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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2023, the Group's revenue amounted to a total of approximately HK$20.2 million, representing an increase of approximately 4% compared to approximately HK$19.5 million in 2022. The increase was attributable to an increase in commission income from securities brokerage services, which was partially offset by the decrease in income from securities-backed lending services. Commission income from the securities brokerage services increased to approximately HK$1.3 million in 2023, compared to HK$0.2 million as at 31 December 2022. Income generated from securities-backed lending services decreased to HK$18.7 million, representing a decrease of approximately 3% from approximately HK$19.2 million in 2022. The Group recorded an income of approximately HK$87,000 from placing and underwriting services as compared to a nil income in 2022.

- For the year ended 31 December 2023, loss before income tax reduced to approximately HK$23.5 million, compared to a loss before income tax of approximately HK$48.3 million in 2022. Net loss for the year ended 31 December 2023 was HK$24.4 million, compared to a net loss of HK$41.5 million in 2022. The loss was mostly attributable to an impairment loss of approximately HK$28.0 million (2022: HK$49.6 million) in respect of trade and loans receivables made related to securities-backed lending services during the year 2023.

- Basic loss per share was HK7.08 cents for the year ended 31 December 2023, compared to basic loss per share of HK16.51 cents (restated) for the year ended 31 December 2022.

- The Directors do not recommend the payment of final dividend for the year ended 31 December 2023.

CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "**Board**") of Pinestone Capital Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	*5*	**20,224**	19,471
Other income		**65**	88
Employee benefit expenses		**(8,911)**	(10,107)
Depreciation		**(974)**	(1,033)
Commission and fee expenses		**(719)**	–
Impairment losses on trade and loans receivables, net	*10&11*	**(28,012)**	(49,568)
Other operating expenses		**(5,113)**	(7,107)
Finance costs		**(49)**	(89)
Loss before income tax	*6*	**(23,489)**	(48,345)
Income tax (expense)/credit	*7*	**(899)**	6,875
Loss and total comprehensive income for the year		**(24,388)**	(41,470)
		HK cents	*HK cents* (Restated)
Loss per share			
Basic and diluted	*9*	**(7.08)**	(16.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**631**	1,605
Intangible asset		**500**	500
Statutory deposits placed with stock exchange and clearing house		**205**	205
Deferred tax assets		**12,677**	11,453
		14,003	13,763
Current assets			
Trade receivables	*10*	**97,822**	53,187
Loans receivable	*11*	**37,121**	68,948
Other receivables, deposits and prepayments		**673**	779
Trust bank balances held on behalf of customers		**3,001**	3,125
Cash and bank balances		**23,394**	30,140
		162,011	156,179
Current liabilities			
Trade payables	*12*	**2,732**	3,119
Other payables and accruals		**1,259**	748
Lease liabilities		**622**	964
Tax payable		**1,363**	12
		5,976	4,843
Net current assets		**156,035**	151,336
Total assets less current liabilities		**170,038**	165,099
Non-current liability			
Lease liabilities		**–**	623
		–	623
Net assets		**170,038**	164,476
CAPITAL AND RESERVES			
Share capital	*13*	**8,121**	5,414
Reserves		**161,917**	159,062
Total equity		**170,038**	164,476

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Pinestone Capital Limited (the "**Company**") was incorporated as an exempted company in the Cayman Islands with limited liability. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Room 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

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.

In the opinion of the directors, Ultimate Vantage Group Limited ("**Ultimate Vantage**"), a limited liability company incorporated in the British Virgin Islands, is the parent and also the ultimate parent of the Company.

The consolidated financial statements for the year ended 31 December 2023 were approved and authorised for issue by the directors on 25 March 2024.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards ("**HKFRS**") which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

All values are rounded to the nearest thousand except otherwise indicated.

3. ADOPTION OF REVISED HKFRS

(a) Adoption of revised HKFRS – effective 1 January 2023

In the current year, the Group has applied for the first time the following amendments of standards issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as disclosed below, these amendments to HKFRS standards had no material impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "Significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

(b) Revised HKFRS that have been issued but are not yet effective

The following revised HKFRS potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and related amendments to HK Interpretation 5 (Revised) Presentation of Financial Statements[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]

[1] Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

The Group does not expect any other standards issued by the HKICPA, but not yet effective, to have a material impact on the group.

(c) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong Government (the "**Government**") enacted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will be effective from 1 May 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published Accounting Implications of the Abolition of the MPF-LSP Offsetting Mechanism in Hong Kong that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 Employee Benefits ("**HKAS 19**") that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The application of the accounting policy does not have material impact on the Group's financial statements for the current and prior years.

4. SEGMENT INFORMATION

(a) Operating segment information

The information reported to the executive directors of the Company, who are the chief operating decision makers of the Group for the purposes of resources allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRS. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the Group has only one single operating segment which is provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services. The executive directors allocate resources and assess performance of the business of the Group on an aggregated basis.

(b) Geographical segment information

The Company is an investment holding company and the principal place of the Group's operations is in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong.

All of the revenue from external customers is derived from activities in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

(c) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, is set out below:

	2023	2022
	HK$'000	*HK$'000*
Customer I	**2,363**	N/A
Customer II	**2,167**	N/A
Customer III	**N/A**	4,113
Customer IV	**N/A**	3,842
Customer V	**N/A**	2,033

N/A: not applicable as revenue from this customer was less than 10% of the Group's revenue for the year.

