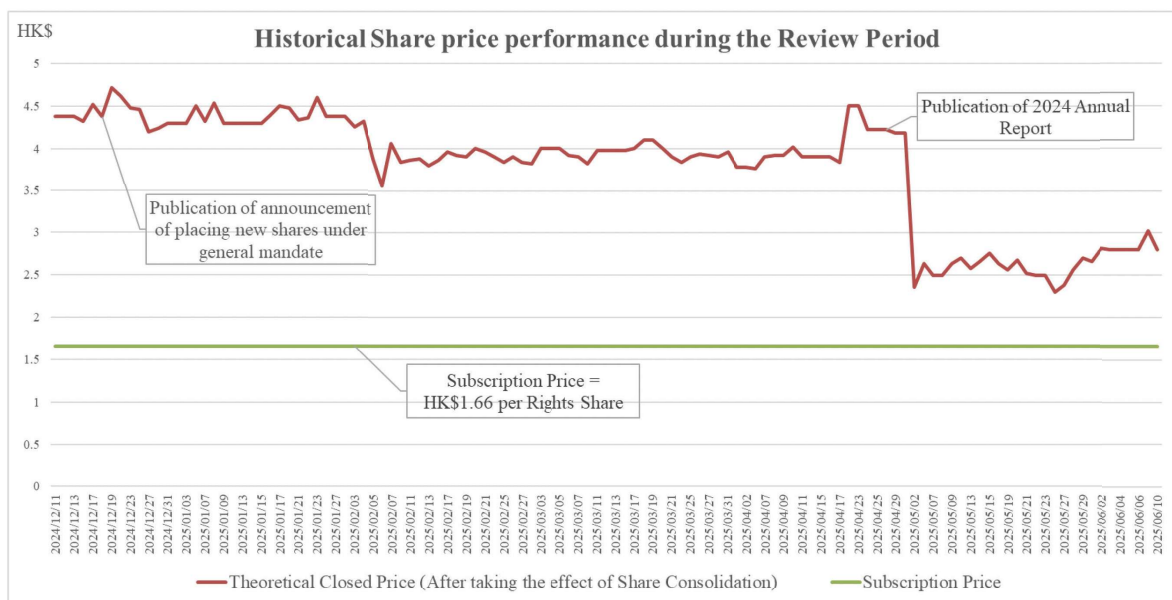
- (i) a discount of approximately 63.91% to the theoretical closing price of HK\$4.600 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.23 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount 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).

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).

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.

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.

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.

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.

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.

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.

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.

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.

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.
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.
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 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;

- (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.

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.

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.

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.

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 HK\$' million	Accumulated impairment losses (included unwinding of discount) as at 31 December 2024 HK\$' million	Net amount of loan receivable as at 31 December 2024 HK\$' million	Proportion out of the Group's total loan receivable as at 31 December 2024 %
(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

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.

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.

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.

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

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	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
		%		%		%		%
Ultimate Vantage Group Limited <i>(Note 1)</i>	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.

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.

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.

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

A handwritten signature in black ink, appearing to read 'Thomas Lee', with a stylized flourish at the end.

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.

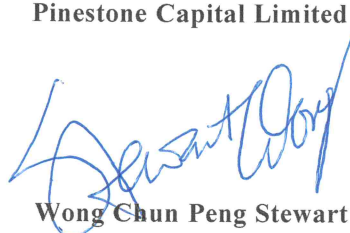
We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote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



**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.

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.

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.

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.

(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

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.

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.

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.

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.

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.

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.

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.

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

- (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

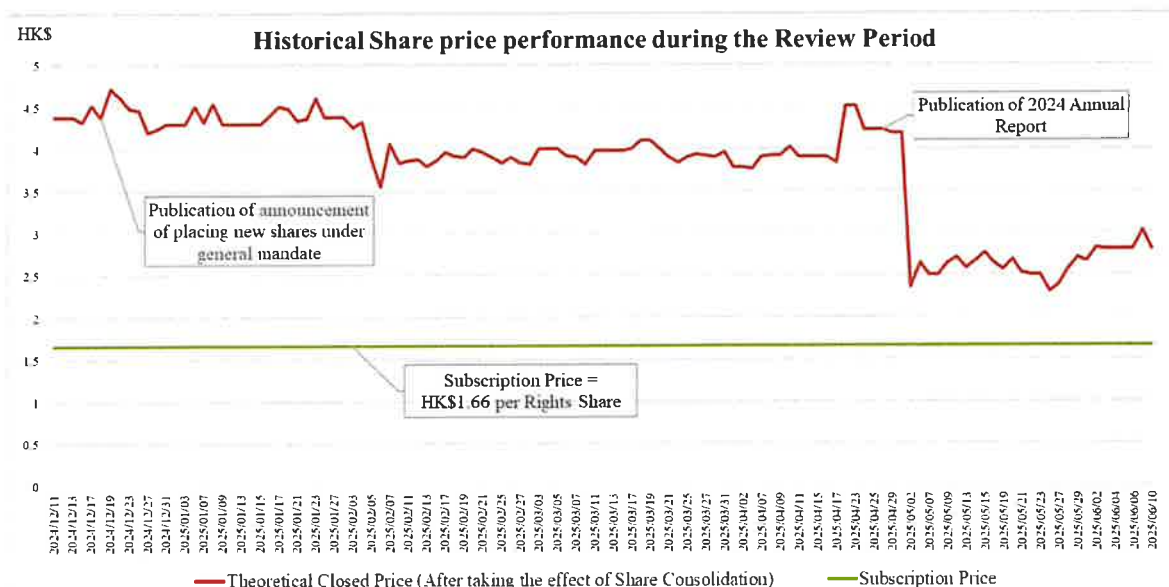
To assess the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to (a) the historical Share price performance; (b) the historical trading volume and liquidity of the Shares; and (c) the market comparable in respect recent issuance of subscription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

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.

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.

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.

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.

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.

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
02/12/2024	Luxxu 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%)	N/A	(79.45%)	22.22%	1.5% of HK\$100,000	No
03/12/2024	Graphex Group Limited	6128	3 for 1	principally engaged in development and processing of graphene 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	119.7 (i) implementation of project in Laos; the PRC; (ii) repayment of loans and interests of the group; (iii) general working capital of the group	(32.00%)	(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	(18.80%)	N/A	N/A	16.90%	3.00%	No

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
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%)	(59.90%)	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) selling 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%)	(90.50%)	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%)	(82.69%)	17.96%	2.00%	No

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					Placing commission rate	Underwriting arrangement
							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			
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	(24.25%)	(23.19%)	N/A	19.43%	1.50%	No	
20/12/2024	Manson 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%)	(23.50%)	(5.50%)	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%	19.62%	11.11%	(65.60%)	0.00%	2.25% or HK\$300,000	No

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
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 of 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

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
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%	5.88%	2.04%	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%)	(16.50%)	(5.56%)	N/A	3.00%	No

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 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	Yves 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	(71.4%)	(1.52%)	(88.68%)	21.47%	1.00%	No

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 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 Salower 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	13.03%	N/A	Yes

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 proceeds (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
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%	47.06%	8.70%	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)	(12.28%)	(19.35%)	(7.41%)	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%)	(13.79%)	(9.64%)	4.60%	1.25%	No

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 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
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.	2025	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

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 share price on the last trading day	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	Bonjour 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%)	(27.93%)	(8.05%)	(75.91%)	20.95%	2.00%	No
25/04/2025	Meco 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%)	(71.03%)	(64.28%)	3,328.67%	24.31%	N/A	No

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					Theoretical dilution effect	Placing commission rate	Underwriting arrangement
							Premium/ (Discount) of subscription price over/to the closing price for the five consecutive trading days up to 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					
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%)	(66.44%)	(57.75%)	(92.75%)	22.40%	3.00%	No	

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 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
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 PPC 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%)	(17.29%)	(51.54%)	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%)	(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%	10.60%	(40.10%)	0.00%	N/A	No

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%	1.01%	(86.28%)	0.00%	3.00%	No
			maximum		4,308.9	1,492.0		47.06%	47.06%	11.11%	3,328.67%	43.00%	3.00%	
			average		399.9	136.0		(18.98%)	(19.24%)	(13.34%)	97.40%	13.06%	1.96%	
			median		64.1	44.0		(17.90%)	(20.25%)	(7.30%)	(75.46%)			
			minimum		11.9	6.1		(74.50%)	(73.38%)	(66.07%)	(93.55%)	0.00%	1.00%	
23/05/2025	Prisacore 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%)	(22.14%)	(75.64%)	24.93%	5.00%	No

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.

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.

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.

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%.

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.

7.2 Effect on working capital

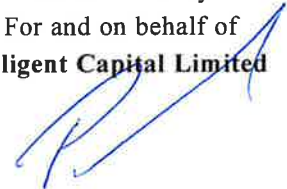
As indicated by the Company, part of the Net Proceeds will be utilised as general working capital for the Group. Consequently, the Group's working capital position is expected to improve upon the completion of the Rights Issue.

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF IMPERIUM FINANCIAL GROUP 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-3 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-3 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.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF IMPERIUM FINANCIAL GROUP LIMITED**

(Continued)

Reporting Accountant's 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.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF IMPERIUM FINANCIAL GROUP LIMITED**

(Continued)

Reporting Accountant's Responsibilities (Continued)

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.



D & PARTNERS CPA LIMITED

Certified Public Accountants

Lee Ka Wai

Practicing Certificate Number: P07169
Hong Kong, 25 July 2025

DATED THE 6th DAY OF OCTOBER 2023

VICTOR, WOOD

AND

CORNERSTONEMETA LIMITED

AND

PINESTONE CAPITAL GROUP LIMITED

LOAN AGREEMENT

relating to the term loan in the
maximum aggregate principal amount of up to HK\$19,000,000

VICTOR wood

THIS AGREEMENT is made on the 6th day of October 2023.

BETWEEN:

- 1) **VICTOR WOOD**, a resident of the Republic of Cyprus with Cypriot passport No. K00484892 of 30 Norman Road, London, England, SE10 9QX (the “**Borrower**”);
- 2) **CORNERSTONEMETA LIMITED**, a company incorporated in England and Wales, with company no. 13999672 whose registered office is at 30 Norman Road, London, England, SE10 9QX (the “**Guarantor**”); and
- 3) **PINESTONE CAPITAL GROUP LIMITED**, a company incorporated in Hong Kong with company no. 1793503 whose registered address is at Room 1807, 18th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong (the “**Lender**” or the “**Chargee**”). The Lender is Money Lender licensed under the Money Lender’s Ordinance Cap. 163 with the Money Lenders Licence No. 0287/2023.

(collectively the “**Parties**” and each a “**Party**”)

NOW IT IS HEREBY AGREED as follows:

1. Definitions

- 1.1. In this Agreement the following expressions shall have the following meanings except where the context otherwise requires:

“Business Day”	means a day (other than Saturday, Sunday or public holiday) on which banks in Hong Kong are open to conduct business generally throughout their normal business hours and Business Days shall be construed accordingly;
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“Charged Shares”	means the 100 Shares beneficially owned by the Borrower, of which the Shares are in the possession of the Chargee and pledge by entering into Share Charge from time to time;
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“Conditions Precedent”	means the conditions precedent as set out in Clause 4;
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“Company”	means Cornerstonemeta Limited, a limited liability company incorporated under the laws of England and Wales whose registered office is at 30 Norman Road, London,
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England, SE10 9QX;

“Encumbrances”

means any Security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

“Events of Default”

means the events of default as set out in Clause 10;

“HK\$”

means Hong Kong dollars;

“Hong Kong”

means the Hong Kong Special Administrative Region of the People's Republic of China;

“Finance Documents”

means this Agreement, the Security Documents and any other document designated by the Lender; and a “Finance Document” means any one of them;

“Group”

means the Company and its subsidiaries from time to time;

“Interest Period”

means period of one (1) month commencing:

- (a) for the Interest Period, on the Drawdown Date; and
- (b) for each subsequent Interest Period, on the day following the last day of the preceding Interest Period,

provided that if an Interest Period would otherwise end on a day that is not a Business Day, that Interest Period will instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

“Loan”	means a loan made or to be made under the term loan in the principal amount of up to HK\$19,000,000, to the extent not cancelled, reduced or transferred by the Lender under this Agreement or the principal amount outstanding for the time being of that loan;
“Obligors”	means the Borrower and the Guarantor; and “Obligor” means any one of them;
“Purpose”	has the meaning ascribed to it in Clause 2;
“Security”	means a mortgage, charge, pledge, lien, assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;
“Security Document”	means: (a) the Share Charge; and (b) any other document designated as such by an Obligor and the Lender in writing;
“Share(s)”	means the ordinary shares 100 each in the capital of the Company;
“Share Charge”	means the deed of charge to be executed between the Borrower and the Lender on even date of this Agreement, under which the Security is created (or expressed to be created) over the Shares;
“Repayment Date”	means the date falling 6 months from the Drawdown Date; and if that is not a Business Day, the first Business Day after; and
“Drawdown Date”	means the date of a drawdown from the Loan, being the date on which the Loan is to be made.

1.1. In this Agreement, unless the context otherwise requires:

- (a) any Business Day falling on a day in which typhoon signal No.8 or above or a black rainstorm warning is hoisted in Hong Kong at any time between 6:00 a.m. and 6:00 p.m. on such day then such date or dates shall be postponed to the next Business Day on which no typhoon signal No.8 or above or black rainstorm warning is hoisted in Hong Kong (as the case may be) at any time between 6:00 a.m. and 6:00 p.m. on such day;
- (b) words importing the singular number shall include the plural number and vice versa;
- (c) words importing any gender include all genders;
- (d) a reference to a person includes a reference to a natural person, a body corporate and an unincorporated body of persons;
- (e) the name of this document and the clause headings herein are inserted for convenience of reference only and in no way define, limit or describe the scope of this document or the intent of any provision hereof;
- (f) each of the schedules shall have effect as if set out herein and forms part of this Agreement, and references to clauses and schedules shall be construed as references to clauses of and schedules to this Agreement;
- (g) the expressions "Borrower" and "Lender" shall include their respective personal representatives, respective successors and permitted assigns (as the case may be); and
- (h) references to ordinances, statutes, legislations or enactments shall be construed as a reference to such ordinances, statutes, legislations or enactments as may be amended or re-enacted from time to time and for the time being in force.

2. The Loan and Purpose

- 2.1. Subject to the terms and conditions set forth herein, the Lender shall provide to the Borrower, the Loan.
- 2.2. Any Loan drawn under the Loan shall be used for the Borrower's private investments.

3. Drawdown of the Loan

- 3.1. The Borrower may make a request to drawdown the Loan by submitting a written drawdown request ("**Drawdown Notice**"). The Drawdown Notice shall be made by the Borrower within 14 days from the date of signing this Agreement or other dates as agreed mutually between the parties. The

Drawdown Notice shall be irrevocable.

4. Conditions Precedent for drawdown of a Loan

- 4.1. A proposed Loan will only become available to the Borrower provided that no Events of Default shall have occurred (upon and subject to the terms and conditions contained herein) which have not been waived and upon the all of the following:
- (a) the Borrower having served the Drawdown Notice to the Lender pursuant to Clause 3.1; and
 - (b) the Borrower having delivered all the documents specified therein.

5. Term and Repayment

- 5.1. Subject to Clause 10, the Borrower shall repay the Loans in full together with all accrued and unpaid interest thereon to the Lender (or its nominee) on the Repayment Date.
- 5.2. The Borrower, shall not extend the Repayment Date.

6. Interest

- 6.1. The interest rate on each Loan for each Interest Period up till the Repayment Date shall be 16 per cent. per annum and the Borrower shall pay all accrued interest on a Loan on the last day of each Interest Period.
- 6.2. The rate of default interest referred to in Clause 13.3 is 24 per cent. per annum. For the avoidance of doubt, the default interest rate, when applicable and payable, shall be paid instead of and not in addition to the rate under Clause 6.1.
- 6.3. Interest shall accrue from day to day and be calculated on the basis of actual number of days elapsed over a year of 365 days. For the avoidance of doubt, interest on a Loan shall be calculated on a non-compounded basis.

7. Prepayment/Early Repayment

- 7.1. The Borrower may not prepay/ repay the whole of the outstanding principal amount of the Loan.
- 7.2. The Borrower shall prepay/ repay (i) the outstanding principal amount of the Loan; (ii) all accrued interest on a Loan on the last day of each Interest Period; and (iii) all accrued interest on a Loan from the date of prepayment of outstanding principal amount of the Loan to the sixth month from the Drawdown Date, provided that the Borrower shall have given the Lender (a) a notice in writing at least ten Business Day (or such shorter period as approved by the Lender), setting out the outstanding principal amount of

the Loan and all accrued interest on the Loan; and (b) that the Drawdown Date shall be a Business Day.