5. REVENUE

The Group is principally engaged in the provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services. Revenue derived from the Group's principal activities comprises the following:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
– Commission income from securities brokerage services	**1,315**	168
– Fee income from placing and underwriting services	**87**	–
– Handling fee income	**125**	63
	1,527	231
Revenue from other sources		
– Interest income from margin financing services	**9,823**	11,907
– Interest income from money lending services	**8,874**	7,333
	20,224	19,471

Revenue from contracts with customers derived by the Group for the year ended 31 December 2023 amounting to HK$1,527,000 (2022: HK$231,000) are recognised at a point in time.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2023	2022
	HK$'000	*HK$'000*
Depreciation charge		
Owned property, plant and equipment	**75**	135
Right-of-use assets included in property, plant and equipment	**899**	898
Auditor's remuneration	**639**	579
Legal and professional fees	**3,195**	4,778
Loss on disposal of property, plant and equipment	**–**	67

7. INCOME TAX EXPENSE/(CREDIT)

The amount of income tax expense/(credit) in the consolidated statement of comprehensive income represents:

	2023	2022
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– tax for the year	**2,119**	673
– over-provision in respect of prior years	**(6)**	–
	2,113	673
Deferred tax		
– current year	**(6)**	(7,518)
– attributable to change in applicable tax rate	**(1,208)**	(30)
	(1,214)	(7,548)
Income tax expense/(credit)	**899**	(6,875)

The Group is subject to Hong Kong Profits Tax.

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying entities will be taxed at 8.25% whereas assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual reporting periods beginning on or after 1 January 2018.

The income tax expense/(credit) for the year can be reconciled to the loss before income tax in the consolidated statement of comprehensive income as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before income tax	**(23,489)**	(48,345)
Tax on loss before income tax, calculated at Hong Kong Profits Tax rate of 16.5%	**(3,876)**	(7,977)
Effect on adoption of two-tiered profits tax rates regime	**(160)**	1,140
Tax effect of expenses not deductible for tax purposes	**691**	864
Tax effect of temporary difference not recognised	**6,930**	46
Utilisation of tax losses previously not recognised	**(1,472)**	(918)
Effect on opening deferred tax balances resulting from change in applicable tax rate	**(1,208)**	(30)
Over-provision in respect of prior years	**(6)**	–
Income tax expense/(credit)	**899**	(6,875)

8. DIVIDENDS

The directors of the Company do not recommend the payment of final dividend in respect of the year ended 31 December 2023 (2022: nil).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(24,388)**	(41,470)

	2023	2022
	Number of Shares	Number of Shares
	'000	*'000*
		(restated)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	**344,448**	251,257

The weighted average number of ordinary shares for the purposes of calculating the basic loss per share for the year ended 31 December 2023 is based on the weighted average number of shares in issue during the year and adjusted for the bonus element on rights issue on 8 November 2022 and 10 July 2023 as set out in note 13(2) and 13(3) respectively. The weighted average number of ordinary shares for the year ended 31 December 2022 is restated accordingly.

Diluted loss per share is the same as the basic loss per share as there have been no dilutive potential ordinary shares in existence during the year or prior year.

10. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables arising from securities dealing and margin financing *(note (a))*		
– Margin clients *(note (b))*	**156,816**	90,802
– Clearing house *(note (c))*	**14**	–
	156,830	90,802
Less: Loss allowance *(note (d))*	**(59,008)**	(37,615)
	97,822	53,187

Notes:

(a) The settlement term of trade receivables arising from the business of securities dealing is two business days after trade date ("**T+2**").

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to the margin clients is determined with reference to the discounted market value of securities accepted by the Group. Margin loans due from margin clients are either current and repayable on demand for those margin clients subject to margin calls. Except for those disclosed below, no ageing analysis is disclosed for trade receivables from margin clients as, in the opinion of the directors, ageing analysis is not meaningful in view of the business nature of securities dealing and margin financing.

To manage the credit risk exposure, when the level of securities collateral in proportion to the outstanding balance due from the margin client ("**collateral ratio**") has reached an alarming level, the Group will demand the margin clients to deposit additional money or securities to maintain their margin accounts, or to sell their securities collateral to reduce the exposure. Other than the above, the Group may implement other credit enhancement measures including to enter into repayment schedule for a period of normally less than one year with margin clients for settling their outstanding balances by monthly instalment or by depositing cash or securities in equivalent market value.

As at 31 December 2023, gross carrying amount of trade receivables due from margin clients amounting to HK$30,389,000 (2022: HK$29,273,000) were current and HK$126,427,000 (2022: HK$61,529,000) were repayable on demand. These margin loans were interest bearing at fixed rates ranging from 8% to 24% (2022: 8% to 24%) per annum.

As at 31 December 2023, gross carrying amount of HK$71,594,000 (2022: HK$57,622,000) of the trade receivables due from margin clients were considered as credit impaired.

During the year ended 31 December 2023, the Group had not written off balances due from margin clients (2022: nil).

Subject to certain conditions, the Group is allowed to repledge collateral from margin clients. There was no repledge of collateral from margin clients as at 31 December 2023 (2022: nil).

(c) Trade receivables from clearing house, i.e. Hong Kong Securities Clearing Company Limited ("**HKSCC**"), were current which represented pending trades arising from the business of securities dealing and are normally due on "T+2" day in accordance with the requirements of Hong Kong Exchange and Clearing Limited.

(d) The movements in the loss allowance for trade receivables arising from the business of securities dealing and margin financing are as follows:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**37,615**	9,970
Impairment losses charged to profit or loss	**11,980**	24,883
Unwinding of discount	**9,413**	2,762
At 31 December	**59,008**	37,615

11. LOANS RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Loans receivable arising from money lending *(notes (a) & (b))*	**100,229**	111,447
Less: Loss allowance *(note (c))*	**(63,108)**	(42,499)
	37,121	68,948

Notes:

(a) Loans receivable include certain borrowers, which are margin clients of the Group's securities dealing business, either (i) had entered into securities charge agreement with the Group charging certain securities or securities portfolio as collateral which were deposited in the designated custodian account maintained by the borrower; or (ii) had undertaken to maintain a net assets value at a specified amount in terms of market value of securities held or cash in the designated margin account maintained by the borrower.

(b) The loans receivable as at 31 December 2023 were interest-bearing at a fixed rate ranging from 12.0% to 16.0% (2022: 12.0% to 15.0%) per annum, of which HK$19,666,000 (2022: HK$38,185,000) were current, none (2022: HK$41,673,000) were past due within one year, HK$45,900,000 (2022: HK$31,589,000) were past due more than one year but less than two years and HK$34,663,000 were post due more than two years (2022: nil).

As at 31 December 2023, gross carrying amount of HK$80,563,000 (2022: HK$73,262,000) of the loans receivable balance were considered as credit impaired.

During the year ended 31 December 2023, the Group had not written off loans receivable balance (2022: nil).

(c) The movements in the loss allowance for loans receivable arising from money lending business are as follows:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**42,499**	16,453
Impairment losses charged to profit or loss	**16,032**	24,685
Unwinding of discount	**4,577**	1,361
At 31 December	**63,108**	42,499

12. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables arising from securities dealing		
– Cash clients	**673**	672
– Margin clients	**2,059**	2,447
	2,732	3,119

The settlement term of trade payables arising from the business of securities dealing is "T+2". Trade payables arising from securities trading during the "T+2" period are current whereas those which are outstanding after the "T+2" period are repayable on demand. No ageing analysis is disclosed for trade payables arising from securities dealing as in the opinion of the directors, ageing analysis does not give additional value in view of the business nature.

Margin and cash client payables as at 31 December 2022 included balances payable to certain related parties (2023: nil).

13. SHARE CAPITAL

Authorised and issued shares

	Par value *HK $*	Number of ordinary shares	Amount *HK$'000*
Authorised:			
At 1 January 2022	**0.001**	**500,000,000,000**	**500,000**
Share consolidation *(Note (1))*		**(475,000,000,000)**	**–**
At 31 December 2022, 1 January 2023 and 31 December 2023	**0.020**	**25,000,000,000**	**500,000**
Issued and fully paid:			
At 1 January 2022	**0.001**	**4,511,890,000**	**4,512**
Share consolidation *(Note (1))*		**(4,286,295,500)**	**–**
	0.020	**225,594,500**	**4,512**
Placing of shares *(Note (2))*	**0.020**	**45,118,900**	**902**
At 31 December 2022 and 1 January 2023	**0.020**	**270,713,400**	**5,414**
Rights issue *(Note (3))*	**0.020**	**135,356,700**	**2,707**
At 31 December 2023	**0.020**	**406,070,100**	**8,121**

Notes:

(1). On 19 October 2022, an ordinary resolution in relation to share consolidation was approved by the shareholders at an extraordinary general meeting held on the same date. Pursuant to the share consolidation, the number of authorized shares of the Company decreased to 25,000,000,000 shares of par value of HK$0.02 each, of which 4,511,890,000 shares were consolidated into 225,594,500 shares effective from 21 October 2022.

(2). On 8 November 2022, a total of 45,118,900 Placing Shares have been successfully placed by the placing agent to not less than six placees at placing price of HK$0.32 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the placing and the new shares issued rank pari passu with other shares in issue in all respects. The proceeds from the placing and the net proceeds after deduction of the placing commission and other related expenses, amounted to approximately HK$14.44 million and HK$14.22 million, respectively. The Company intends to use such net proceeds for expanding the existing business.

(3). On 10 July 2023, the Company successfully issued a total of 135,356,700 shares, raising approximately HK$29.95 million, net of directly attributable transaction costs of HK$0.51 million, from a rights issue on the basis of one (1) rights share for every two (2) existing shares at HK$0.225 per rights share.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, Hong Kong's stock market has been negatively impacted by geopolitical tensions, rising interest rates, a slowdown in China's economy and poor global demand. China's post-COVID recovery have also gone far behind expectations. Given the continued downturn in the real estate market in mainland China, weak exports, high local debt, and weak local consumption have all contributed to the woes and further dampened investors' sentiment. The Hang Seng Index saw losses for four consecutive years, recording a loss of 2,734 points or approximately 14% on a year-on-year basis to close at 17,047 as at 31 December 2023. The Hong Kong stock market's average daily turnover in 2023 was approximately HK$105.0 billion, which was approximately 16% decrease from HK$124.9 billion in 2022. The volume of initial public offerings (IPO) was 73 in 2023, as opposed to 90 during the same period in 2022. In 2023, while the Group's revenue has been slightly increased, the Company's results have been negatively impacted by impairment losses on margin financing and loans receivable. Given the challenges facing Hong Kong's economy, the Group's growth is dependent on offering quality services, collaborations in providing a wider range of services and exercising cautious risk management. We will devote more resources of existing staff toward business development and marketing of our services. To broaden our customer base and to provide a new source of income, the Group intends to expand into asset management services, which is regulated under Type 9 (Asset Management) licence of the Securities and Futures Commission (the "**SFC**").