8. **Payments**

- 8.1. All payments by the Borrower hereunder shall be made in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Borrower is required by law to make any such deduction or withholding from any amount paid, the Borrower shall pay to the Lender such additional amount as shall be necessary so that the Lender continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.
- 8.2. All payments shall be made in the currency or currencies in which the relevant amounts advanced to the Borrower are denominated (the “**Appropriate Currency**”), unless otherwise previously agreed by the Lender in writing. If, for any reason, the Lender receives an amount in any other currency then such payment shall take effect as a payment to the Lender of the amount in the Appropriate Currency which the Lender is able to purchase (after deduction of any relevant costs) with the amount of the payment so received in accordance with the Lender's usual practice and the Borrower shall indemnify the Lender against any shortfall on demand in writing. Until such shortfall is repaid to the Lender, such shortfall shall form part of the sums owed hereunder to the Lender and bear interest accordingly. Any shortfall not paid on demand shall bear default interest in accordance with Clause 6.2 of this Agreement.
- 8.3. All payments by the Borrower shall be made not later than 3:00 p.m. (Hong Kong time) on the due date by bank transfer or delivery to the Lender a cashier order or cheque payable to the Lender or to its order and drawn on a licensed bank in Hong Kong.

9. **Assignment**

- 9.1. The Finance Documents shall be binding upon and ensure for the benefit of, the Lender and the Borrower and their respective successors.
- 9.2. The Borrower shall not assign or transfer any of its rights or obligations under the Finance Documents.
- 9.3. The Lender may assign all or any part of its rights or benefits or transfer all or any part of its obligations under Finance Documents or other document referred to herein to any one or more banks or financial institutions or other persons (each an “**Assignee**”) without the consent of the Borrower.
- 9.4. If the Lender assigns all or any part of its rights or benefits or transfers all or any part of its obligations as provided in Clause 9.3 hereof all relevant references in Finance Documents to the Lender shall thereafter be construed as a reference to the Lender and/or the Assignee(s) to the extent of their respective interests and, in the case of a transfer of all or part of the Lender's

obligations, the Borrower shall thereafter look only to each Assignee in respect of that proportion of the Lender's obligations as corresponding to the obligations transferred to and assumed by such Assignee.

- 9.5. The Lender may disclose on a confidential basis to a potential Assignee or to any other person who may propose entering into contractual relations with the Lender in relation to the Finance Documents such information about the Finance Documents as the Lender shall consider appropriate. For the avoidance of doubt, the Lender may not disclose any financial information previously provided to the Lender by the Borrower.

10. **Events of Default**

- 10.1. The Obligors agrees and acknowledges that the Lender shall have a right to demand immediate repayment of the Loans together with any accrued and unpaid interest thereon upon the happening of any of the following events:

- (a) the Borrower fails to pay any amount payable hereunder as and when such amount becomes payable save where (a) such delay is caused by an administrative error of the remitting bank or a failure of the banking payments system and (b) such payment is received within three Business Days of the original due date;
- (b) the Borrower and the Guarantor procure others to: (a) change the capital structure of the Guarantor, change the directorship of the Guarantor, change to shareholder/ beneficial owner of the Guarantor; (b) change the capital structure, increase the authorised or issued share capital of the Guarantor, issue or allocate any new shares, warrants, options or any derivatives, loan capital of the Guarantor, create any rights to subscribe for the Shares, to grant or agree to grant or redeem or modify the terms of any existing options, acquire any rights convertible into Shares or loan capital of the Guarantor; (c) issue any shares, warrants or derivatives, other securities or loan capital of the Guarantor; (d) issue any bonds or convertible bonds of the Guarantor; (e) purchase or redeem any Shares or provide financial assistance for any such activities; (f) alter the provisions of the memorandum and articles of association of the Guarantor; (g) do anything which may in any way depreciate, jeopardise or otherwise prejudice the value of the Share Charged and (h) dispose any asset more than aggregate amount of HKD 100,000 of the Guarantor,
- (c) the Obligors fails duly and punctually to perform or comply with any of their respective obligations or undertakings set out in the Finance Documents and, in respect only of a failure which in the opinion of the Lender is capable of remedy and which is not a failure to pay money, does not remedy such failure to the Lender's satisfaction within seven Business Days (or such longer period as the Lender may approve) after receipt of written notice from the Lender requiring it to do so;
- (d) any representation or warranty made or deemed to be made by the

Obligors in connection with the Finance Documents proves to have been incorrect or misleading in any respect considered by the Lender to be material;

- (e) a creditor takes possession of all or a substantial part of the assets of the Obligors or any execution or other legal process is enforced against the business or in the reasonable opinion of the Lender, any material asset of the Obligors and is not discharged within five Business Days (or such longer period as the Lender may approve); and
- (f) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration, reorganisation, reconstruction, dissolution or bankruptcy (as the case may be) of the Obligors or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Obligors of all or any part of its business or assets or, if the Obligors makes any general assignment for the benefit of its creditors but not any winding up petition filed against the Obligors which has been discharged or set aside by the Borrower within five Business Days of presentment.

10.2. If an Event of Default has occurred, the Lender may, by written notice to the Obligors, declare (a) the Loans, accrued interest and all other sums payable hereunder to be, whereupon they shall become, immediately due and payable without further demand, notice or other legal formality of any kind; and (b) exercise any of its rights, remedies, powers or discretions under the Finance Documents.

11. Representation and Warranties

11.1. Each of the Obligors represents and warrants to the Lender that:

- (a) the Borrower is a corporation, duly incorporated, in good standing and validly existing under the law of its jurisdiction of incorporation and has the power to own its assets and carry on its business as it is being conducted;
- (b) each has full power, authority and legal right to enter into and engage in the transactions contemplated under the Finance Documents and has taken and obtained all necessary action, licence, approval and consents to authorise the execution, delivery and performance of the Finance Documents;
- (c) the Finance Documents to which each Obligor is a party constitutes legal, valid and binding obligations and are enforceable in accordance with their respective terms;
- (d) neither the execution of the Finance Documents nor the performance by each Obligor (as the case may be) of any of their obligations or the

exercise of any of its rights hereunder or thereunder, will conflict with or result in a breach of any law, regulation, judgment, order, authorisation, agreement or obligation applicable to it, or cause any limitation placed on it or on the powers of its directors (as applicable), to be exceeded or result in the creation or oblige the Borrower to create a charge in respect of any of its property or assets except in favour of the Lender;

- (e) all authorisations required from any governmental or other authority or creditors of the Obligors for or in connection with the execution, validity and performance of the Finance Documents have been obtained and are in full force and effect or, by the date on which the notices of drawing is given, will have been obtained and be in full force and effect;
- (f) no litigation, arbitration or administrative proceeding is currently taking place or pending or threatened against them or any of their assets or revenues;
- (g) the Obligors are not in default under any law, regulation, judgment, order, agreement or obligation applicable to it or its assets or revenues, the consequences of which could materially and adversely affect its business or financial condition or its ability to perform its obligations under the Finance Documents nor are any of the Obligors insolvent, or unable to pay its debts and could not be deemed to by a court to be unable to pay its debts nor will it become so in consequent of entering into the Finance Documents to which it is a party;
- (h) each Security Document creates in favour of the Lender a first ranking Security over the assets over which it is expressed to create;
- (i) each Obligor's payment obligations under the Finance Documents to which it is a party rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;
- (j) except as created under the Security Documents, no Encumbrance exists on or over the Charged Shares;
- (k) the Borrower has good and marketable title (subject to the Security intended to be created by them pursuant to the relevant Security Documents, as sole absolute legal and beneficial owner) to the Charged Shares when the same is charge;
- (l) not sold, transferred, lent, assigned, parted with its interest in or disposed of, granted any option in respect of or otherwise dealt with any of its rights, title, interest in and to the Charged Shares or agreed to do any of the foregoing (other than pursuant to the Finance Documents to which it is a party until such time as released and discharged in accordance with

the Finance Documents);

- (m) there has been no material adverse change in the Group's business or financial condition nor has the Group incurred any further indebtedness or liabilities (whether actual or contingent) since the date of this Agreement are stated to have been prepared; and
- (n) there has been no material adverse change in the Borrower's business or financial condition nor has the Borrower incurred any further indebtedness or liabilities (whether actual or contingent) since the date of this Agreement, are stated to have been prepared.

11.2. Each representation and warranty is made by and is deemed to be repeated by the Obligors on each day during the period beginning on the date of this Agreement and ending on the date on which all present and future obligations and liabilities (whether actual or contingent and whether owed in any other capacity whatsoever) of the Obligors under each Finance Document have been unconditionally and irrevocably paid and discharged in full to the satisfaction of the Lender.

11.3. When a representation and warranty is repeated, it is applied to the circumstances existing at the time of repetition.

12. Undertakings

12.1. Each of the Obligors undertakes to the Lender that throughout the continuance of the Finance Documents and/or so long as any moneys are owing hereunder:

- (a) it will ensure that its obligations hereunder rank at all times at least *pari passu* with all its other present or future unsecured and unsubordinated obligations, and with the exception of indebtedness and such other obligations mandatorily preferred by law and not by contract;
- (b) it will obtain, maintain in full force and effect, and comply in all respects with any conditions imposed in connection with, every authorisation of governmental or public bodies or courts, and do, or cause to be done, all other acts and things, which may from time to time be necessary under applicable law for the continued due performance of its obligations hereunder;
- (c) it shall, as soon as reasonably practicable after demand by the Lender, and entirely at his own costs and expenses, make, execute, do, perform and provide all such further acts and documents (in form and substance acceptable to the Lender) as the Lender shall reasonably require to perfect the security afforded or created by the Security Documents and/or to give full effect to any provisions of the Finance

Documents;

- (d) punctually pay all sums due from it and otherwise comply with its obligations under the Finance Documents;
- (e) the Group will not create or permit to subsist any Encumbrance on the whole or any part of the respective present or future assets of the of the Group except for the following:
 - (i) Encumbrances created with notice to the Lender;
 - (ii) liens arising by operation of applicable laws; and
 - (iii) Encumbrances already existing and disclosed to the Lender prior to the execution of the Finance Documents;
- (f) the Group will not borrow, or raise money, incur, assume, guarantee, indemnify, give surety or otherwise become obligated or liable for any indebtedness; make any advance or loan to any person or entity nor will it enter into any contract or transaction or capital commitment; or undertake, accept or allow to arise any contingent liabilities (other than in the ordinary course of business on normal commercial terms);
- (g) the Borrower will not create, purport to create or permit to subsist any Encumbrance on, or in relation to the Charged Shares save for any lien arising by operation of law or any Security created pursuant to any Finance Document and will remain as the sole and legal beneficial owner of the Charged Shares nor will it sell, assign, transfer, part with possession of or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in the Charged Shares or create or grant (or purport to create or grant) any interest in the Charged Shares in favour of a third party) unless such actions by the Borrower relate to or is in conjunction with the Borrower obtaining financing for the provision of the Loan under the Finance Documents;
- (h) the Borrower shall not incur any indebtedness other than arising under any Finance Document or with the prior written consent of the Lender; and
- (i) the Borrower shall not enter into any amalgamation, demerger, merger or corporate reconstruction without the prior written consent of the Lender.

13. Duty, Costs and Default Interest

- 13.1. Any tax, duty tax (including stamp duty), capital duty, compensation, levies and fees (if any) payable to any governmental or regulatory bodies in relation to all transaction contemplated under the Finance Documents shall be borne equally by the Parties.

13.2. Each of the Parties shall bear its/his/her own costs, fees and disbursements arising out of the preparation, negotiation, execution and performance of the Finance Documents.

13.3. If the principal or the interest or any part thereof payable by the Borrower hereunder is not paid when due, the Borrower shall pay the Lender interest on the payment in arrears at the same rate of interest set out in Clause 6.2 on the default payment from the date of default until the sum is paid.

14. Guarantee and indemnity

14.1. The Guarantor irrevocably and unconditionally:

- (a) guarantees to the Lender the due and punctual performance by the Borrower of all its obligations under the Finance Documents

14.2. Continuing guarantee

- (a) This guarantee is a continuing guarantee and will extend to the ultimate balance of all sums payable and all other obligations to be performed by the Borrower under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.
- (b) If any discharge (whether in respect of the obligations of the Borrower or any security for those obligations or otherwise), release or arrangement is made in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation, administration or otherwise without limitation, the liability of the Guarantor under this Clause 14 shall continue or be reinstated as if the discharge, release or arrangement had not occurred. The Lender may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

14.3. Waiver of defences

The obligations of the Guarantor under this Clause 14 shall not be affected by any act, matter, omission or thing which, but for this provision, would reduce, release or prejudice any of his obligations under this Clause 14 (without limitation and whether or not known to it or any of the Lender), including:

- (a) any time, consent or waiver granted to, or composition with, any person;
- (b) any release of any person under the terms of any composition or arrangement;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security
- (d) over assets of, any person;

- (e) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (f) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
- (g) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Finance Document or any other document or security;
- (h) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under any Finance Document or any other document or security; or
- (i) any insolvency or similar proceedings.

14.4. Immediate recourse

The Guarantor waives any right it may have of first requiring the Lender (or any trustee or agent on its respective behalf) to proceed against or enforce any other right or security or claim payment from any person before claiming from any Guarantor under this Clause 14. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

14.5. Appropriations

Until all obligations which are to or may be performed by the Borrower under the Finance Documents have been irrevocably performed, the Lender (or any trustee or agent on its respective behalf) may without affecting the liability of any of the Guarantor under this Clause 14:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Lender (or any trustee or agent on its behalf) in respect of those amounts; or
- (b) apply and enforce them in such manner and order as it sees fit (whether against those amounts or otherwise); and
- (c) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of that Guarantor's liability under this Clause 14.

14.6. Deferral of the Guarantors' rights

Unless all obligations of the Borrower under the Finance Documents have been fully performed or the Lender otherwise directs or consents, the Guarantor shall

not:

- (a) take the benefit (in whole or in part whether by way of subrogation or otherwise) of any rights, security or moneys held, received or receivable by the Lender (or any trustee or agent on its behalf);
- (b) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of any Guarantor's liability under this Clause 14;
- (c) bring legal or other proceedings for an order requiring the Borrower to make any payment or perform any obligation, in respect of which any of the Guarantor has given a guarantee, undertaking or indemnity;
- (d) claim, rank, prove or vote as a creditor of the Borrowers or its estate in competition with the Lender (or any trustee or agent on its behalf); or
- (e) receive, claim or have the benefit of any payment, distribution or security from or on account of any Borrower, or exercise any right of set-off as against any Borrower. The Guarantor shall hold in trust for and immediately pay or transfer to the Lender any payment or distribution or benefit of security received by it contrary to this Clause 14.6 or in accordance with any directions given by the Lender under this Clause 14.6.

14.7. **Additional Security**

This guarantee provided by the Guarantor is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Lender.

15. **General Provisions**

- 15.1. Counterparts: This Agreement may be executed in any number of copies or counterparts which when taken together shall constitute one original document and shall be effective as of the date hereof.
- 15.2. Complete Agreement: This Agreement and the documents referred to in it, constitutes the entire agreement and understanding of the Parties and supersedes any previous agreement, proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise between the Parties in relation to the subject matter of this Agreement and the Parties acknowledge that that none of them has relied on any such proposals, representations, warranties, agreements or undertakings and no claim shall arise in respect of any agreement so superseded by this Agreement.
- 15.3. Further Assurance: Each Party undertakes to the other Party to execute or procure to be executed all such documents and to do or procure to be done all other acts and things as may be reasonable and necessary to give full effect to the terms and intent of this Agreement.
- 15.4. Variation: Any variation to this Agreement shall be binding only if it is recorded

in writing in a document signed by all Parties hereto.

- 15.5. Waiver: The exercise of or failure to exercise any right in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such Party of any other right or remedy it/he/she may have in respect of that breach.
- 15.6. Remedies Cumulative: Any right or remedy conferred by this Agreement on any Party for breach of this Agreement shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 15.7. Illegality: If at any time any one or more of the provisions of this Agreement is or becomes invalid, illegal, unenforceable in any respect, the validity, legality, enforceability of the remaining provisions hereof shall not thereby in any way be affected or impaired.
- 15.8. Announcement and Confidentiality: Unless (i) the disclosure is required by law or any rules and regulations of any securities exchange or regulatory or governmental body having jurisdiction over the disclosing party or its associates; (ii) the disclosure is made to their respective professional advisers which are under a duty of confidentiality; (iii) the disclosure or use is required for the purpose of any judicial, arbitration or other similar proceedings arising out of this Agreement; or (iv) the disclosure is reasonably required to be made to a taxation authority in connection with the taxation affairs of the receiving party or the disclosure is reasonably required for the purpose of preparing any statutory accounts of the receiving party, none of the Parties shall make or procure to be made any announcement or release or disclose any information in relation to this Agreement or any transaction contemplated hereunder or any matter in connection herewith or disclose the identity of the Parties without the prior written consent of all other Parties (such consent not to be unreasonably withheld or delayed). In the event that a Party is required to make any such announcement as aforesaid, it shall consult the other Parties in advance in connection with the content and timing of the announcement.
- 15.9. Notice: Any notice, claim or demand in connection with this Agreement or with any dispute under this Agreement shall be in writing in English and shall be sufficiently given or served if delivered or sent:

(a) in the case of the Borrower:

Address : 30 Norman Road, London, England, SE10
9QX
Fax Number : N/A
Attention : Victor WOOD

(b) in the case of the Guarantor:

Address : 30 Norman Road, London, England, SE10
9QX
Fax Number : N/A
Attention : Victor WOOD

(c) in the case of the Lender:

Address : Room 1807, 18th Floor, China Resources
Building, 26 Harbour Road, Wan Chai, Hong
Kong,
Fax Number : +852 3102 0055
Attention : Mr. Lee Chun Tung

Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered (a) if given or made by letter, when actually delivered to the relevant address; (b) if given by postage prepaid or registered airmail, on the fifth day after the date on which they were mailed (as indicated by the postmark); (c) if given by courier, on the second day after they were sent by recognised courier service; and (d) if given or made by facsimile, immediately following confirmation of its transmission as recorded by the sender's facsimile machine.