BUSINESS REVIEW

Securities Brokerage Services

In 2023, our securities brokerage services yielded better results than the corresponding period in 2022. In 2023, the total transaction value was HK$682.3 million, a significant increase from HK$89.7 million in 2022. In 2023, commission income from securities brokerage services surged nearly sevenfold to HK$1.3 million from HK$0.2 million for the year 2022. During the year, the Company has launched a mobile securities application service and improved our trading system so as to increase customer satisfaction and draw in new clients. The Company will keep enhancing its service offerings and envisage customers' feedback as a means of a long-term company direction.

Securities-backed Lending Services

Securities-backed lending services, as our key driver and focus, are composed of two major businesses; (i) margin financing; (ii) money lending and other secured lending services. Interest income from securities-backed lending services for the year ended 31 December 2023 decreased by approximately 3% to HK$18.7 million, compared to approximately HK$19.2 million in 2022. In 2023, a total exclusion of approximately HK$14.0 million interest income were provided for the eight clients for the securities-back lending services that had suffered severe loss. Despite the Hong Kong Stock market has remained sluggish, our business of securities-backed lending services has remained resilient and provided significant contribution to the Group. In 2023, interest income from margin financing services decreased by HK$2.1 million (2022: HK$3.7 million) or approximately 18% decrease to HK$9.8 million while money lending services increased by HK$1.6 million or approximately 22% to HK$8.9 million in 2023 compared to HK$7.3 million in 2022.

As at 31 December 2023, our largest borrower in the securities-backed lending segment had outstanding receivables of approximately HK$41 million (31 December 2022: HK$33 million), representing approximately 16% (2022: 16%) of the Group's total trade and loan receivables. The five largest borrowers (in aggregation with loans granted to persons connected with each of them, if any) had outstanding receivables of approximately HK$148 million (2022: HK$130 million) as at 31 December 2023, representing approximately 58% (2022: 66%) of the Group's total trade and loan receivables as at 31 December 2023.

(A) Margin Financing

The Company receives interest income from our margin financing services as we lend money to our margin financing clients. Before we can offer our margin clients any margin facilities, they must complete the required account opening and KYC processes and deposit an adequate amount of cash or collateral. The Group would provide these investors with a margin facility, allowing them to leverage their investments with expected higher returns. For margin financing services, there is no fixed term of repayment for trade receivables while the term to maturity of the loan receivables range from approximately 5 months to 1 year. The interest rates of the aforementioned receivables range from approximately 8% to 24% per annum.

In 2023, interest income from margin financing services decreased to approximately HK$9.8 million, representing a decrease of approximately 18% from approximately HK$11.9 million in 2022. Such decrease was mainly due to a total exclusion of approximately HK$9.4 million from the interest income of margin financing services for the year 2023. As at 31 December 2023, the Group recorded a total trade receivables of approximately HK$156.8 million, representing an increase of approximately 73% from a total trade receivables of approximately HK$90.8 million as at 31 December 2022. The total trade receivables for our margin financing service boosted in 2023. However, in addition to the exclusions, the risks arising from the lackluster performance and wide fluctuation of the Hong Kong stock market have also escalated, leading to a decrease in interest income.

(B) Money Lending and Other Secured Lending

The Group holds a money lender licence in Hong Kong pursuant to 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 clients. Listed securities, non-listed securities, properties, or other valuable assets can all be used as collateral. Through Pinestone Capital Group Limited ("**PCGL**"), a wholly owned subsidiary of the Company, the Group receives interest revenue from the provision of such loan facilities.

We offer money lending and other secured lending services to corporate and individual borrowers. While listed securities are pledged as collateral for money lending, other assets or non-listed securities are pledged by our clients for other secured lending services. After fulfilling the necessary procedures for account opening, KYC, and credit assessment, the Group would assess the risk profile before providing these borrowers with a loan facility to meet their own financial needs. From such loan facility, the Group receives interest income as revenue. In 2023, the Group recognised interest income of approximately HK$8.9 million from money lending and other secured lending services, representing an increase of approximately 22% as compared to HK$7.3 million in 2022. For the year 2023, a total exclusion of approximately HK$4.6 million was provided for the interest income of money lending services. As at 31 December 2023, the Group recorded total loan receivables attributable to our money lending and other secured lending clients of approximately HK$100.2 million, representing a decrease of approximately 10% when compared to HK$111.4 million as at 31 December 2022.

Despite a decrease in the overall loan book, the Group successfully made new loans with new clients among our other secured lending services. In April and October 2023, the Group had successfully made two substantial lending loans to third party borrowers with total amount of approximately HK$15 million and $19 million respectively. Charging interest rates are 16% per annum of each loan with the borrowing periods of 12 months and 6 months respectively. Prior to getting approval from the Board of Directors, the credit committee has reviewed the background, size, credit assessment, collaterals, and risks of these loans. The Board has examined and reviewed the loans, ensuring due diligence has been carried out and the deal is fair and reasonable, which is in the best interest of the Company and shareholders as a whole.