- 15.10. Severance: If any provision of this Agreement shall be found by any court or administrative body of any competent jurisdiction to be invalid or unenforceable the invalidity or unenforceability of such provision shall not affect the other provisions of this agreement and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The Parties hereby agree to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the economic legal and commercial objectives of the invalid or unenforceable provision.

16. **Contract (Rights of Third Parties) Ordinance**

- 16.1. This Agreement shall be governed by and construed in accordance with the laws of Hong Kong. The Parties hereto agree to submit to the non-exclusive jurisdictions of the Courts in Hong Kong.
- 16.2. This Agreement is personal to and is made solely for the benefit of the Parties to it and shall not create or give any rights to or purport to confer any benefits on any third parties whatsoever. No term of this Agreement shall be enforceable by any person not being a Party to this Agreement.
- 16.3. The application of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) is expressly excluded.

17. **Governing Law & Jurisdiction**

- 17.1. This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with laws of the Hong Kong Special Administrative Region ("**Hong Kong**").

- 17.2. In relation to any legal action or proceedings to enforce this Agreement or arising out of or in connection with this Agreement, each of the parties irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong and waives any objection to proceedings in such courts on the grounds of venue or on the grounds that the proceedings have been brought in any inconvenient forum.
- 17.3. Without prejudice to any other mode of service allowed under any relevant law, the Obligors:
- a) irrevocably appoints Cornerstonemeta Limited as its agent for service of process in relation to any proceedings before the Hong Kong courts in connection with this Agreement and confirms that such agent for service of process has duly accepted such appointment; and
 - b) agrees that failure by the process agent to notify the Obligors of the process will not invalidate the proceedings concerned.
- 17.4. If the appointment of the person mentioned in Clause 17.3 ceases to be effective, the Obligors shall immediately appoint another person in Hong Kong to accept service of process on its behalf. If the Obligors fails to do so, the Lender shall be entitled to appoint such a person by notice to the Obligors. Nothing contained herein shall restrict the right to service process in any other manner allowed by law.
- 17.5. To safeguard the interests of the Borrower and in compliance with the requirements as set out in Guidelines on Additional Licensing Conditions of Money Lenders Licence issued by the government in October 2016, this Agreement shall include the attachment consisting of:
- Annex 1 – form on disclosure of the existence of third party’s by the intending Borrower.
- Annex 2 – a copy of third party’s agreement provided by the intending Borrower.
- Annex 3 – form on confirmation by appointed third party on the non-charging of fees
- Annex 4 – third party’s information and its relationship with the Money Lender and the Money Lender’s advice to the Borrower

IN WITNESS WHEREOF the Parties hereto have executed this Agreement the day and year first above written.

SIGNED by Victor WOOD

in the presence of :-

Victor wood

)
)
)
)

Victor wood

SIGNED by Victor WOOD
a director, for and on behalf of
CORNERSTONEMETA LIMITED
in the presence of :-

Victor Wood)
)
)
)

Victor wood

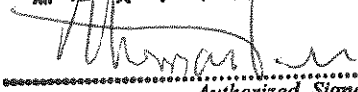
SIGNED by
a director, for and on behalf of
Pinestone Capital Group Limited
in the presence of :-

)

)

)

)

For and on behalf of
PINESTONE CAPITAL GROUP LIMITED
鼎石資本集團有限公司

.....
Authorized Signature(s)

10/10/2018 10:00 AM

**TERM OF SUMMARY OF PROVISIONS OF THE ORDINANCE
TO BE INCLUDED IN OR ATTACHED TO A NOTE OR
MEMORANDUM OF A LOAN AGREEMENT**

THE MONEY LENDERS ORDINANCE

The provisions of the Money Lenders Ordinance summarized below are important for the protection of all the parties to a loan agreement and should be read carefully. The summary is not part of the law, and reference should be made to the provisions of the Ordinance itself in case of doubt.

Summary of Part III of the Ordinance – Money lenders transactions

Section 18 sets out the requirements relating to loans made by a money lender. Every agreement for a loan must be in writing and signed by the borrower within 7 days of making the agreement and before the money is lent. A copy of the signed note of the agreement must be given to the borrower, with a copy of this summary, at the time of signing. The signed note must contain full details of the loan, including the terms of repayment, the form of security and the rate of interest. An agreement which does not comply with the requirements will be unenforceable, except where a court is satisfied that it would be unjust not to enforce it.

Section 19 provides that a money lender must, if requested in writing and on payment of the prescribed fee for expenses, give the original and a copy of a written statement of a borrower's current position under a loan agreement, including how much has been paid, much is due or will be due, and the rate of interest. The borrower must endorse on the copy of the statement words to the effect that he has received the original of the written statement and return the copy as so endorsed to the money lender. The money lender must retain the copy of the statement so returned during the continuance of the agreement to which the statement relates. If the money lender does not do so he commits an offence. The money lender must also, upon a request in writing, supply a copy of any document relating to the loan or security. But a request cannot be made more than once per month. Interest is not payable for so long as the money lender, without good reason, fails to comply with any request mentioned in this paragraph.

Section 20 provides that the surety, unless he is also the borrower, must within 7 days of making the agreement be given a copy of the signed note of the agreement, a copy of the security instrument (if any) and a statement with details of the total amount payable. The money lender must also give the surety, upon request in writing at any time (but not more than once per month), a signed statement showing details of the total sum paid and remaining to be paid. The security is not enforceable for so long as the money lender, without good reason, fails to comply.

Section 21 provides that a borrower may at any time, on giving written notice, repay a loan together with interest to the date of repayment, and no higher rate of interest may be charged for early repayment.

This provision, however, will not apply where the money lender is recognized, or is a member of an association recognized, by the Financial Secretary by notice in the Gazette in force under section 33A(4) of the Ordinance.

Section 22 states that a loan agreement is illegal if it provides for the payment of compound interest, or provides that a loan may not be repaid by instalments. A loan agreement is also illegal if it charges a higher rate of interest on amounts due but not paid, although it may provide for charging simple interest on that part of the principal and interest outstanding at a rate not exceeding the rate payable apart from any default. The illegal agreement may, however, be declared legal in whole or in part by a court if the court is satisfied that it would be unjust if the agreement were illegal because it did not comply with this section.

Section 23 declares that a loan agreement with a money lender and any security given for the loan will not be enforceable if the money lender was unlicensed at the time of making the agreement or taking the security. The loan agreement or security may, however, be declared enforceable in whole or in part by a court if the court is satisfied that it would be unjust if the agreement or security were unenforceable by virtue of this section.

Summary of Part IV of the Ordinance – Excessive interest rates

Section 24 fixes the maximum effective rate of interest on any loan at 60% per annum (the "effective rate" is to be calculated in accordance with the Second Schedule to the Ordinance). A loan agreement providing for a higher rate will be unenforceable and the lender will be liable to prosecution. This maximum rate may be changed by the Legislative Council but not so as to affect existing agreements. This section does not apply to any loan made to a company which has a paid up share capital of not less than \$1,000,000 or in respect of any such loan, to any person who makes the loan.

Section 25 provides that where court proceedings are taken to enforce a loan agreement or security for a loan or where a borrower or surety himself applied to a court for relief, the court may look at the terms of the agreement to see whether the terms are grossly unfair or exorbitant (an effective rate of interest exceeding 48% per annum or such other rate as is fixed by the Legislative Council, may be presumed, on that ground alone, to be exorbitant), and, taking into account all the circumstances, it may alter the terms of the agreement in such a manner as to be fair to all parties. This section does not apply to any loan made to a company which has a paid up share capital of not less than \$1,000,000 or, in respect of any such loan, to any person who makes that loan.

附於或載於借約提要書或 備忘錄的放債人條例摘要

放債人條例

下開的放債人條例摘要，對保障簽訂借約的各方均屬重要，故須小心閱讀。
該摘要並非法例的一部份，如有疑難之處，可參閱放債人條例的有關條文。

放債人條例第III部摘要 - 放債人所進行的交易

第18條列載有關放債人所貸款項的規定。

凡借約均須以書面訂立，由借款人於訂立借約後七日內簽署，並須在款項借出前辦妥。
在簽署借約時，放債人必須給予借款人一份已簽署的借約提要書及本摘要乙份。
該提要書須載明貸款詳情，包括還款條件、抵押形式及利率。
凡不符合規定的借約，均不能執行，但如法庭認為不執行借約係不公平者，則屬例外。

第19條規定如借款人提出書面要求及繳交規定的費用，放債人必須發給該借款人結算書的
正本及副本各一份，列明在該借約下借款入目前的債務詳情，包括已還款若干、到期未付
或行將到期繳付的款項若干，以及利率等。
借款人必須在結算書的副本註明他經已收到結算書的正本，並把已作上述批註的副本交回
放債人。
放債人必須在有關結算書的合約有效期間收存該份交回的結算書副本。
如放債人不這樣做的話，即屬犯法。
如借款人提出書面要求，放債人亦須供給有關該項貸款或抵押的任何文件副本。
上述每項要求，每月只限提出一次。
如放債人無充分理由而拒絕本段提及的任何要求，則借款人可免繳拒絕期內的利息。

第20條規定：除非保證人亦為借款人，否則放債人須在訂立借約後7日內向保證人提供已簽
署的借約提要書、有關抵押的文件（如有的話），以及詳列還款總額的結算書各一份。
如保證人隨時提出書面要求
（每月只限一次），放債人須供給已簽署的結算書一份，詳列已付還總額及尚欠餘款。
放債人如無充分理由而拒絕此項要求，則在拒絕期內，有關抵押的規定不能執行。

第21條規定借款人如以書面通知，有權隨時將欠款連同計至還款日期止的利息清還放債人，
放債人不得因借款人提早還款而收取較高的利息。

放債人若為財政司長根據放債人條例第33A(4)條在有效憲報公佈認可的人士或經其認可社
團的成員，則上述規定並不適合。

第22條規定凡收取複利或訂明不准分期攤還借款的借約均屬不合法，此外，對到期未還的
款項收取較高利息的借約亦屬不合法，但該等借約可規定對到期未還的本金及利息加收單
利，所收利率不得超過原來借款的利率。
如果法庭認為因合約不符合本條條文規定而列作不合法屬不公平做法的話，則法庭可以宣
佈該不合法合約合法，或部份內容合法。

第23條規定：在訂立借約或接受貸款抵押時，如放債人未領有牌照，有關借約及抵押不能
予以執行。
但是，假若法庭認為由於本條規定而不能執行有關借約或抵押的規定會造成不公平，法庭
可宣告整份或部份借約或抵押規定可予執行。

放債人條例第IV部摘要 - 過高的利率

第24條規定：貸款的最高實際利率為年息6分

（「實際利率」）須按放債人條例第二附表的規定計算。

凡借約所訂實際利率超過此限制，皆不能執行，且放債人更可被檢控。

此最高利率可由立法會予以修訂，但已簽訂的借約則不受影響。

對於向實收股本不少於\$1,000,000的公司作出的任何貸款或作出該等貸款的任何人士，本條
規定並不適用。

第25條規定：在有關執行借約或抵押規定的法律訴訟中，或在借款人或保證人向法院求助
時，法庭可考慮借約的條件是否不公平或利率是否過高

（如實際利率超過年息4分8厘或立法會所訂定的其他利率即可視為過高的利率）。

法庭在考慮一切情形後，可將借約的條件修改，使其對立約各方均屬公平。

對於向實收股本不少於\$1,000,000的公司所作出的任何貸款或作出該等貸款的任何人士，本條

規定並不適用。

VICTOR WOOD.
Signed by the Borrower(s) :

附件1/ Annex 1

致/To :

關於我／我們_____，香港身份證號碼/商業登記證編號：_____ /

_____ 持有人/公司編號：13999672

地址：30, Norman Road London England. SE 10 9AX

_____ 向你申請貸款一事，現謹確認：

I / We, _____, holder of (Hong Kong Identity Card No.) _____

_____ at _____

_____ refer to My / Our application to you for a loan and hereby confirm that:

- (1) 我／我們因促致、洽商、取得或申請該筆貸款，或因擔保或保證該筆貸款的償還，或由於與該等事務有關，而從未與任何第三方達成或簽訂任何協議

I / We for or in relation to the procuring, negotiation, obtaining or application of the loan, guaranteeing or securing the repayment of the loan or any matters in connection therewith have not entered into or signed any agreement with any third party

- (2) 我／我們確認我／我們從以下的途徑知悉貴公司並向貴公司申請貸款：

I / We confirm that I / We come to know about your company by the following information and made application to your company for loan:

- (I) 廣告-包括電視、電台、報章及其他傳媒 ☐

Advertising - including TV, Radio broadcasting, newspapers and other media

- (II) 朋友介紹-姓名: _____ ☐

Friend referral - Name:

- (III) 我／我們為貴公司舊客戶 ☐

I / We were client of your company

- (IV) 其他 _____ ☐

Others

簽署 / Signed : W. K. T. 02

姓名 / Name : W. K. T.

日期 / Date : 24/10/2017

請在適合的 ☐ 內填上 ✓

Please ✓ the ☐ where it is appropriate

附件1/ Annex1

致/To :

關於我們

／商業登記證編號： 持有人／公司編號： 12989672

地址： 20 Norman Road London England SE10 9AX

向你申請貸款一事，現謹確認：向你申請貸款一事，現謹確認：

I / We, / (BR Certificate No.)*
/ (Company Number.)*
at

refer to My / Our application to you for a loan and hereby confirm that:

- (3) 我／我們因促致、洽商、取得或申請該筆貸款，或因擔保或保證該筆貸款的償還，或由於與該等事務有關，而從未與任何第三方達成或簽訂任何協議
I / We for or in relation to the procuring, negotiation, obtaining or application of the loan, guaranteeing or securing the repayment of the loan or any matters in connection therewith have not entered into or signed any agreement with any third party

- (4) 我／我們確認我／我們從以下的途徑知悉貴公司並向貴公司申請貸款：
I / We confirm that I / We come to know about your company by the following information and made application to your company for loan:

(V) 廣告-包括電視、電台、報章及其他傳媒 ☐
Advertising - including TV, Radio broadcasting, newspapers and other media

(VI) 朋友介紹-姓名: ☐

Friend referral - Name:

(VII) 我／我們為貴公司舊客戶 ☐

I / We were client of your company

(VIII) 其他 ☐

Others
簽署／Signed : Viv Jor

公司名稱／Company Name : Wood

日期／Date : 4/10/2012

請在適合的☐內填上✓

Please ✓ the ☐ where it is appropriate

附件3/ Annex3

致/To :

關於_____ (下稱「擬借款人」) 向你申請
貸款一事, 我/我們_____
____現謹確認:

I / We _____ refer to the
application of _____ ("the intending
borrower") for a loan from you and hereby confirm that:

1. (a) 我/我們不曾而將來亦不會因促致、洽商、取得或申請該筆貸款, 或因擔保或保證該筆貸款的償還, 或由於與該等事務有關, 向擬借款人徵收、追討、要求或收受任何費用、收費、報酬或代價(不論其名目為何); 及

I / We have not charged, recovered, demanded or received and will not charge, recover, demand or receive any fees, charges, reward or consideration (however named), from the intending borrower for or relating to the procuring, negotiation, obtaining or application of the loan or guaranteeing or securing the repayment of the loan or any matters relating thereto; and

(b) 我/我們不曾因貸款或由於與貸款有關而另行與擬借款人達成協議, 無論是否因購買任何貨品或服務, 由擬借款人向任何其他方支付或於將來支付任何費用、收費、報酬或代價(不論其名目為何)。

I / We have not otherwise agreed with the intending borrower that, for or relating to the loan or any matters therewith, the intending borrower pay or would pay any fees, charges, reward or consideration, however named, to any other party whether for the purchase of any goods or services or not.

2. 我/我們謹此提供我/我們與擬借款人簽訂的協議副本一份

I / We hereby provide a copy of the agreement signed by Me/Us and intending borrower

簽署/ Signed : Vicior

姓名/ Name : Ward

日期/ Date : 4/10/2022

DATED 2nd JULY 2024

VICTOR, WOOD

- AND -

CORNERSTONEMETA LIMITED

- AND -

PINESTONE CAPITAL GROUP LIMITED

SUPPLEMENTAL LOAN AGREEMENT

relating to the term loan in the
maximum aggregate principal amount of up to HK\$19,000,000

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT (the “**Supplemental Loan Agreement**”) is made on the 2nd day of July 2024.