Impairments provisions were made in respect of 8 individual clients ("**eight clients**") (i.e. relevant clients A, B, C, D, E, F, G and H below), including both margin financing clients (non-term) and money lending clients (term) (the "**Relevant Client(s)**"). Additional information on the relevant clients' circumstances, specifics of their impairments, outstanding and net amount of receivable as at 31 December 2023 is provided in the following tables:

	Name of Relevant Client	**Relationship (either existing or prior) With the Company and its connected person**	**Means of introduction to the Group**	**Type of loan**	**Term of the loan**	**Principal amount *(note 1)***	**Interest rate**
1.	Relevant Client A	Independent third party	By referral	Non-Term Loans	N/A	HK$0.2 million	12.5% p.a.
2.	Relevant Client B	Independent third party	By referral	Non-Term Loans	N/A	HK$5.7 million	12.5% p.a.
3.	Relevant Client C	Independent third party	By referral	Non-Term Loans	N/A	HK$6.5 million	12.5% p.a.
4.	Relevant Client D	Independent third party	By referral	Non-Term Loans	N/A	HK$19.8million	24% p.a.
5.	Relevant Client E	Independent third party	By referral	Non-Term Loans	N/A	HK$25.2 million	24% p.a.
6.	Relevant Client F	Independent third party	By referral	Non-Term Loans	N/A	HK$14.2 million	24% p.a.
7.	Relevant Client E	Independent third party	By referral	Term Loans	9 months and 12 months	HK$7 million and HK$8.8 million	15% p.a. and 12% p.a.
8.	Relevant Client G	Independent third party	By referral	Term Loans	5 months	HK$14 million	15% p.a.
9.	Relevant Client D	Independent third party	By referral	Term Loans	8 months and 12 months	HK$9 million and HK$4.4 million	15% p.a. and 12% p.a.
10.	Relevant Client H	Independent third party	By referral	Term Loans	12 months	HK$8.8 million	12% p.a.
11.	Relevant Client A	Independent third party	By referral	Term Loans	12 months	HK$8.8 million	12% p.a.
12.	Relevant Client C	Independent third party	By referral	Term Loans	12 months	HK$4.4 million	12% p.a.

Note:

1. Outstanding balance with accrued interest as at 31 December 2023 for Non-Term Loans.

	Name of Relevant Client	Outstanding amount (principal together with accrued interests) as at 31 December 2023	Amount of impairments (including Unwinding of discount) as at 31 December 2023	Net amount of loan receivable as at 31 December 2023	Type of guarantee/ security and net realizable value	Indication of significant increase in credit risk since initial recognition
1.	Relevant Client A	HK$0.2 million	HK$0.1 million	HK$0.1 million	None	When the client failed to settle margin call initially made by the Group with subsequent follow-ups
2.	Relevant Client B	HK$5.7 million	HK$5.7 million	HK$0 million	None	When the client failed to settle margin call initially made by the Group with subsequent follow-ups
3.	Relevant Client C	HK$6.5 million	HK$3.9 million	HK$2.6 million	None	When the client failed to settle margin call initially made by the Group with subsequent follow-ups
4.	Relevant Client D	HK$19.8 million	HK$17.8 million	HK$2.0 million	None	When the client failed to settle margin call initially made by the Group with subsequent follow-ups
5.	Relevant Client E	HK$25.2 million	HK$22.6 million	HK$2.6 million	None	When the client failed to settle margin call initially made by the Group with subsequent follow-ups
6.	Relevant Client F	HK$14.2 million	HK$8.9 million	HK$5.3 million	None	When the client failed to settle margin call initially made by the Group with subsequent follow-ups
7.	Relevant Client E	HK$15.4 million	HK$13.5 million	HK$1.9 million	None	When the client failed to repay the loan on maturity
8.	Relevant Client G	HK$16.6 million	HK$14.7 million	HK$1.9 million	None	When the client failed to repay the loan on maturity
9.	Relevant Client D	HK$19.9 million	HK$17.6 million	HK$2.3 million	None	When the client failed to repay the loan on maturity
10.	Relevant Client H	HK$11.4 million	HK$6.9 million	HK$4.5 million	None	When the client failed to repay the loan on maturity
11.	Relevant Client A	HK$11.4 million	HK$6.9 million	HK$4.5 million	None	When the client failed to repay the loan on maturity
12.	Relevant Client C	HK$5.8 million	HK$3.5 million	HK$2.3 million	None	When the client failed to repay the loan on maturity

Movement of impairments of the Relevant Clients

For the above-mentioned eight relevant clients, they were respectively pledged with the shares of companies listed on the Stock Exchange. They were originally margin financing clients of non-term loans. The Group's risk management procedures were strictly followed during the approval process of these secured loans. The market values of the securities collateral fell dramatically in early January 2022 in which their Loans to Securities ratios had reached unacceptable levels. From January 2022, we have continued to make margin calls and demanded these clients fulfill the margin loan requirement either by depositing additional cash or collaterals. These clients were not able to fulfill the margin loans respectively. According to the Group credit policy, the Group enforced to sell the collaterals in 2022. The amount collected from the enforcement were insufficient to repay the outstanding amounts of the loans respectively. As the result, the nature of the loans has inevitably changed to unsecured loan.

In 2023, we kept on calling, issued demand letters and continued to liaise with these relevant clients in order to repay or settle the outstanding loans. Nevertheless, these clients were not responsive when it came to repaying the loans or depositing more cash or collaterals to meet the loan requirement. Since these loans have not been settled for more than six months and there are not any significant supporting to the contrary, they are regarded as credit-impaired. Thus, the default rates for the loan receivables of these relevant clients have increased along with the risk on default, which is what led to our "3-stage" expected credit loss ("**ECL**") measurement impairment model and increase in loss allowance.

Placing and Underwriting Services

The Group asserts that the aforementioned unfavorable economic factors also undermine the sub-underwriting, placing, and underwriting services. The business of this service depends on the demand or requests from our customers. In 2023, the Group made about HK$87,000 from placing activities, compared to nil in 2022. We expect that this line of services will eventually contribute more as long as the Hong Kong Stock Market's sentiment improves.

Major Customers and Major Suppliers

During the year, the Group's five largest customers accounted for approximately 49% (2022: 66%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 12% (2022: 21%) of the total revenue. None of the Directors or any of its close associates, or any shareholder (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) had any beneficial interest in the Group's five largest customers. The Group's principal activities are securities brokerage services, securities-backed lending services and placing and underwriting services. In the Board's opinion, the Group has no major suppliers due to the nature of the Group's principal activities.

Rights Issue

On 10 July 2023, the Company successfully raised approximately HK30.46 million (gross) or approximately HK$29.95 million (net) from a rights issue on the basis of one (1) rights share for every two (2) existing shares @ HK$0.225 per rights share. The Company proposed to utilize the net proceeds to scale-up its key services and provided funds for the new customers. By 31 December 2023, net proceeds of approximately HK$29.95 million had been used up as follows:

(i) as to approximately 50% or HK$14.975 million of the net proceeds, for securities-backed lending services including providing margin financing;

(ii) as to approximately 50% or HK$14.975 million of the net proceeds, for other secured lending services.

Set out below is the actual use of net proceeds of the rights issue. There is no material change between the intended and actual use of the net proceeds of the rights issue as originally planned.

Use of Net Proceeds	**Proceeds Amount** *HK$'000*	**Net proceeds utilized during the year ended 31 December 2023** *HK$'000*	**Unutilized net proceeds as at 31 December 2023** *HK$'000*	**Expected timeline on utilization of unutilized net proceeds** *HK$'000*
Securities-backed lending services	14,975	14,975	–	N/A
Other secured lending services	14,975	14,975	–	N/A
Total	29,950	29,950		

Total Assets

Unit (HK$'million)/Year	**2023**	2022
Total Assets (HK$'million)	**176.0**	169.9
Trust Bank Balances (HK$'million)	**3.0**	3.1
Cash and Bank Balances (HK$'million)	**23.4**	30.1
Trade Receivables (HK$'million)	**97.8**	53.2
Loans Receivable (HK$'million)	**37.1**	68.9
Trade Payables (HK$'million)	**(2.7)**	(3.1)
Net Assets (HK$'million)	**170.0**	164.5

As at 31 December 2023, the total assets of the Group increased to approximately HK$176.0 million, representing an increase of approximately 4% from approximately HK$169.9 million as at 31 December 2022. The increase was primarily caused by a rise in trade receivables, which saw an increase of about 84% to HK$97.8 million as of 31 December, 2023, from HK$53.2 million as of the same date in 2022. The reduction in loans receivables, which dropped from HK$68.9 million as of 31 December, 2022, to roughly HK$37.1 million as of 31 December, 2023, partially offset this increase. Additionally, as of 31 December, 2023, the cash and bank balance dropped to HK$23.4 million as at 31 December 2023 from HK$30.1 million on a year-to-year basis. As at 31 December 2023, net assets of the Group increased modestly by approximately 3% to HK$170.0 million from HK$164.5 million as at 31 December 2022.

Net Loss for the Year

In 2023, the Group's consolidated net loss for the year was approximately HK$24.4 million when compared to a net loss of HK$41.5 million in 2022. Such substantial loss is primarily attributable to the recognition of impairment losses of approximately HK$28.0 million (2022: HK$49.6 million) in respect of trade and loans receivables relating to securities-backed lending services for the year ended 31 December 2023. This amount of impairment was caused by the eight clients of the money lending and margin financing services who suffered significantly from losses and were unable to make their repayments.

FINANCIAL REVIEW

Revenue

Total revenue in 2023 amounted to HK$20.2 million (2022: HK$19.5 million), representing an increase of approximately 4% from HK$19.5 million in 2022. In 2023, the Hang Seng Index experienced a 14% decline, concluding its fourth consecutive year of decline at 17,047.39. Geopolitical tensions, rising interest rates, a slowdown in China's economy and high inflation have combined and dampened Hong Kong's economy. Furthermore, China's recovery from the COVID-19 pandemic has also lagged behind expectation significantly. The collapse of the Chinese real estate market, the weak worldwide demand and weak foreign investments, local consumption and exports all attributed and exacerbated the situation. Among our services offerings, commission income from securities brokerage services increased to HK$1.3 million in 2023, compared to HK$0.2 million in 2022. Interest income from securities-backed lending services decreased to HK$18.7 million in 2023, representing a decrease of approximately 3% from HK$19.2 million in 2022. For the placing and underwriting services, revenue of approximately HK$87,000 was generated for the Group in 2023 as compared to an income of nil in 2022.