BETWEEN:

- 1) **VICTOR WOOD**, a resident of the Republic of Cyprus with Cypriot passport No. K00484892 of 30 Norman Road, London, England, SE10 9QX (the “**Borrower**”);
- 2) **CORNERSTONEMETA LIMITED**, a company incorporated in England and Wales, with company no. 13999672 whose registered office is at 30 Norman Road, London, England, SE10 9QX (the “**Guarantor**”); and
- 3) **PINESTONE CAPITAL GROUP LIMITED**, a company incorporated in Hong Kong with company no. 1793503 whose registered address is at Room 1807, 18th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong (the “**Lender**” or the “**Chargee**”). The Lender is Money Lender licensed under the Money Lender’s Ordinance Cap. 163 with the Money Lenders Licence No. 0287/2023.

RECITALS:

- (A) The parties hereto entered into an loan agreement dated 6th October 2023 (the “**Original Agreement**”) in relation to the loan (as defined in the Original Agreement) on the terms and conditions set out in the Original Agreement.
- (B) On 2nd July 2024, the parties hereto entered into a supplemental underwriting agreement dated 2nd July 2024 (the “**Supplemental Loan Agreement**”) to vary the terms of the Original Agreement on the terms and conditions set out in therein.
- (C) The parties hereto have agreed to vary the terms of the Original Agreement in the manner contained herein.

IT IS HEREBY AGREED:

1. DEFINITIONS AND INTERPRETATION

Unless the context requires otherwise, terms and expressions defined and construed in the Original Agreement shall have the same meanings and construction when used in this Supplemental Loan Agreement.

2. EFFECT

- 2.1 Effective from the date of this Supplemental Loan Agreement, the Original Agreement shall be amended as set out in Clause 3 hereinbelow and any reference in the Original Agreement or in any related agreement or document to any provision of the Original Agreement shall, unless the context otherwise requires, be construed as

a reference to such provision as the same has been amended pursuant to the provisions of this Supplemental Loan Agreement or may otherwise have been, or from time to time be, amended or supplemented.

- 2.2 This Supplemental Loan Agreement shall be construed as forming part of the Original Agreement and this Supplemental Loan Agreement when read with the Original Agreement shall be construed as one and the same instrument.
- 2.3 Save as otherwise expressly provided in this Supplemental Loan Agreement, the Original Agreement shall continue in full force and effect with its terms.
- 2.4 Each of the parties hereto hereby agrees and consents to the making of the amendment described in Clause 3 hereinbelow.

3. VARIATION

- 3.1 The parties hereto agree and consent to amend the following clause of the Original Agreement to the effect that the following clause shall be construed as forming part of the Original Agreement in lieu of the respective recitals, definitions, clauses and schedules originally set out in the Original Agreement:

By substituting the following definitions under Clause 1 and Clause 6, such corresponding definitions under Clause 1 and Clause 6 of the Original Agreement shall therefore be deleted:

Clause 1 of the Original Agreement

“Repayment Date”

means the date falling 10 months from the Drawdown Date; and if that is not a Business Day, the first Business Day after;

Clause 6 of the Original Agreement

By substituting the following definitions under Clause 6, such corresponding definitions under Clause 6 of the Original Agreement shall therefore be deleted:

- 6.1. The interest rate on each Loan for the first 6 months of the Interest Period up till the Repayment Date shall be 16 per cent. per annum (i.e., 6th October 2023-5th April 2024) and the Borrower shall pay all accrued interest on a Loan on the last day of each Interest Period.
- 6.2. The interest rate on each Loan for the remaining 4 months of the Interest Period up till the Repayment Date shall be 12 per cent. per annum (i.e., 6th April 2023-5th August 2024) and the Borrower shall pay all accrued interest on a Loan on the last day of each Interest Period.
- 6.3. The rate of default interest referred to in Clause 13.3 is 24 per cent. per annum.

For the avoidance of doubt, the default interest rate, when applicable and payable, shall be paid instead of and not in addition to the rate under Clause 6.1.

- 6.4. Interest shall accrue from day to day and be calculated on the basis of actual number of days elapsed over a year of 365 days. For the avoidance of doubt, interest on a Loan shall be calculated on a non-compounded basis.

4. GENERAL PROVISIONS

- 4.1 Confirmation of the Original Agreement: This Supplemental Loan Agreement is supplemental to the Original Agreement and the parties hereto confirm that all the provisions of the Original Agreement shall continue to remain in full force and effect save as supplemented and amended by this Supplemental Loan Agreement. The Original Agreement and this Supplemental Loan Agreement shall be read and construed as one document.
- 4.2 Entire Agreement: This Supplemental Loan Agreement (together with any document described in or expressed to be entered into in connection with this Supplemental Loan Agreement) constitutes the entire agreement between the parties hereto in relation to the transaction(s) referred to it or in them and supersedes any previous agreement between the parties hereto in relation to such transaction(s).
- 4.3 Counterparts: This Supplemental Loan Agreement may be executed in any number of counterparts all of which, taken together, shall constitute one and the same agreement. Any party hereto may enter into this Supplemental Loan Agreement by executing any such counterpart.
- 4.4 Governing Law and Jurisdiction: This Supplemental Loan Agreement (together with all documents referred to in it) shall be governed by and construed and take effect in accordance with the laws of Hong Kong. With respect to any question, dispute, suit, action or proceedings arising out of or in connection with this Supplemental Loan Agreement, each party irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong.
- 4.5 Third Party Rights: A person who is not a party to this Supplemental Loan Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any term of this Supplemental Loan Agreement.

EXECUTION PAGE

IN WITNESS WHEREOF the Parties hereto have executed this Agreement the day and year first above written.

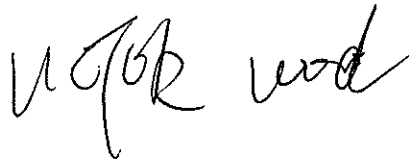
SIGNED by Victor WOOD

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A handwritten signature in black ink, appearing to read "Victor Wood", is written over the closing parentheses of the signature line.

in the presence of :-

SIGNED by Victor WOOD)
a director, for and on behalf of)
CORNERSTONEMETA LIMITED)
in the presence of :-)

Victor Wood

SIGNED by)
a director, for and on behalf of)
Pinestone Capital Group Limited)
in the presence of :-)

For and on behalf of
PINESTONE CAPITAL GROUP LIMITED
鼎石資本集團有限公司

.....
Authorized Signature(s)

1. The first part of the paper is a review of the literature on the topic of the paper. The second part is a description of the methodology used in the study. The third part is a presentation of the results of the study. The fourth part is a discussion of the results and their implications. The fifth part is a conclusion.

2. The first part of the paper is a review of the literature on the topic of the paper. The second part is a description of the methodology used in the study. The third part is a presentation of the results of the study. The fourth part is a discussion of the results and their implications. The fifth part is a conclusion.

日期：2024 年 12 月 10 日

CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED
(資本界金控集團有限公司)

及

PINESTONE CAPITAL GROUP LIMITED
(鼎石資本集團有限公司)

抵押貸款協議

抵押貸款協議

日期：2024 年 12 月 10 日

協議各方：

- (1) **CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED**（資本界金控集團有限公司），為一間於開曼群島註冊成立並於百慕達續存之有限公司，其發行股份於香港聯合交易所有限公司上市（股份代號：0204），其主要營業地點為香港九龍尖沙咀廣東道 33 號中港城第一座 17 樓 7 室（以下簡稱為「**借款人**」）；**借款人**間接持有並實益擁有 **ROYAL GLORY HOLDINGS LIMITED**（**皇灝集團有限公司**）（以下簡稱為「**皇灝集團**」）22.85%的股權（以下簡稱為「**抵押股份一**」），以及間接持有並實益擁有 **SKILLFUL PLAN LIMITED**（**承名有限公司**）（以下簡稱為「**承名公司**」）100%的股權（以下簡稱為「**抵押股份二**」）。**皇灝集團**為一間於香港註冊成立的公司，其在香港的主要營業地址為 ROOM D-2, 7/F., WING CHEONG COMMERCIAL BUILDING, 19-25 JERVOIS STREET, SHEUNG WAN, HONG KONG。**承名公司**為一間於香港註冊成立的公司，其在香港的主要營業地址為 ROOM D, 3/F., 113 PRINCE EDWARD ROAD WEST, MONGKOK, KOWLOON, HONG KONG；及
- (2) **PINESTONE CAPITAL GROUP LIMITED**（**鼎石資本集團有限公司**），為一間根據香港法例第 622 章（公司條例）在香港特別行政區成立的有限公司（放債人牌照編號 0254/2024），其註冊香港地址為香港灣仔港灣道 26 號華潤大廈 18 樓 1807 室。（以下簡稱為「**貸款人**」）

貸款人和**借款人**同意簽訂貸款協議（以下簡稱「**本協議**」），為其內容和有關條款及細則如下：

1. 解釋

1.1 協議中，除文義另有所指外，下列用詞具有以下涵義：

- | | | |
|------------------|---|---------------------------------|
| 「 本協議 」 | 指 | 本貸款協議，並包括對其不時的修改、變更或補充； |
| 「 工作日 」 | 指 | 香港的商業銀行正常營業日（星期六、星期日和香港公眾假日除外）； |
| 「 違約事件 」 | 指 | 本貸款協議第 5 條規定所述的違約事件； |
| 「 提款通知書 」 | 指 | 借款方以書面方式提交通知書予貸款方提取貸款； |
| 「 貸款發放日 」 | 指 | 借款方提出書面提款通知書後 3 個工作日； |
| 「 還款日 」 | 指 | 貸款發放日後 12 個月； |

「港幣」	指	香港法定貨幣；
「借款人保證」	指	借款人在本協議第 5 條項下作出的所有聲明、保證和承諾；
「抵押股份」	指	抵押股份一和抵押股份二，按本協議為借款人的該貸款提供抵押，即作為借款人的借款進行抵押，若借款人未能按本協議中的規定及條款，按時向貸款人歸還該貸款及/或按該貸款所應生的利息金額，借款人將全部抵押股份一和全部抵押股份二質押給貸款人；
「中國」	指	中華人民共和國；
「香港」	指	中華人民共和國香港特別行政區。

1.2 在本協議內所提述的「條款」是指本協議的條款或/及其分條。

1.3 在本協議內的標題只為方便參考而設，並不構成本協議的一部份，且並不影響對本協議之釋義。

1.4 本協議中所指的「貸款人」及「借款人」包括其各自的繼承人、代表和允許的受讓人。

1.5 在本協議內表示人士的詞語包括公司，反之亦然。

2. 貸款金額

貸款人同意依本協議條款和條件向借款人提供最高港幣壹仟柒佰捌拾萬元整（HK\$17,800,000.00）的貸款（下稱「該貸款」）。每次提款日後貸款限期訂明為 12 個月，還款期為每次提款日後 12 個月或貸款人按本協議及其後之修訂所同意之日期。借款人可以每次提取港幣壹仟柒佰捌拾萬元整（HK\$17,800,000.00），每次提取需要提前 3 個工作日以書面方式遞交提款通知書予以貸款方。

3. 貸款利息

就本協議項下的該貸款，利息為每月 2%，全期共 12 期利息（每個公曆月為一期）。每個月的利息金額為港幣叁拾伍萬陸仟元整（HK\$356,000），合共港幣肆佰貳拾柒萬貳仟元整（HK\$4,272,000）。

4. 還款

4.1 本協議約定借款期限為 12 個月，即由貸款發放日開始至還款日止。

4.2 借款人須於還款日確保貸款人成功及完全地收回有關該貸款金額及總利息

合共港幣貳仟貳佰零柒萬貳仟元整（HK\$22,072,000）。該貸款須於貸款發放日後 12 個月完全歸還。

4.3 借款人可提早 2 個月書面通知貸款人提早清還該貸款，惟需得到貸款人書面同意。

4.4 貸款人可提早 2 個月書面通知借款人提早清還該貸款。

5. 聲明、保證及承諾

5.1 借款人現向貸款人聲明、保證及承諾，載列於本協議的聲明、保證及承諾均屬確實、完整及無誤導性。借款人同意貸款人可視每項聲明、保證及承諾為本協議的條件之一。

5.2 任何一方違反有關條款，違約方應賠償另外一方蒙受的一切損失。

5.3 當發生下列任何違約事件，借款人須不經任何要求立即償還該貸款及應付而尚未繳付的利息：-

- (a) 借款人未能按本協議約定按期清還該貸款或本協議內列的利息或其任何一部份;
- (b) 借款人把抵押股份一和抵押股份二轉移或簽署任何買賣股權協議/買賣股權意向條款書;
- (c) 借款人未能遵守或違反本協議項下的任何條款或條件，經貸款人書面通知要求補救後而違約行為仍然持續;
- (d) 發生任何有關借款人之法律訴訟或財產涉及的法律程序或行動;
- (e) 任何第三方進行有關借款人的破產、解散、清盤的命令或呈請書的程序;
- (f) 就借款人財產，開始或威脅開始任命破產案財產管理人的任何行動;
- (g) 任何針對借款人的破產、解散或清盤的命令或呈請書;
- (h) 借款人違反借款人所作出的保證或本協議所載的資料存在或出現虛假、不實和誤導情況; 及
- (i) 借款人違反按期還款規定。

6. 保密

本協議各方同意除非有關披露為香港法庭作出的命令或監管機構所要求，或為其他適用法律要求的義務與責任，或本協議各方為執行其於本協議下約定的義務而須向其僱員或專業顧問透露外，任何一方在未取得其他方書面同意前（其他方不得無理阻延或拒絕給予該同意），不可就其獲得的資訊和以下各項有關的資料向任何人士透露或發出任何公告：

- (1) 本協議所有或任何條款;
- (2) 與本協議相關的談判;
- (3) 本協議所述的專案; 及

(4) 本協議的其他方或其股東或關聯公司。

7. 通知

7.1 本協議各方就償還該貸款或支付利息之事宜必先在不少於 10 個工作天前向其他方作出通知。

7.2 任何在本協議下需要給予的通知或其他通訊，應以書面形式作出，以專人送遞、預付郵費的掛號郵遞方式（如果由香港寄出，及寄往香港的地址）或預付郵費的掛號空郵方式（如果由香港以外寄出，及寄往香港以外的地址）郵寄到下列的地址，或傳真到下列的傳真號碼及收件者，或其他以書面形式通知其他協議各方的其他地址及/或傳真號碼，則被視作已經送達：

(1) 借款人 : CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED
(資本界金控集團有限公司)

通訊地址 : 香港九龍尖沙咀廣東道 33 號中港城第一座 17 樓 7 室

(2) 貸款人 : PINESTONE CAPITAL GROUP LIMITED (鼎石資本集團有限公司)

通訊地址 : 香港灣仔港灣道 26 號華潤大廈 18 樓 1807 室

7.3 如果沒有更早已收到的通知或其他通訊的訐據，任何通知或其他通訊應在下列時間被視作已經送達：

- (a) 如由專人送遞，當其已放置在第 7.2 條提及的地址時；
- (b) 如以郵遞方式（除空郵外）發送，在郵寄日後的第二天；
- (c) 如以空郵方式發送，在郵寄日後的第六天；及
- (d) 如以傳真發送，於完成發出之時。

為證明通知以郵遞方式發送，證明載有相關通知的信封已妥為寫地址及寄出便已足夠。

8. 權益轉讓

8.1 在本協議履行期間，貸款人有權就其在本協議內之一切權益及義務轉讓予第三方。貸款人無需事先徵得借款人之同意，只需就有關權益轉讓通知借款人。

8.2 權益轉讓後，第三方將取代貸款人於本協議內之一切權益及義務，同時借款人必須繼續履行本協議之責任及義務。

9. 抵押借款人股權

9.1 當發生任何在本協議第 5 條項所列的違約事件，貸款人將行使貸款人的權力轉移並取得借款人的全部已抵押股權。

9.2 在貸款期間，借款人承諾不得轉讓、餽贈、抵押、出售或轉移抵押股份一和抵押股份二以及皇灝集團與承名公司的任何資產予任何第三方，包括皇灝集團所持有之全部皇灝國際融資租賃（深圳）有限公司的股權及承名公司所持有之 30% 的深圳前海中投鼎晟投資諮詢有限公司的股權，直至借款人完全清還給本協議所欠的利息及本金給貸款人為止。

10. 管轄法律

10.1 本協議應受香港特別行政區法律管轄，並按其詮釋。

10.2 就一切與本協議相關或由本協議引起的事項，本協議各方謹此不可撤銷地接受香港法庭的非排他性司法管轄權。

11. 貸款催收

貸款人有權委託法律代表循法律訴訟程序向借款人追討欠債或其部份，一切有關費用均按十足彌償標準由借款人負責。

12. 非放棄權利條款

貸款人或其經理或其他獲授權人員不行使或延遲行使本文所賦予之任何權力、權利或特權並不作為已放棄該等權力、權利或特權；或行使任何單一部份權力、權利或特權並不妨礙行使任何其他或更進一步的權力、權利或特權。本文所提供有關貸款人所享有權利及補救是可累積及附加任何法律所賦予權利或補救。

13. 一般事項

13.1 如果本協議的任何條款或規定根據任何法則或法律規定被裁定為完全或部份違法或不可強制執行，該條款或規定應就該範圍而言被視為不構成本協議的部份，本協議其餘部份的合法性及強制性不會因而受影響。

13.2 本協議經本協議之各方簽署後生效。

13.3 本協議的任何修改應經各方簽署書面文件予以記錄後方具約束力。

13.4 如果所簽署的及交付的為正本，本協議可以一式一份或一份以上簽署，而各份已簽署的文件將共同構成同一份協議。

13.5 借款人曾被建議就本協議的性質及效力尋求獨立律師提供意見。借款人確認其完全明白本協議的性質及效力，並依據自己的自由意願在全無其他人士的影響或促使下簽訂本協議。

13.6 任何人士如非本協議一方，將不可藉香港法例第 623 章《合約〔第三者權利〕例條》執行或享有本協議中任何條款利益的權利。

13.7 借款人在此聲明及確認借款人因促使、洽商、取得或申請貸款，或因擔保或保證貸款的償還，或由於與該等事務有關，而從未與第三方達成或簽訂任何協議（以上不包括借款人委任的律師純粹為提供法律服務而達成或簽訂的協議。

14. 貸款發放指示

14.1 借款人與貸款人均同意並根據借款人第 14.2 條之指示以存入借款人之銀行賬戶以作提取貸款金額方式。借款人與貸款人雙方同意在貸款人按本協議 14.2 條中所述賬戶存入該貸款後，即可當作借款人已循本協議之條款而取得該貸款。

14.2 貸款發放指示

借款人需要於提款通知書列明借款人收取貸款金額之帳戶詳細情況。

（以下無正文）

茲證明本協議各方在文首所示日期以契據方式簽署本協議。

借款人：代表

CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED

資本界金控集團有限公司

在下列見證人面前簽署：-

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For and on behalf of
CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED
資本界金控集團有限公司



Authorized Signature(s)

見證人：

貸款人：代表

PINESTONE CAPITAL GROUP LIMITED

鼎石資本集團有限公司

在下列見證人面前簽署：-

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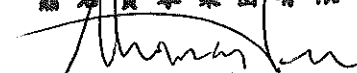
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For and on behalf of
PINESTONE CAPITAL GROUP LIMITED
鼎石資本集團有限公司



Authorized Signature(s)

見證人：

日期：2025 年 1 月 6 日

CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED
(資本界金控集團有限公司)

及

PINESTONE CAPITAL GROUP LIMITED
(鼎石資本集團有限公司)

抵押貸款協議

抵押貸款協議

日期：2025 年 1 月 6 日

協議各方：

- (1) **CAPITAL REALM FINANCIAL HOLDINGS GROUP LIMITED**（資本界金控集團有限公司），為一間於開曼群島註冊成立並於百慕達續存之有限公司，其發行股份於香港聯合交易所有限公司上市（股份代號：0204），其主要營業地點為香港九龍尖沙咀廣東道 33 號中港城第一座 17 樓 7 室（以下簡稱為「**借款人**」）；**借款人**間接持有並實益擁有 **ROYAL GLORY HOLDINGS LIMITED**（皇灝集團有限公司）（以下簡稱為「**皇灝集團**」）22.85%的股權（以下簡稱為「**抵押股份一**」），以及間接持有並實益擁有 **SKILLFUL PLAN LIMITED**（承名有限公司）（以下簡稱為「**承名公司**」）100%的股權（以下簡稱為「**抵押股份二**」）。皇灝集團為一間於香港註冊成立的公司，其在香港的主要營業地址為 ROOM D-2, 7/F., WING CHEONG COMMERCIAL BUILDING, 19-25 JERVOIS STREET, SHEUNG WAN, HONG KONG。承名公司為一間於香港註冊成立的公司，其在香港的主要營業地址為 ROOM D, 3/F., 113 PRINCE EDWARD ROAD WEST, MONGKOK, KOWLOON, HONG KONG；及
- (2) **PINESTONE CAPITAL GROUP LIMITED**（鼎石資本集團有限公司），為一間根據香港法例第 622 章（公司條例）在香港特別行政區成立的有限公司（放債人牌照編號 0254/2024），其註冊香港地址為香港灣仔港灣道 26 號華潤大廈 18 樓 1807 室。（以下簡稱為「**貸款人**」）

貸款人和**借款人**同意簽訂貸款協議（以下簡稱「**本協議**」），為其內容和有關條款及細則如下：

1. 解釋

1.1 協議中，除文義另有所指外，下列用詞具有以下涵義：

- | | | |
|------------------|---|---------------------------------|
| 「 本協議 」 | 指 | 本貸款協議，並包括對其不時的修改、變更或補充； |
| 「 工作日 」 | 指 | 香港的商業銀行正常營業日（星期六、星期日和香港公眾假日除外）； |
| 「 違約事件 」 | 指 | 本貸款協議第 5 條規定所述的違約事件； |
| 「 提款通知書 」 | 指 | 借款方以書面方式提交通知書予貸款方提取貸款； |
| 「 貸款發放日 」 | 指 | 借款方提出書面提款通知書後 3 個工作日； |
| 「 還款日 」 | 指 | 貸款發放日後 12 個月； |

「港幣」	指	香港法定貨幣;
「借款人保證」	指	借款人在本協議第 5 條項下作出的所有聲明、保證和承諾;
「抵押股份」	指	抵押股份一和抵押股份二，按本協議為借款人的該貸款提供抵押，即作為借款人的借款進行抵押，若借款人未能按本協議中的規定及條款，按時向貸款人歸還該貸款及/或按該貸款所應生的利息金額，借款人將全部抵押股份一和全部抵押股份二質押給貸款人；
「中國」	指	中華人民共和國;
「香港」	指	中華人民共和國香港特別行政區。

1.2 在本協議內所提述的「條款」是指本協議的條款或/及其分條。

1.3 在本協議內的標題只為方便參考而設，並不構成本協議的一部份，且並不影響對本協議之釋義。

1.4 本協議中所指的「貸款人」及「借款人」包括其各自的繼承人、代表和允許的受讓人。

1.5 在本協議內表示人士的詞語包括公司，反之亦然。

2. 貸款金額

貸款人同意依本協議條款和條件向借款人提供最高港幣壹仟柒佰捌拾萬元整（HK\$17,800,000.00）的貸款（下稱「該貸款」）。每次提款日後貸款限期訂明為 12 個月，還款期為每次提款日後 12 個月或貸款人按本協議及其後之修訂所同意之日期。借款人可以每次提取港幣壹仟柒佰捌拾萬元整（HK\$17,800,000.00），每次提取需要提前 3 個工作日以書面方式遞交提款通知書予以貸款方。

3. 貸款利息

就本協議項下的該貸款，利息為每月 2%，全期共 12 期利息（每個公曆月為一期）。每個月的利息金額為港幣參拾伍萬陸仟元整（HK\$356,000），合共港幣肆佰貳拾柒萬貳仟元整（HK\$4,272,000）。

4. 還款

4.1 本協議約定借款期限為 12 個月，即由貸款發放日開始至還款日止。

4.2 借款人須於還款日確保貸款人成功及完全地收回有關該貸款金額及總利息

EXECUTION VERSION

Dated the 18th day of December 2024

PINESTONE CAPITAL LIMITED(as Company)

AND

PINESTONE SECURITIES LIMITED

(as Joint Placing Agent)

AND

RUISEN PORT SECURITIES LIMITED

(as Joint Placing Agent)

AND

ASIA PACIFIC SECURITIES LIMITED

(as Joint Placing Agent)

AND

CHEONG LEE SECURITIES LIMITED

(as Joint Placing Agent)

**AGREEMENT
RELATING TO THE PLACING OF UP TO
81,210,000 NEW SHARES IN THE CAPITAL OF
PINESTONE CAPITAL LIMITED**

THIS AGREEMENT is made on the 18th day of December 2024

BETWEEN:

- (1) **PINESTONE CAPITAL LIMITED**, a company incorporated in Cayman Islands with limited liability having its registered office at Windward 3, Regatta Office Park, PO Box 1350 Grand Cayman, KY1-1108, Cayman Islands and its principal place of business in Hong Kong at Room 1807, 18/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (the “**Company**”); and
- (2) (A) **PINESTONE SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability whose registered office is situated at Room 1807, 18/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong and a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) to conduct type 1 (dealing in securities) regulated activity (“**Pinestone Securities**”);
- (B) **RUISEN PORT SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability whose registered office is situated at Unit 1706, China Hong Kong City Tower 1, 33 Canton Road, Tsim Sha Tsui, Hong Kong and a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) to conduct type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities (“**Ruisen Port Securities**”);
- (C) **ASIA PACIFIC SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability whose registered office is situated at 16/F, CMA Building, 64-66 Connaught Road Central, Hong Kong and a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities (“**Asia Pacific Securities**”);
- (D) **CHEONG LEE SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability whose registered office is situated at Unit B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong and a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities (“**Cheong Lee Securities**”)

(Pinestone Securities, Ruisen Port Securities, Asia Pacific Securities and Cheong Lee Securities are collectively referred to as the “**Joint Placing Agents**” and each a “**Joint Placing Agent**”).

WHEREAS:

- (A) The Company has, at the date of this Agreement, an authorised share capital of HK\$500,000,000 divided into 25,000,000,000 Shares (as defined hereinafter) of HK\$0.02 each, of which 4,120,600,000 Shares have been issued and are fully paid up or credited as fully paid up. All the issued Shares are currently listed on the Main Board

of the Stock Exchange (as defined hereinafter) (stock code: 804).

- (B) The Company has agreed to issue and allot the Placing Shares (as defined hereinafter) at the Placing Price (as defined hereinafter) on the terms and conditions set out herein.
- (C) At the annual general meeting of the Company held on 19 June 2024, an ordinary resolution of shareholders of the Company was passed pursuant to which a general mandate (the “**General Mandate**”) was unconditionally given to the directors of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the resolution, i.e. up to 81,210,000 new Shares. As at the date of this Agreement, no new Shares have been issued under the General Mandate.
- (D) The Joint Placing Agents, as agents of the Company, have agreed, on a several basis (not joint, and not joint and several with the other Joint Placing Agents), to procure not less than six (6) Placee(s) (as defined hereinafter) (as subscribers) on a best effort basis to subscribe for the Placing Shares upon the terms and subject to the conditions set out in this Agreement. The Placing Shares are to be allotted and issued pursuant to the General Mandate.

IT IS HEREBY AGREED:-

1. INTERPRETATION

- (A) In this Agreement, including the recitals and schedule hereto, unless the context otherwise requires:

“**Announcement**” means an announcement substantially in the form annexed or contained in the Schedule proposed to be issued by the Company in connection with the execution of this Agreement;

“**Business Day**” means a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted 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 generally open for business in Hong Kong throughout their normal business hours;

“**Bye-laws**” means the bye-laws for the time being of the Company;

“**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“**Completion**” means completion of the Placing in accordance with the terms and conditions of this Agreement;

“**Completion Date**” means a date falling within four (4) Business Days following the day on which the conditions set out in Clause 2(A) is satisfied (or such other date as may be agreed between the parties in writing hereto);

“Force Majeure Occurrence” means an occurrence in Hong Kong beyond the reasonable control and without the fault or negligence of the party affected and which by exercise or reasonable diligence the said party is unable to prevent or provide against. Without limiting the generality of the foregoing, force majeure occurrences shall include: acts of nature (including fire, flood, earthquake, storm, hurricane or other natural disaster), war, invasion, terrorists acts, military or other usurped political power or confiscation, nationalization, government sanction or embargo, or the prolonged failure of electricity or other vital utility service (in each case in the territory of Hong Kong);

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Committee” means the listing committee appointed for considering applications for listing and the granting of listing on the Stock Exchange;

“Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;

“Long Stop Date” has the meaning ascribed thereto in Clause 2(B)

“Placee(s)” means any individuals, corporate, institutional investors or other investors procured by or on behalf of the Joint Placing Agents to subscribe for any of the Placing Shares pursuant to the Joint Placing Agents’ obligations hereunder, subject to compliance with Clause 3(E);

“Placing” means the offer by way of private placing by or on behalf of the Joint Placing Agents of the Placing Shares to the Placee(s) on the terms and subject to the conditions of this Agreement;

“Placing Price” means HK\$0.181 per Placing Share;

“Placing Shares” means a total of up to 81,210,000 new Shares to be placed pursuant to this Agreement, which will rank *pari passu* in all respects with the Shares in issue as at the date of allotment of the Placing Shares and each, a **“Placing Share”**;

“SFC” means Securities and Futures Commission in Hong Kong

“Shares” means ordinary shares of HK\$0.02 each in the issued share capital of the Company;

“Shareholder(s)” means the holder of the issued Shares;

“Specified Event” means an event occurring or matter arising on or after the date hereof and prior to the Completion Date which has rendered any of the undertakings, warranties and representations contained in Clause 4(A) untrue or incorrect and incapable of being remedied and such would have an material adverse impact on the Placing;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

"this Agreement" means this placing agreement as amended from time to time

"HK\$" means Hong Kong dollars, the lawful currency of Hong Kong; and

- (B) In this Agreement, references herein to "Clauses" and the "Schedule" are to clauses of and the schedule to this Agreement.
- (C) In this Agreement, the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporated.
- (D) Headings inserted are for convenience only and shall not affect the interpretation of this Agreement.

2. CONDITIONS

- (A) The Placing is conditional upon the satisfaction of the following conditions:
 - (i) each of the Joint Placing Agents having received in immediately available funds the aggregate Placing Price of the Placing Shares from the Placee(s) procured by the respective Joint Placing Agents and confirmed the same in writing to the Company; and
 - (ii) the Listing Committee granting a listing of, and permission to deal in, all the Placing Shares to be placed pursuant to the terms and conditions of this Agreement.
- (B) The Company and the Joint Placing Agents shall use their best endeavours to procure the fulfillment of the conditions referred to in Clause 2(A) and in the event the conditions referred to in Clause 2(A) is not fulfilled on or before 7 January 2025 (the **"Long Stop Date"**) (or such later date as may be agreed by the parties in writing hereto), all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under this Agreement prior to such termination.

3. PLACING

- (A) Upon the terms and subject to the conditions set out in this Agreement, the Joint Placing Agents agree, as agents of the Company, on a several basis (not joint, and not joint and several with the other Joint Placing Agents), to procure, either by itself or through its sub-placing agent, not less than six (6) Placee(s) on a best effort basis to subscribe for the Placing Shares at the Placing Price on the terms and subject to the conditions set out in this Agreement. For the avoidance of doubt, (i) the Joint Placing Agents are not obliged to acquire any or all of the Placing Shares for which no Placee(s) is/are procured, and the Company agrees that it does not have any recourse whatsoever against the Joint Placing Agents in respect of such shortfall (if any); and (ii) the Placing Price shall exclude any brokerage commission, Security and Futures Commission transaction levy, Accounting and Financial Reporting Council transaction levy and Stock Exchange

trading fee. Each of the Joint Placing Agents may carry out the Placing itself and/or through the agency of such other agents as each of the Joint Placing Agents may agree with the Company. The Joint Placing Agents shall procure that their respective such other agents shall comply with all relevant obligations to which the relevant Joint Placing Agent(s) is/are subject under the terms of this Agreement, as if such other agents were parties hereto and the relevant Joint Placing Agent(s) shall remain primarily liable for any acts or omissions of such other agents.