The decline in interest income from securities-backed lending services in 2023 was also caused by a total of eight clients of both our money lending and margin financing businesses who had realised their collaterals and were still unable to make their repayments because of severe losses. Due to the aforementioned unfavorable situation, the Company incurred an impairment loss of approximately HK$28.0 million in 2023 (2022: HK$49.6 million) in relation to trade and loans receivables made related to the Securities-backed Lending Segment and excluded approximately HK$14.0 million (2022: HK$4.1 million) from the fee income from the Securities-backed Lending Segment in 2023 on having adopted the expected credit loss ("**ECL**") model on assessment of impairment. The Company's performance has been adversely impacted by the impairment made in relation to these eight clients on a consecutive basis.

Employee Benefit Expenses

To sustain and drive our Company's long term growth, cost control and effectiveness are also important areas that the management has revealed and examined. In 2023, the group has striven to rationalize costs to reduce operating expenses. During the year 2023, both our employee benefit expenses and other operating expenses recorded a remarkable decrease. Employee benefit expenses accounted for approximately 19% (2022: 14%) out of the total expenses in 2023, which is a major expense item for the Group. Employee benefit expenses include staff salaries, allowances, benefits, directors' emoluments and contribution to defined contribution retirement scheme. Employee benefit expenses recorded a decrease of approximately 12% to approximately HK$8.9 million in 2023 from approximately HK$10.1 million in 2022. The majority of the decrease might be attributed to directors' and employees' leaves taken over the year.

Other Operating Expenses

Unit: (HK$'million)/Year	**2023**	2022
Other operating expenses *(note a)*	**5.1**	7.1
Impairment losses on trade and loans receivables, net *(note b)*	**28.0**	49.6
Total other operating expenses	**33.1**	56.7

Note a: Other operating expenses in 2023 amounted to HK$5.1 million, compared to HK$7.1 million in 2022 (excluding charge for impairment losses on trade and loans receivables) which accounted for about 36% (2022: 41%) of the total expenses (which only included employee benefit expenses and other operating expenses). The remarkable decrease of approximately 28% over the year 2022 was mostly attributable to the decrease in compliance, professional and administrative expenses incurred during the year.

Note b: For the year ended 31 December 2023, net impairment losses of HK$28.0 million (the "**Impairments**") (31 December 2022: HK$49.6 million) were recognised under **ECL** model required under HKFRS 9, of which HK$12.0 million (2022: HK$24.9 million) were attributable to trade receivables from margin clients whereas the remaining HK$16.0 million (2022: HK$24.7 million) were attributable to loans receivables.

Income Tax Expenses/Credit

The income tax expenses for 2023 was approximately HK$0.9 million (2022: income tax credit of HK$6.9 million).

Loss for the Year

The Company's performance have been adversely affected by the impairment made in relation to those eight clients who have failed to fulfill their repayments on a consecutive basis. For the year ended 31 December 2023, the Group recorded loss before income tax of approximately HK$23.5 (2022: HK$48.3 million) and a net loss of approximately HK$24.4 million (2022: 41.5 million). The loss was mostly attributable to impairment losses of HK$28.0 million (2022: HK$49.6 million) made in respect of trade and loans receivables relating to the securities-backed lending services, in which HK$12.0 million (2022: HK$24.9 million) were attributable to trade receivables from margin clients and the remaining HK$16.0 million (2022: HK$24.7 million) were attributable to loans receivables for the year ended 31 December 2023.

Dividend

Directors did not recommend the payment of final dividend for the year ended 31 December 2023 (2022: nil). Total dividend payout by the Company for the year ended 31 December 2023 was nil (2022: nil).

Capital Structure

As at 31 December 2023, the Group did not have any bank borrowings. As at 31 December 2023, other payables and accruals plus lease liabilities were HK$3.2 million compared to HK2.3 million in 2022. The Group maintained a healthy cash position with total cash and bank balances amounted to HK$23.4 million as at 31 December 2023 (2022: HK$30.1 million). As at 31 December 2023, the Group had nil amount of non-current lease liabilities (2022: HK$0.6 million) and did not have capital commitments. The Group's long term debt to equity ratio was approximately 0% in 2023 (2022: 1%).

During 2023, the Group's operations, capital expenditure and other capital requirements were funded by cash generated from operations and working capital. The Directors are of the view that at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favourable market conditions.

Liquidity and Financial Resources

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Current assets	**162,011**	156,179
Trade receivables	**97,822**	53,187
Cash and bank balances	**23,394**	30,140
Current liabilities	**5,976**	4,843
Trade payables	**2,732**	3,119
Lease liabilities	**622**	964
Non-current lease liabilities	**–**	623
Current Ratio (times)	**27.11**	32.25
Gearing Ratio (times)#	**–**	0.01

Long-term debts (including non-current lease liabilities) over total equity

Foreign Currency Exposure

The Company's functional and presentation currency is Hong Kong dollar ("**HK$**"). During the years ended 31 December 2023 and 2022, the Group's transactions were denominated in HK$. The Group had no material exposure to foreign currency risk. The Group has not used any derivatives to hedge against its exposure to foreign exchange risks.