- (B) The Company hereby appoints the Joint Placing Agent as its exclusive agents to procure Placing for the Placing Shares on the terms and subject to the conditions set out in this Agreement. Any transaction properly carried out by the Joint Placing Agents pursuant to this Agreement shall constitute a transaction carried out by the Joint Placing Agents at the request of the Company and as its agents and not on account of or for the Joint Placing Agents. The Joint Placing Agents shall not be responsible for any loss or damage (except for any loss or damage arising out of any fraud, wilful default or negligence on the respective part of the Joint Placing Agents, or the respective sub-agents, if any, appointed by the Joint Placing Agent(s) pursuant to Clause 3(A)) to the Company arising from any such transaction or for any alleged insufficiency of the price (other than as a result of non-compliance by the relevant Joint Placing Agent(s) with its/their obligations under this Agreement) at which the Placing Shares are issued hereunder.
- (C) The Company hereby confirms that the foregoing appointment confers on the Joint Placing Agents in accordance with the provisions hereof all powers, authorities and discretion on its behalf which are necessary for, or reasonably incidental to, the Placing and hereby agrees to ratify and confirm everything which the Joint Placing Agents shall or may lawfully and reasonably do or have done pursuant to or in anticipation of the terms of this Agreement.
- (D) The Company shall issue and allot the Placing Shares subject to the Bye-laws by utilising the General Mandate free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the Completion Date, including the right to receive all future dividends and other distributions thereafter declared, made or paid on the Shares.
- (E) By no later than 5:00 p.m. on the second Business Day before the day on which the Joint Placing Agents shall deliver to the Stock Exchange (and/or the SFC, if requested) details of the Placee(s) pursuant to Clause 3(F) below (or such later date as agreed by the parties hereto), Ruisen Port Securities (for itself and on behalf of the other Joint Placing Agents) shall deliver to the Company information reasonably requested by the Company regarding the Placee(s), the number of Placing Shares to be subscribed by the Placee(s), the names, addresses and denominations (in board lots or otherwise) in which the Placing Shares are to be registered and, where relevant, the CCASS accounts to which Placing Shares are to be credited. The choice of the Placee(s) shall be determined by the Joint Placing Agents at their sole discretion after consultation with the Company subject to the requirements of the Listing Rules, other applicable laws, rules and regulations, and any objection the Stock Exchange may have to any particular person or company being a Placee PROVIDED that each of the Joint Placing Agents undertakes to use its best endeavours to procure that Placing Shares shall only be placed to any individuals, corporate, institutional investors or other investors independent of the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its

subsidiaries and their respective associates (for the purposes of this Clause 3(E), “**chief executive**”, “**controlling shareholder**”, “**substantial shareholder**” and “**associates**” shall have the same meaning ascribed thereto respectively under the Listing Rules).

- (F) As soon as reasonably practicable and in any event no later than the day which is the third Business Day before the Long Stop Date, Ruisen Port Securities (for itself and on behalf of the other Joint Placing Agents) shall deliver to the Stock Exchange (and/or the SFC, if requested) details of the Placee(s) procured to subscribe for the Placing Shares including, inter alia, their names and addresses and the number of Placing Shares which they have respectively agreed to subscribe, and (if requested by the Stock Exchange and/or the SFC) together with acknowledgments signed by each of the Placees confirming, inter alia, that such Placee (and any of their nominees or beneficial owners) is independent of and not connected nor acting in concert with the Company and any of its connected persons or their respective associates.

4. WARRANTIES AND UNDERTAKINGS

- (A) The Company represents, warrants and undertakes to the Joint Placing Agents that:
- (i) the Company was duly incorporated and validly existing in Bermuda and there has been no petition filed, order made or resolution passed for the liquidation or winding up of the Company;
 - (ii) the entire existing issued share capital of the Company is listed on the Stock Exchange;
 - (iii) the Placing Shares shall be issued and allotted in accordance with the Bye-laws and with all relevant laws of Hong Kong and Bermuda and will rank *pari passu* in all respects with other Shares in issue as at the date of allotment, and shall at the Completion Date, be free from all liens, charges, encumbrances and third-party rights of whatsoever nature and together with all rights attaching thereto at the Completion Date;
 - (iv) subject to the fulfillment of the conditions referred to in Clause 2(A), the Company has full power, authority and shareholders' consent to issue the Placing Shares and does not require the consent thereto of any other party;
 - (v) the Company has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of, the Company, enforceable against the Company in accordance with its terms;
 - (vi) to the best knowledge of the Company, there is nothing in connection with the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Joint Placing Agents will render the Placing unsuccessful;
 - (vii) all statements of fact (other than those relating to the Joint Placing Agents) contained in the Recitals of this Agreement and the Announcement are true and accurate in all material respects; and

- (viii) the Company will not hold the Joint Placing Agents liable for any failure to perform their obligations hereunder where such failure is directly caused by a Force Majeure Occurrence.
- (B) Each of the Joint Placing Agents represents, warrants and undertakes to the Company that:
- (i) it is duly incorporated in Hong Kong and a licensed corporation to carry out the relevant regulated activity(ies) stated after the relevant party's name at the beginning of this Agreement under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
 - (ii) it has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the relevant Joint Placing Agent, enforceable against the relevant Joint Placing Agent in accordance with its terms;
 - (iii) it is not prohibited under any applicable law (including the laws of the jurisdictions of incorporation of it and of the Company) from purchasing or dealing in the Placing Shares;
 - (iv) it is not and its ultimate beneficial owners are not connected with the Company and its connected persons or any of their respective associates;
 - (v) it has not offered or sold and it shall not, directly or indirectly, offer or sell any Placing Shares or distribute or publish any documents in relation to the Placing in any country or jurisdiction except under circumstances that shall result in compliance with any applicable laws and all offers and sales of Placing Shares shall be made on such terms;
 - (vi) in each jurisdiction in which the relevant Joint Placing Agent solicits subscription for the Placing Shares the relevant Joint Placing Agent will do so in accordance with all relevant laws or regulations in force in such jurisdiction. The Placing Shares shall not be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meanings of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or in any other place or in any manner in which the securities laws or regulations of any place may be infringed;
 - (vii) to the best of its knowledge, information and belief (after due and careful enquiries), the Placee(s) procured by the relevant Joint Placing Agent and its/their respective ultimate beneficial owner(s) (i) will be third party(ies) independent of the directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates (for the purposes of this Clause 4(B)(vi), "**chief executive**", "**substantial shareholder**" and "**associates**" shall have the same meaning ascribed thereto respectively under the Listing Rules) and (ii) will not become a substantial shareholder (within the meaning of the Listing Rules) of the Company upon the Completion;

- (viii) it will ensure that the Placing will be done in such a way that the Company will still maintain and/or meet the public float requirements under Rule 8.08 of the Listing Rules immediately after the Placing;
 - (ix) the Joint Placing Agent will make available and promptly supply, or procure the Placee(s) procured by it to make available and promptly supply, to the Stock Exchange and the SFC or any other regulatory authority all information in relation to the Placee(s) which may be required by the Stock Exchange, the SFC and/or any other competent regulatory authority; and
 - (x) the Joint Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and if applicable rules and codes of the SFC in relation to its role as placing agent for the Placing, and, if required, will issue appropriate written confirmation of such fulfillment and compliance.
- (C) The representations and warranties contained in this Clause are deemed to be given as at the date hereof and shall remain in full force and effect notwithstanding the allotment and issue of the Placing Shares to the Placee(s). Each party hereto hereby undertakes to notify the other parties to this Agreement of any matter or event coming to its attention prior to the Completion Date which shows any relevant representation or warranty to be or to have been untrue or inaccurate at the date hereof or at any time prior to the Completion Date.

5. **COMPLETION**

Subject to the fulfilment of the conditions as referred to in Clause 2(A), Completion shall take place at 12:00 noon on the Completion Date at the office of the Company in Hong Kong when all (but, not part only) of the following businesses shall be transacted:

- (i) Ruisen Port Securities (for itself and on behalf of the other Joint Placing Agents) shall deliver to the Stock Exchange and the Company a list containing details and particulars of the Placee(s) as appointed by it pursuant to Clause 3(A) (if any) and such information as may be required by the Stock Exchange and/or the relevant regulatory authority or governmental agency in Hong Kong.
- (ii) each of the Joint Placing Agents shall on the Completion Date, pay or procure the payment in Hong Kong dollars in immediately available funds to the Company of the aggregate Placing Price of the Placing Shares successfully placed by the respective Joint Placing Agents on behalf of the Company (less the amounts referred to in Clause 6) to such bank account as the Company may nominate in writing, or in the event that the Company and the relevant Joint Placing Agent(s) agree to effect Completion through CCASS, on a delivery against payment basis at CCASS, which shall constitute a complete discharge of the relevant Joint Placing Agent's payment obligation under this Agreement.
- (iii) the Company shall, against receipt of the copy of respective payment proof by the Joint Placing Agents, allot and issue the Placing Shares and deposit all Placing Shares into the respective CCASS participant account(s) designated by the Joint Placing Agents.

6. COMMISSION AND EXPENSES

- (A) Subject to the Completion, the Company shall pay to the Joint Placing Agents a placing commission, in Hong Kong dollars, equivalent to 3% of the aggregate Placing Price of the Placing Shares successfully placed by the respective Joint Placing Agents, and each of the Joint Placing Agents are hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 5(ii).
- (B) Subject to Clause 6(C), each of the Joint Placing Agents shall be responsible for all the respective out-of-pocket expenses reasonably and properly incurred by the Joint Placing Agents in connection with the Placing.
- (C) Each of the parties hereto shall be respectively liable for its own legal and other professional advisers in connection with the preparation of this Agreement.

7. TERMINATION

- (A) Notwithstanding anything contained in this Agreement to the contrary, each of the Joint Placing Agents shall be entitled by way of written notice to the Company given prior to 4:00 p.m. on the day immediately preceding the Completion Date to terminate this Agreement if:
 - (i) any Specified Event comes to the notice of the Joint Placing Agents; or
 - (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof by any court or other competent authority in Hong Kong or the People's Republic of China which is reasonably expected to materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which will, or is reasonably expected to be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which has or is reasonably expected to have a material adverse effect on the Placing; or
 - (iii) there is a material adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Joint Placing Agents and is material in the context of the Placing.

- (B) If written notice is given pursuant to Clause 7(A), this Agreement shall terminate and be of no further effect and none of the parties shall be under any liability to the other parties in respect of this Agreement save for any rights or obligations which may have accrued under this Agreement prior to such termination.

8. PLACING ANNOUNCEMENT

- (A) The Company shall release the Announcement for publication as soon as practicable after execution of this Agreement.
- (B) Save and except the publication of the Announcement, each of the parties to this Agreement shall keep confidential and not at any time disclose or make known in any way to anyone or use for their own or any other person's benefit any information of a confidential nature disclosed by one party to the others before or after the date of this Agreement, including but not limited to any information received or obtained as a result of entering into or performing this Agreement relating to the other party, its business and affairs and its customers, suppliers and employees, the provisions of this Agreement and the negotiations relating to this Agreement, except that a party may after consultation with the other part (if legally permitted) disclose information which would otherwise be confidential if and to the extent required by law or the Stock Exchange or the Securities and Futures Commission of Hong Kong or the information has come into the public domain through no fault of that party.

9. INDEMNITY

The Company undertakes to indemnify, upon demand, the Joint Placing Agents, against all or any costs, expenses (including reasonable and proper legal fees), fees, claims, actions, liabilities, demands, proceedings or judgments (including, but not limited to, all such losses, costs, charges or expenses suffered or incurred in disputing or defending any proceedings and/or in establishing its rights to be indemnified pursuant to this Clause 9 and/or in seeking advice in relation to any proceedings) brought or established against the Joint Placing Agent(s) by any Placee or by any governmental agency, regulatory body or other person which, in any such case, arises out of or in connection with any breach of any of the terms, warranties and representations contained in this Agreement by the Company and does not arise from the Joint Placing Agents' or their respective sub-agent's negligence, breach of this Agreement, fraud, bad faith or default.

10. MISCELLANEOUS

- (A) All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding the Completion except in respect of those matters then already performed.
- (B) This Agreement shall be binding upon, and enure to the benefit of, the parties and their respective successors and permitted assigns. No party shall take any steps to assign, transfer, charge or otherwise deal with all or any of its rights and/or obligations under or pursuant to this Agreement without the prior written consent of the other parties. In the absence of the prior written consent of the parties hereto, this Agreement shall not be capable of assignment.

- (C) Unless otherwise provided herein, a person or company who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this Agreement, and whether so provided in this Agreement or not, no consent of third party is required for the amendment to (including the waiver or compromise of any obligation), rescission of or termination of this Agreement.

11. NOTICES

- (A) Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively “**communication**” in this Clause 11) shall be in writing in either English or Chinese language and may be served or given personally or sent to the address (including cable address) or facsimile numbers (if any) stated after the relevant party’s name at the beginning of this Agreement or, where relevant, to the registered office for the time being of the party to be served, or to such other address as may have been last notified in writing by such party to the party serving the communication specifically referring to this Agreement. All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

Means of despatch

Time of deemed receipt

Local mail or courier
Facsimile
Air courier/Speedpost
Airmail

24 hours
on despatch
3 days
5 days

- (B) A communication served in accordance with Clause 11(A) shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee’s address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee’s address or that the communication was properly transmitted by facsimile or cable to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a satisfactory report of transmission printed out by the sending machine.
- (C) Nothing in this Clause 11 shall preclude the service of communication or the proof of such service by any mode permitted by law.

12. TIME OF ESSENCE

Any date or period in this Agreement may be changed by written agreement of the parties but as regards any date or period (whether or not amended or changed as aforesaid) time shall be of the essence of this Agreement.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterparts.

14. GOVERNING LAW

- (A) This Agreement is governed by and shall be interpreted in accordance with the laws of Hong Kong.
- (B) The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

(The remainder of this page is intentionally left blank)

SCHEDULE

Announcement

IN WITNESS whereof duly authorised representatives of the parties have executed this Agreement on the date first before appearing.

THE COMPANY

SIGNED by
for and on behalf of
PINESTONE CAPITAL LIMITED

in the presence of:

LEE TAM TONG


) *For and on behalf of*
) **PINESTONE CAPITAL LIMITED**
) 鼎石資本有限公司
) 
)
) *Authorized Signature(s)*
)

THE JOINT PLACING AGENT

SIGNED by
for and on behalf of
PINESTONE SECURITIES LIMITED
in the presence of:


NG PO KWAN

) For and on behalf of
) **PINESTONE SECURITIES LIMITED**
) 鼎石證券有限公司
)
) 
) Authorized Signature(s)
) Wilson Lee

THE JOINT PLACING AGENT

SIGNED by Liu Zhi Yang
for and on behalf of
RUISEN PORT SECURITIES LIMITED
in the presence of: Joey Ng

) 
)
)
)
)
) 

THE JOINT PLACING AGENT

SIGNED by
for and on behalf of
ASIA PACIFIC SECURITIES LIMITED
in the presence of:

For and on behalf of
Asia Pacific Securities Limited
) 亞太證券有限公司
)
)
)
) Authorized Signature(s)
)



IN WITNESS whereof duly authorised representatives of the parties have executed this Agreement on the date first before appearing.

THE COMPANY

SIGNED by	)
for and on behalf of	)
PINESTONE CAPITAL LIMITED	)
in the presence of:	)
	)

THE JOINT PLACING AGENT

SIGNED by
for and on behalf of
CHEONG LEE SECURITIES LIMITED
in the presence of:

✓ U LAP Party


For and on behalf of
CHEONG LEE SECURITIES LIMITED
昌利證券有限公司


.....
Authorized Signature(s)

10 June 2025

PINESTONE CAPITAL LIMITED

(as Company) and

PINESTONE SECURITIES LIMITED

(as Placing Agent)

PLACING AGREEMENT

relating to the placing of up to
36,546,008 Consolidated Shares (assuming there is no change to the total number of
Consolidated Shares in issue on or before the Record Date) in the share capital of Pinestone
Capital Limited to be issued under the Rights Issue on the basis of three (3) Rights Shares for
every two (2) Consolidated Shares held on the Record Date

THIS AGREEMENT is dated 10 June 2025

BETWEEN:

- (1) **PINESTONE CAPITAL LIMITED**, a company incorporated in the Cayman Islands with limited liability and whose registered office at Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands and having its principal place of business in Hong Kong at Room 1807, 18/F., China Resources Building 26 Harbour Road, Wan Chai Hong Kong, whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code 804) (the "**Company**"); and
- (2) **PINESTONE SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability and whose registered office is at Room 1807, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (the "**Placing Agent**"), a licensed corporation for Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) .

WHEREAS:

- (A) The Company was incorporated in the Cayman Islands with limited liability and the issued ordinary shares (the "**Existing Share(s)/ Share(s)**") of which are listed on the Main Board of the Stock Exchange. As at the date hereof, the issued share capital of the Company is HK\$500,000,000 comprising divided into 25,000,000,000 Existing Shares of par value of HK\$0.02 each are in issue. Immediately upon the Share Consolidation becoming effective and assuming no further Existing Shares or (as the case may be) consolidated shares will be issued or repurchased up to and including the date of which the Capital Reorganisation shall become effective, the authorised share capital of the Company shall be HK\$500,000,000 divided into 1,250,000,000 Consolidated Shares with par value of HK\$0.40 each, of which 24,364,005 Consolidated Shares will be in issue and fully paid or credited as fully paid.
- (B) As at the date of this Agreement, the Company has no outstanding share options, warrants, convertible bonds or other securities in issue which confer any right to subscribe for, convert or exchange into Shares.
- (C) The Company has determined by Board (as defined below) resolution to offer, subject to, among others, the fulfilment of the conditions of the Rights Issue, up to 36,546,008 Rights Shares (as defined below) (there is no change to the total number of Consolidated Shares in issue on or before the Record Date) for subscription by the Qualifying Shareholders (as defined below) by way of the Rights Issue on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$1.66 per Rights Share payable in full on application and otherwise on the terms and subject to the conditions set out in this Agreement and the Prospectus Documents (as defined below).
- (D) The offer of the Rights Shares for subscription as abovementioned will be made by the issue of the Prospectus Documents to the Qualifying Shareholders.

- (E) Application will be made to the Stock Exchange to for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms, to be issued under the Rights Issue.
- (F) Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company in the Rights Issue must make compensatory arrangement to dispose of the Rights Shares not validly applied for by the Shareholders for the benefit of those Shareholders.
- (G) Subject to the terms and conditions set out in this Agreement, the Company agrees to appoint the Placing Agent, and the Placing Agent agrees to act, as the placing agent of the Company to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares (the "**Placing Shares**") at the Placing Price.

IT IS HEREBY AGREED:

1. INTERPRETATION

- 1.1 In this Agreement, including the recitals and schedule hereto, unless the context otherwise requires:

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code;
"Agreement"	this placing agreement as amended and supplemented from time to time;
"Announcement"	announcement to be made by the Company (including any amendments or supplements thereto) concerning, inter alia, the Rights Issue in such form as may be agreed by the Company and the Placing Agent (acting reasonably);
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors
"Business Day"	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday, a Sunday or a public holiday;
"Capital Reorganisation"	the proposed capital reorganisation involving the share consolidation, the capital reduction and the share sub-division;
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC;
"Company's Warranties"	the representations and warranties given by the Company as set out in Clause 4.1;

“Consolidated Shares(s)”	ordinary share(s) with par value of HK\$0.4 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
"connected person(s)"	has the meaning ascribed to it in the Listing Rules;
"Director(s)"	director(s) of the Company;
"Encumbrance"	any interest or equity of any person (including any right to acquire, option or right of pre-emption), voting arrangement, mortgage, charge, pledge, bill of sale, lien, claims, deposit, hypothecation, assignment or any other encumbrance, priority or security interest or arrangement or interest under any contract or trust or any other third party interest of whatsoever nature over or in the relevant shares, assets or property;
"Existing Share(s)"	ordinary share(s) with par value of HK\$0.02 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
"Group"	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Third Party(ies)"	third party(ies) independent of the Company and connected persons of the Company;
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 11 September 2025 or such later date and/or time as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue;
"Latest Time for Termination"	4:00 p.m. on Tuesday, 30 September 2025 or such later date/time as may be agreed between the Company and the Placing Agent in writing;
"Listing Committee"	has the meaning ascribed to it in the Listing Rules;
"Listing Rules"	the Rules Governing the Listing of Securities on Main Board of the Stock Exchange;

"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the Placees after deducting the aggregate amount of the Subscription Price of the Placing Shares placed by the Placing Agent under this Agreement) after deduction of all reasonable expenses incurred by the Company and the Placing Agent;
"No Action Shareholders"	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed;
"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 Share(s)"	the Rights Shares which would otherwise have been provisionally allotted to the Overseas Shareholders in nil-paid form that have not been sold by the Company;
"Overseas Shareholder(s)"	those Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong whom the Directors, after making relevant enquiry as required under the Listing Rules, consider their exclusion from the Rights Issue to be necessary or expedient on account of either the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
"PAL(s)"	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
"Party(ies)"	a named party to this Agreement and its respective successors and permitted assigns;
"Placed Shares"	the number of Placing Shares as notified by the Placing Agent pursuant to Clause 2.6(a);
"Placee(s)"	any person or entity who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and whom the Placing Agent or its agent(s) has procured to subscribe for any of the Placing Shares;

"Placing"	the placing of the Placing Shares by the Placing Agent pursuant to this Agreement;
"Placing Agent Delegates"	has the meaning given to it in Clause 2.3;
"Placing Agent's Warranties"	the representations and warranties as set out in Clauses 5.1 and 5.2 given by the Placing Agent;
"Placing Completion"	completion of the Placing;
"Placing Completion Date"	has the meaning given it to in Clause 6.1;
"Placing Period"	the period commencing from Friday, 19 September 2025 and ending at 4:00 p.m. on Monday, 29 September 2025, or such later date/time as may be agreed between the Company and the Placing Agent in writing;
"Placing Price"	not less than HK\$1.66 per Placing Share (being the Subscription Price for the Rights Shares pursuant to the Rights Issue) and the final price shall be determined by the Placing Agent with the agreement of the Company based on the demand for and the market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement;
"Placing Shares"	has the meaning defined in Recital (H);
"Prospectus"	the prospectus to be despatched to the Shareholders containing details of the Rights Issue;
"Prospectus Documents"	the Prospectus and the PAL;
"Public Float Requirement"	the public float requirement under Rules 8.08 of the Listing Rules;
"Qualifying Shareholders"	the persons whose name appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders;
"Record Date"	the date by reference to which entitlements to the Rights Issue are to be determined, details of which will be set out in the Prospectus;
"Registrar"	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company;
"Rights Issue"	the proposed offer for subscription by the Qualifying Shareholders for the issue of the Rights Shares on the basis of three (3) Rights Shares for every two (2) Consolidated Shares held on the Record Date at the Subscription Price on the terms

	and subject to the conditions set out in this Agreement and the Prospectus Documents;
"Rights Share(s)"	up to 36,546,008 Consolidated Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders pursuant to the Rights Issue, assuming no change in the number of Consolidated Shares in issue on or before the Record Date;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Share(s)"	the Existing Share(s) and/or the Consolidated Shares(s), as the case may be
"Shareholder(s)"	holder(s) of issued Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	HK\$1.66 per Rights Share;
"subsidiary"	has the meaning ascribed to it under section 15 of the Companies Ordinance (Cap. 622, Laws of Hong Kong);
"Takeovers Code"	the Codes on Takeovers and Mergers and Share buy-backs of the SFC;
"Unsubscribed Rights such number of Rights Shares not taken up by Shares"	Qualifying Shareholders in the Rights Issue; and
"%"	per cent.

1.2 In this Agreement, references to "Clauses", "sub-Clauses" and the "Schedule" are to clauses and sub-clauses of and the schedule to this Agreement.

1.3 In this Agreement, the singular includes the plural, words importing one gender include the other gender and the neuter and references to persons include bodies corporate or unincorporate, in each case vice versa.

1.4 Headings of this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

1.5 Any reference to a document being "in the agreed form" means in the form of the document or the draft thereof signed for identification on behalf of each of the Parties with (in the case of a draft) such alterations (if any) as may be agreed between the Parties.

2. PLACING

2.1 Subject to the terms and conditions of this Agreement, the Company appoints the Placing Agent, and the Placing Agent agrees to act, as placing agent of the Company to procure, on a best efforts basis, Placees to subscribe for the Placing Shares during the Placing Period at the Placing Price (together with any brokerage commission, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, stamp duty (if any) and any other applicable fees and charges as may be payable by the Placees). If all or any of the Placing Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders on a pro-rata basis

2.2 Any transaction legally and properly carried out by the Placing Agent and/or its Placing Agent Delegates (as defined in Clause 2.3 below) pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its agent and not on account of or for the Placing Agent. Subject to the terms of this Agreement, the Placing Agent and/or its Placing Agent Delegates shall not be responsible for any loss or damage (except for any loss or damage arising out of any fraud, default or negligence on the part of the Placing Agent and/or its Placing Agent Delegates, or as a result, directly or indirectly, from material and irremediable breach by the Placing Agent or any of the Placing Agent Delegates of its obligations under this Agreement) to the Company arising from any such transaction.

2.3 The Placing Agent may, in its absolute discretion and at its own costs, appoint its delegate(s), affiliate(s) ("**affiliates**" means any of the holding companies of the Placing Agent and the subsidiaries of any of such holding companies) or sub-placing agent(s) (collectively referred to as the "**Placing Agent Delegates**") to procure subscribers for the Placing Shares with such authorities and rights as the Placing Agent has pursuant to its own appointment under Clause 2.2, provided that the Placing Agent shall remain liable for all acts and omissions of any of such Placing Agent Delegates and shall procure the compliance by all Placing Agent Delegates with all relevant obligations and provisions to which the Placing Agent is subject or by which the Placing Agent is bound pursuant to this Agreement.

2.4 The Company hereby confirms that the foregoing appointment confers on the Placing Agent and/or its Placing Agent Delegates in accordance with the provisions hereof all powers, authorities and discretions on its behalf which are necessary for, or reasonably incidental to, the Placing and hereby agrees to ratify and confirm everything which the Placing Agent and/or its Placing Agent Delegates shall lawfully and reasonably do or have done pursuant to or in anticipation of the terms of this Agreement.

- 2.5 (a) The Placing Shares shall be offered by the Placing Agent and/or its Placing Agent Delegates as agent for the Company during the Placing Period at the Placing Price in board lots of 5,000 Shares.
- (b) The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent and/or its Placing Agent Delegates subject to the requirements of the Listing Rules and/or any objection the Stock Exchange may have to any particular person or company being a Placee. The Placing Agent and/or its Placing Agent Delegates shall, based on the representations by the Placees, confirm that none of the Placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other Placees. The Placing Agent will ensure that none of the Placees (when aggregated with their respective associates) will become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing and that each of the Placees and their respective ultimate beneficial owners are Independent Third Parties.
- (c) the Placing Agent undertakes to use its best endeavours to procure that (i) the Placing will not have any implications under the Takeovers Code and no Shareholders will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Rights Issue.
- 2.6 The Placing Agent shall, as soon as practicable and in any event before the end of the Placing Period:
- (a) notify the Company of the number of Placing Shares (i.e. the "**Placed Shares**") required to be issued by the Company and the denomination of each such certificate and in the case of CCASS settlement, details of the Stock Accounts (as defined in the General Rules) for the deposit of the Placed Shares; and
- (b) provide the Stock Exchange and/or the relevant regulatory authorities written confirmations (in such form as the Stock Exchange may require) of the independence of the Placees and particulars of the Placees. The particulars of the Placees to be so provided shall include without limitation the names, addresses, number of Placed Shares and such other information as required by the Stock Exchange and/or the relevant regulatory authority or governmental agency in Hong Kong for delivery to the Stock Exchange and/or the relevant authority or governmental agency in Hong Kong.
- 2.7 The Placed Shares, when allotted and issued by the Company hereunder, shall be free and clear from all Encumbrances and with all rights attaching thereto as at the Placing Completion Date, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placed Shares, the record date of which shall fall on or after the Placing Completion Date.
- 2.8 The Company agrees that the Placing Agent shall not be responsible for any losses or damages (except for losses or damages resulted from the negligence, default or fraud of the Placing Agent or any of its Placing Agent Delegates involved in the Placing or as a result, directly or indirectly, from non-compliance by the Placing Agent or any of its

Placing Agent Delegates with its obligations under this Agreement as finally adjudged by a competent court of Hong Kong) suffered by or caused to the Company or any of its subsidiaries directly or indirectly arising from or in connection with any transaction or matter pursuant to or relating to this Agreement or the performing of the terms or its obligations hereunder.

3. CONDITIONS PRECEDENT

3.1 Placing Completion is conditional upon:

- (a) The Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions);
- (b) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained; and
- (c) this Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

3.2 None of the conditions of the Placing as set out in Clause 3.1 above can be waived. The Company shall use its reasonable endeavours to procure fulfilment of the conditions as set out in Clause 3.1(a) above and for such purpose, the Company shall furnish such information, supply such documents, pay such fee, give such undertakings, and do all such acts and things as may reasonably be required in connection with the fulfilment of such conditions.

3.3 If the conditions set out in Clause 3.1 above have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the Parties hereunder in relation to the Placing shall cease and determine and neither of the Parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under this Agreement prior to such termination.

3.4 The Placing Agent undertakes to use its best endeavours to assist the Company in procuring that the conditions of the Placing are fulfilled on or before the Latest Time for Termination, including but not limited to the delivery by the Placing Agent of the documents set out under Clause 2.6.

3.5 For the avoidance of doubt, if all the Rights Shares are already fully taken up in the Rights Issue, the Placing will not proceed.

4. COMPANY'S WARRANTIES

4.1 The Company hereby unconditionally and irrevocably represents and warrants to the Placing Agent that:

- (a) the Company is duly incorporated and validly existing under the laws of Hong Kong with power to conduct its business in the manner presently conducted

and the information contained in the recitals to this Agreement is true and accurate;

- (b) the Placed Shares shall be allotted and issued in accordance with the constitutional documents of the Company and shall rank pari passu in all respects inter se and with all other Shares then in issue;
 - (c) subject to fulfilment of the conditions as set out in Clause 3.1, the Company has all powers and authorities to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legally binding obligations of the Company;
 - (d) the Placed Shares shall, on allotment and issue, be free from all Encumbrances together with all rights attaching thereto as at the date of this Agreement including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Shares, the record date for which shall fall on or after the Placing Completion Date; and
 - (e) the information in the Announcement is true and accurate in all material respect, and the Company (i) accepts full responsibilities for the accuracy of all information and facts provided to the Placing Agent in relation to the Placing; (ii) warrants that no other information or facts will be withheld, the omission of which will make the information or facts provided to the Placing Agent incorrect or misleading in a material respect; and (iii) will notify the Placing Agent as soon as practicable should such omission or inaccuracy come to the attention of the directors of the Company.
- 4.2 The Company agrees and acknowledges that the Placing Agent is entering into this Agreement in reliance on the Company's Warranties.
- 4.3 All Company's Warranties are deemed to be made by the Company on the date of this Agreement and on the Placing Completion Date.
- 4.4 None of the Company's Warranties shall be limited or restricted by reference to or inference from the terms of any other Company's Warranties or any other term of this Agreement.

5. PLACING AGENT'S WARRANTIES

5.1 The Placing Agent undertakes to the Company that:

- (a) the Placing will be a private placement of securities and not an offer to the public within the meaning of the laws of Hong Kong and will be effected by telephone conversations leading to concluded contracts without the despatch of documents until after legally binding commitments to subscribe for Placing Shares have been obtained from each Placee;
- (b) the Placing Agent will ensure that the terms and conditions on which each Placee will subscribe for the Placing Shares, and the number of such Placing

Shares to be subscribed, are covered in precise terms and agreed with each Placee as set out in the placing letter and will not make any representation in connection with the Placing Shares other than contained in this Agreement, the Prospectus or previously approved by the Company;

- (c) the Placing Agent has not offered or sold and it shall not, directly or indirectly, offer or sell any Placing Shares or distribute or publish any documents in relation to the Placing in any country or in any jurisdiction other than Hong Kong except under circumstances that shall result in compliance with any applicable laws and all offers and sales of Placing Shares shall be made on such terms; and
- (d) it shall at all times comply with all rules, regulations and guidelines applicable to the Placing of the Stock Exchange and codes of the SFC in relation to its role as placing agent for the Placing, and, if required, will issue appropriate written confirmation of such fulfillment and compliance.

5.2 The Placing Agent represents and warrants to the Company that:

- (a) it has full power to enter into this Agreement and to perform its obligations under this Agreement;
- (b) all corporate and other actions required to authorise its execution of this Agreement and performance of its obligation under this Agreement have been duly taken; and
- (c) this Agreement is a legal, valid and binding agreement on the Placing Agent and enforceable in accordance with the terms hereof.

5.3 The Placing Agent agrees and acknowledges that the Company is entering into this Agreement in reliance on the Placing Agent's Warranties.

5.4 The Placing Agent's Warranties are deemed to be made by the Placing Agent on the date of this Agreement and on the Placing Completion Date.

5.5 None of the Placing Agent's Warranties shall be limited or restricted by reference to or inference from the terms of any other Placing Agent's Warranties or any other term of this Agreement.

6. PLACING COMPLETION

6.1 Subject to the fulfilment or waiver (as the case may be) of the conditions of the Placing set out in Clause 3.1 above, Placing Completion shall take place on the fourth Business Day immediately after the fulfilment or waiver (as the case may be) of all the conditions set out in Clause 3.1 (the "**Placing Completion Date**") upon which:

- (a) the Placing Agent shall pay to the Company the aggregate Placing Price of the Placed Shares in respect of which the Placing Agent has successfully procured Placees (less the amounts referred to in Clause 7 which the Placing Agent shall

be entitled to deduct and pay), the payment of which shall constitute a complete discharge of the obligations of the Placing Agent hereunder and such payment shall be made by way of cashier order or by telegraphic transfer to a bank account designated by the Company in Hong Kong or other settlement method allowed by the Company;

- (b) the Company shall allot and issue the Placed Shares in accordance with the details delivered by the Placing Agent under Clause 2.6(a) and shall register without registration fee all such allottees as members and deliver or cause to be delivered to the Placing Agent the following documents:
 - (i) definitive documents of title in respect of the Placed Shares in favour of the persons so registered and in accordance with their respective entitlements hereto in board lots or as they may request or deposit the same in CCASS in accordance with the instructions of the Placing Agent under Clause 2.6(a); and
 - (ii) a copy of the Board resolution or the committee or person authorised by the Board authorising the allotment and issue of the Placed Shares, and a copy of each of the irrevocable instruction letters, placing forms and other documents issued by the Company to the Registrar required for the deposit by the Placing Agent of the Placed Shares in CCASS; and deliver to the Placing Agent a copy of its written instruction to the Registrar to update the register of members of the Company to reflect the issue of the Placed Shares.