Contingent Liabilities

As at 31 December 2023 and 31 December 2022, the Group did not have any material contingent liabilities.

Significant Investments

The Group did not acquire or hold any significant investment during the year 2023 (2022: nil).

Pledge of Assets

As at 31 December 2023, the Group did not pledge any of its assets (31 December 2022: nil).

Capital Commitments

As at 31 December 2023, the Group did not have any significant capital commitments (31 December 2022: nil).

Employees and Remuneration Policy

The Remuneration Committee reviews the executive Directors' compensation, which is based on the Directors' credentials, expertise, roles, and responsibilities as well as the performance and results of the Company. The Group's remuneration policies are in line with prevailing market practice. The Group's employees are remunerated according to their performance, working experience and market conditions. In 2023, the Group has hired five new employees with six employees left. As at 31 December 2023, the Group had 16 employees (31 December 2022: 17 employees). Apart from basic salaries, other staff benefits include discretionary bonus, provident funds and medical scheme.

Outlook

Looking ahead to 2024, the recovery of Hong Kong economic activities, particularly the Hong Kong stock market, is still full of uncertainties, risks and challenges. The interest rates are expected to remain at a high level in year 2024. This will remain the high borrowing costs and have a negative impact on the value of various assets. The Group continues to proceed prudently to navigate through these uncertain times. Looking forward, the Group will continue to expand our customer base, strengthen our financial position, and seek strategic business opportunities to further develop our businesses, broaden our business reach in the financial market by cultivating corporate alliances, collaborations and position the Group's business for further and sustainable growth in the long run. In addition, in order to broaden our business reach in the financial market, the Group is expected to expand into asset management services (Type 9 (Asset Management) licence of the SFC), which the Group is expected to submit the application to the SFC in early 2024.

Sufficiency of Public float

Based on the information that is publicly available and within the knowledge of the Directors of the Company, the Company has maintained sufficient public float of 25% issued shares which worth more than HK$30 million under the Listing Rules 17.38A as at the latest practicable date and prior to the issue of this report.

Events After the Reporting Period

The Directors are not aware of any significant event requiring disclosure that have been taken place subsequent to 31 December 2023 and up to the date of this report.

Corporate Governance Code

Good corporate governance practices improve transparency of the Company, optimize the Company's performance, and help to enhance stakeholders' confidence and support. The board of directors (the "**Board**") of the Company is committed to achieve good corporate governance practices and procedures. During the year under review, the Company has complied with the code provisions prescribed in the establishment and implementation of the Corporate Governance Code ("**CG Code**"), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), to ensure that the decision making processes and business operations are regulated in a proper manner. The Company will continuously review its corporate governance practices as to enhance its corporate governance standards, comply with the increasingly complicated regulatory requirements, and meet with the rising expectations of the shareholders and prospective investors. CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be assigned for the same person. In the Company, Mr. Zhu Zheping has acted as chairman and Mr. Lee Chun Tung has acted as chief executive. The Board currently consists of seven members including three executive Directors, one non-executive Director and three independent non-executive Directors. The independent non-executive Directors, all of whom are independent of the Group's businesses, are highly experienced professionals with substantial experience in areas such as management, legal, accounting and finance. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise to oversee, advise and safeguard the interests of various stakeholders of the Company.

Review of this Final Results Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

Annual General Meeting

The annual general meeting ("**AGM**") for the financial year 2023 of the Company will be held at 2:00 p.m. on 19 June 2024 (Wednesday) at Room 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong and a notice of AGM will be published and despatched in due course.

Closure of Register of Members to Ascertain Shareholders' Entitlement to Attend and Vote at the Annual General Meeting

The register of members of the Company for the annual general meeting will be closed from 14 June 2024 to 19 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the annual general meeting to be held on 19 June 2024, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 13 June 2024.

Competing Interest

The Directors are not aware of any business that they themselves are currently conducting or is being conducted by connected or related parties during the year.

Purchase, Sale or Redemption of the Listed Shares of the Company

During the year ended 31 December 2023, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

Annual Results

The Audit Committee has been established with written terms of reference in compliance with Appendix 16 of the Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit Committee currently comprises a total of three members, all of whom are independent non-executive Directors. Mr. Cheng Man Pan is a fellow member of the Association of Chartered Certified Accountants. The other members are Mr. Lau Kelly and Mr. Wong Chun Peng Stewart respectively. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to C.3.3 of the Code on Corporate Governance Practices, the Audit Committee has reviewed the annual results and the consolidated accounts of the Group for the year ended 31 December 2023 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

Publication of Final Results and Annual Report

A copy of this announcement will be found on Pinestone Capital Limited's website (www.pinestone.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2023 will be made available on the respective websites of Pinestone Capital Limited and the Stock Exchange in due course.

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

Hong Kong, 25 March 2024

As at the date of this announcement, the Board comprises Mr. Zhu Zheping, Mr. Yan Ximao and Mr. Lee Chun Tung as the executive Directors; Mr. Yau Tung Shing as non-executive Director; and Mr. Lau Kelly, Mr. Wong Chun Peng Stewart and Mr. Cheng Man Pan as independent non-executive Directors.