7. COMMISSIONS-AND-EXPENSES

- 7.1 Subject to the Placing Completion taking place, the Company shall also pay a placing commission in Hong Kong dollars, of 5% of the amount (the "**Placing Commission**") which is equal to the placing price multiplied by the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of this Agreement. The Placing Agent is hereby authorised to deduct the Placing Commission from the payment to be made by it to the Company at Placing Completion pursuant to Clause 6.1(a).
- 7.2 The Company shall be liable for the costs and expenses of the Placing Agent (including without limitation, legal and other professional advisers' fees and disbursements, and out-of-pocket expenses properly and reasonably incurred in connection with the Placing and their associated transactions) which shall be subject to the prior written approval from the Company. The Placing Agent is hereby authorized to deduct such costs and expenses of the Placing Agent from the payment to be made by it to the Company at Placing Completion pursuant to Clause 6.1(a).
- 7.3 The Company will be responsible for all costs and expenses in connection with the allotment and issue of all the Placing Shares to be allotted and issued under this Agreement and registration of the Placees (including capital duty (if any), SFC transaction levy, Stock Exchange trading fees and the fee of the Company's registrars).

8. TERMINATION

- 8.1 Notwithstanding anything contained in this Agreement, the Placing Agent may terminate this Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or would materially prejudice the success of the Placing or full placement of all of the Placing Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in this Agreement if there develops, occurs or comes into force:
- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
 - (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing; or
 - (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
 - (d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing; or
 - (e) any breach of any of the representations and warranties set out in Clause 4.1 comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Placing Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of this Agreement; or
 - (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would

materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

8.2 Upon the giving of notice pursuant to Clause 8.1, all respective obligations of either party under this Agreement shall cease and determine and neither Party shall have any claim against the other Party in respect of any matter arising out of or in connection with this Agreement except for:

- (a) any antecedent breach of any obligation under this Agreement; and
- (b) liabilities under Clauses 4 and 7.

9. INDEMNIFICATION AND NO CLAIM

9.1 The Company undertakes to indemnify the Placing Agent and the Placing Agent Delegates and each of their respective directors and employees who shall have been involved in the Placing (the "**Indemnified Parties**") against all or any claims, actions, liabilities, demands, proceedings or judgments (the "**Proceedings**") brought or established against any of the Indemnified Parties by any subscriber or purchaser of any of the Placed Shares or by the Stock Exchange, any governmental agency, regulatory body or other person, directly or indirectly arising out of the lawful performance of any of the provisions of this Agreement and against all losses and all reasonable costs, charges and expenses (including legal fees as they are reasonably incurred) which any of the Indemnified Parties may suffer or incur as a result therefrom (except for any loss, costs, charge or expense suffered or incurred directly or indirectly as a result of or in connection with any fraud, wilful default or negligence on the part of the Indemnified Parties), including, but not limited to, all such losses, reasonable costs charge or expenses suffered or incurred in disputing or defending any proceedings and/or in establishing its right to be indemnified pursuant to this Clause and/or in seeking advice in relation to any Proceedings, provided that the aforesaid indemnity shall not be provided to the Indemnified Parties against any loss, damages, cost, charge or expense arising directly or indirectly out of any fraud, wilful default or gross negligence on the part of the Indemnified Parties or directly or indirectly as a result of any non-compliance by the Indemnified Parties with their obligations under this Agreement.

9.2 No claim shall be made against the Placing Agent or any other Indemnified Parties to recover any damage, cost, charge or expense which the Company or any of its subsidiaries may suffer or incur by reason of or arising from the carrying out by any of the Indemnified Parties of any act or omission in connection with the Placing except for any loss or damage arising directly or indirectly out of any fraud, wilful default or gross negligence on the part of the Placing Agent or any of the Placing Agent Delegates, or any non-compliance by the Placing Agent or any of the Placing Agent Delegates with its obligations under this Agreement.

9.3 Without prejudice to Clause 9.1, the Company shall indemnify and keep effectively indemnified the Placing Agent from and against all losses and damages which it may suffer, sustain or reasonably incur in connection with any of the Company's

Warranties not being correct, complied with, fulfilled or performed in accordance with their terms.

10. ANNOUNCEMENT AND PROSPECTUS

- 10.1 Subject to the approval by the Stock Exchange, the Company shall arrange for the Announcement to be published on the websites of the Company and the Stock Exchange, respectively, as soon as reasonably practicable following the signing of this Agreement.
- 10.2 The Company shall use its reasonable endeavours to procure the despatch of the Prospectus Documents to the Qualifying Shareholders and for information only. The Company shall deliver to the Placing Agent a certified copy of the Board resolutions approving the Prospectus Documents and authorising the despatch thereof as soon as reasonably practicable and in any event within two (2) Business Days from the relevant date of despatch of such documents.
- 10.3 Other than the Announcement and the Prospectus Documents and save as expressly required hereunder or as otherwise required by the Stock Exchange or the SFC or agreed between the Parties, no public announcement or communication to Shareholders or to the Stock Exchange or to the SFC concerning the Company and/or its subsidiaries in relation to the Rights Issue shall be made or despatched by the Company or the Placing Agent between the date hereof and the Placing Completion Date.

11. MISCELLANEOUS

- 11.1 This Agreement constitutes the entire agreement and understanding between the Parties in connection with the subject-matter of this Agreement and supersedes all previous proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise and neither Party has relied on any such proposals, representations, warranties, agreements or undertakings.
- 11.2 This Agreement may be executed in any number of counterparts and on separate counterparts, each of which shall be binding on the Parties who shall have executed it but which shall together constitute but one agreement.
- 11.3 Any date or period mentioned in any Clause may be extended by mutual agreement between the Parties, but, as regards any date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.
- 11.4 No time or indulgence given by any Party to the other shall be deemed or in any way be construed as a waiver of any of its rights and remedies hereunder.
- 11.5 If at any time any one or more of the provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect, the validity, legality, enforceability or performance of the remaining provisions hereof shall not thereby in any way be affected or impaired.

- 11.6 The Parties hereto shall execute all such documents and do all such acts and things as shall be required by the Stock Exchange or are reasonably necessary or desirable to effect or give all Parties the full benefit of this Agreement.
- 11.7 Any variation to this Agreement shall be binding only if it is recorded in a document signed by all Parties.
- 11.8 Any right or remedy conferred by this Agreement on any Party for breach of this Agreement by the other Party (including but without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 11.9 This Agreement shall be binding on and ensure to the benefit of each Party's respective successors and permitted assigns. The Placing Agent may assign to any person or persons the benefit of the representations, warranties and undertakings contained herein (in whole or in part). The Company shall not assign any of its rights under this Agreement (all of which shall be incapable of assignment) or purport to do so.

12. NOTICES

- 12.1 Any notice, claim, demand, court process, document or other communication to be given under this Agreement (collectively "**communication**" in this Clause 12) shall be in writing in the English language and may be served or given personally or sent to the address or facsimile numbers (if any) stated after the relevant Party's name at the beginning of this Agreement or, where relevant, to the registered office for the time being of the Party to be served, or to such other address (which must be in Hong Kong) as may have been last notified in writing by such Party to the Party serving the communication specifically referring to this Agreement. All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch.
- 12.2 Any notice delivered personally shall be deemed to be received when delivered and any notice sent by pre-paid registered post shall be deemed (in the absence of evidence of earlier receipt) to be received 2 days after posting and in proving the time of despatch it shall be sufficient to show that the envelope containing such notice was properly addressed, stamped and posted. Any notice sent by facsimile shall be deemed to have been received upon production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient and provided that a hard copy of the notice so served by facsimile was posted or delivered by hand on the same day as the notice was served by facsimile or on the immediately subsequent day. Any notice received or deemed to be received on a Saturday, Sunday or public holiday in Hong Kong shall be deemed to have been received on the next Business Day.
- 12.3 The respective addresses and fax nos. of the Company and the Placing Agent are as follows:-

The Company

Address : Room 1807, 18/F., China Resources Building, 26 Harbour Road,
Wanchai, Hong Kong
Email Address : thomas.lee@pinestone.com.hk
Attention : Mr. Thomas Lee

Placing Agent

Address : Room 1807, 18/F., China Resources Building, 26 Harbour Road,
Wanchai, Hong Kong
Email Address : wilson.lee@pinestone.com.hk
Attention : Mr. Wilson Lee

- 12.4 Nothing in this Clause 12 shall preclude the service of communication or the proof of such service by any mode permitted by law.

13. GOVERNING LAW AND JURISDICTION

- 13.1 This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong and the Parties irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts in connection herewith.
- 13.2 No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) by a person who is not a party to this Agreement.

IN WITNESS whereof the Parties or their duly authorised representatives have executed this Agreement on the date first before appearing,

THE COMPANY

SIGNED by

)

)

for and on behalf of **Pinestone Capital Limited**

)

in the presence of:-

)



NGT PO Ewan



THE PLACING AGENT

SIGNED by

for and on behalf of **Pinestone Securities Limited**

in the presence of:-


NG PO Ewan

)
) For and on behalf of
) PINESTONE SECURITIES LIMITED
) 鼎石證券有限公司
) 
) Authorized Signatory(s)
) Wilson Lee, PO.



**DILIGENT
CAPITAL**

Diligent Capital Limited
Room 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

Pinestone Capital Limited

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

Attn: The Board of Directors

Dear Sirs and Madams,

Company : Pinestone Capital Limited (the “**Company**”, together with its subsidiaries, the “**Group**”)
Stock Code : 804
Transaction : Proposed Rights Issue

We, Diligent Capital Limited, refer to the circular issued by the Company dated 25 July 2025 (the “**Circular**”) in relation to one agreement: (i) the Placing Agreement. Unless otherwise defined, terms used herein shall have the same meaning as those defined in the Circular.

We hereby give, and confirm that as at the Latest Practicable Date, we did not have (i) 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 or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group; and (ii) any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

We irrevocably undertake not to withdraw our written consent to the issue of the Circular with the inclusion of our letter, and reference to our name, in the form and context in which they appear in the Circular.

Yours faithfully,
For and on behalf of
Diligent Capital Limited

Huen Felix Ting Cheung
Director

25 July 2025

The Directors
Pinestone Capital Limited
Room 1807, 18/F.,
China Resources Building
26 Harbour Road, Wan Chai,
Hong Kong

Dear Sirs,

We refer to the circular dated 25 July 2025 (the “**Circular**”) issued by Pinestone Capital Limited (the “**Company**”) in connection with the proposed rights issue, a copy of which is attached and initialed by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group dated 25 July 2025 in the Circular, and the references to our name in the form and context in which they are included.

We also hereby consent to a copy of this letter and the above-named document being made available for display on the website of The Stock Exchange of Hong Kong Limited and the Company's own website as described in the paragraph headed “14. Documents on Display” in Appendix III to the Circular.

Yours faithfully,



D & PARTNER CPA LIMITED

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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
---	---

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
--	--

Latest time for lodging proxy forms for the EGM	11:00 a.m. on Tuesday, 12 August 2025
---	--

Record date for attendance and voting at the EGM	Thursday, 14 August 2025
--	--------------------------

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
---	--------------------------

Register of members of the Company re-opens	Friday, 15 August 2025
---	------------------------

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
---	---------------------------

Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 18 August 2025
---	--

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
--	--

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

Non-Executive Directors:

Mr. Lau Chun Hung

Independent Non-Executive Directors:

Mr. Lau Kelly

Mr. Wong Chun Peng Stewart

Mr. Cheng Man Pan

Registered office:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

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).

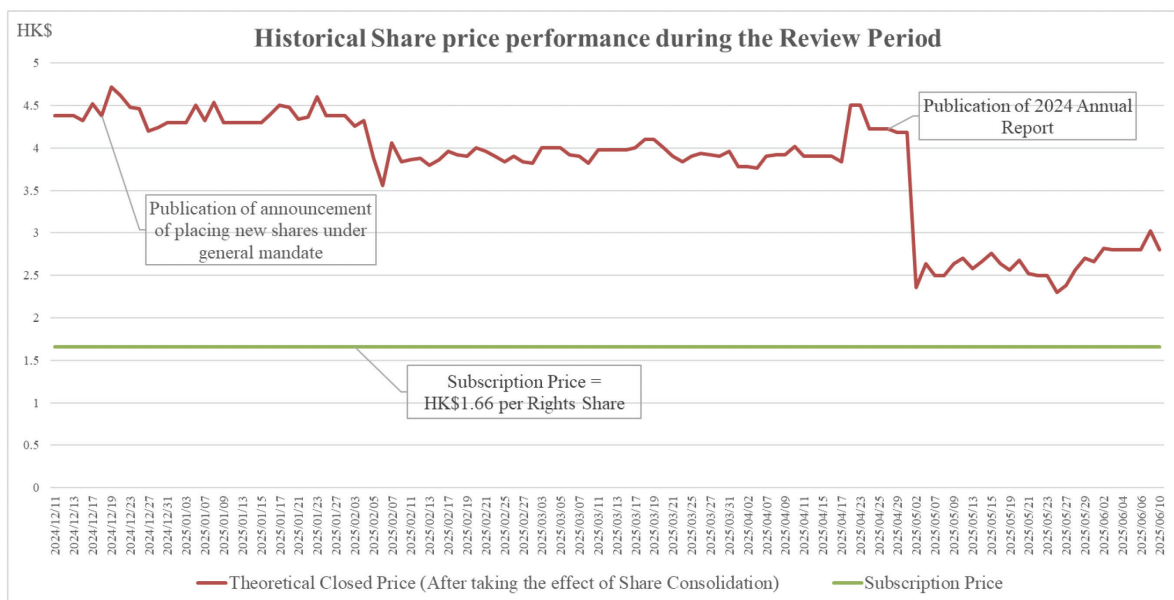
LETTER FROM THE BOARD

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:

								Accumulated impairment losses (included unwinding of discount) as at 31 December 2024 HK\$' million	Net amount of loan receivable as at 31 December 2024 HK\$' million	Proportion out of the Group's total loan receivable as at 31 December 2024 %	
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 HK\$' million	31 December 2024 HK\$' million	31 December 2024 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	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
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.

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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.

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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.

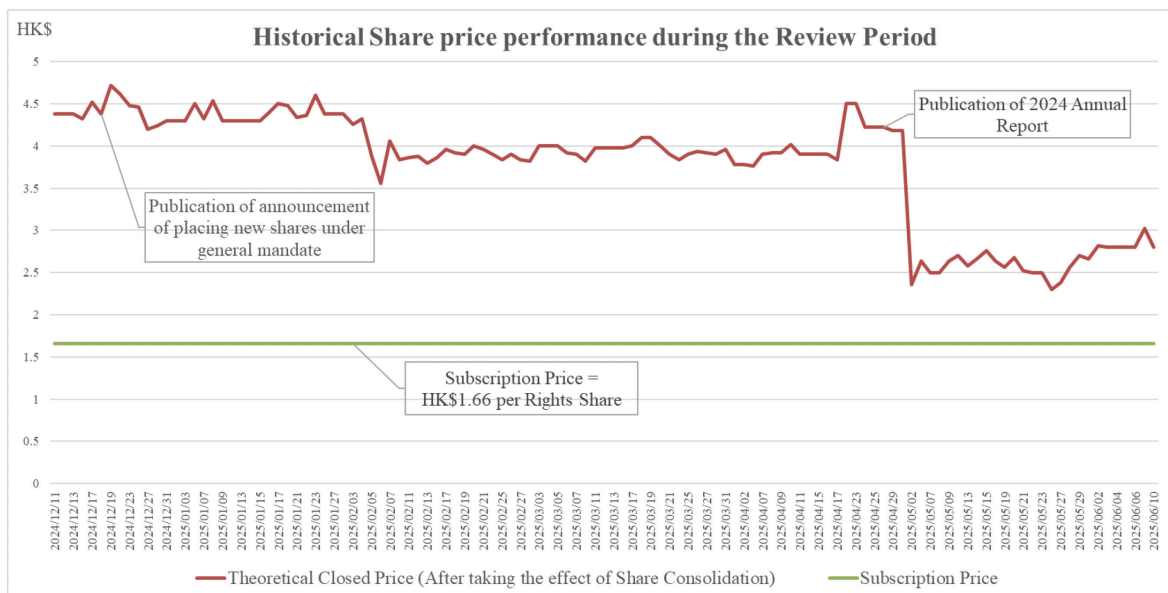
4.2.1 Review of the historical price performance of the Shares

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 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%)	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 graphene 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%)	(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%)	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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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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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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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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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%)	(2.83%)	(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%	2.30%	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%)	(8.72%)	(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%)	(18.40%)	(7.10%)	N/A	13.05%	N/A	Yes

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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)	(12.28%)	(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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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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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

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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

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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%)	(51.54%)	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

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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%	1.01%	0.00%	3.00%	No
			maximum		4,308.9	1,492.0		47.06%	47.06%	11.11%	43.00%	3.00%	
			average		399.9	136.0		(18.98%)	(19.24%)	(13.34%)	13.06%	1.96%	
			median		64.1	44.0		(17.90%)	(20.25%)	(7.30%)			
			minimum		11.9	6.1		(74.50%)	(73.38%)	(66.07%)	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%)	(22.14%)	24.93%	5.00%	No

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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.

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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%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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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.

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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