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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)

I. PROPOSED SHARE CONSOLIDATION; AND

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

Placing Agent to the Company

PineStone 鼎石

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 at the date of this announcement, 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 date of this announcement 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.

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.

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” in this announcement. 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

Subject to the Share Consolidation becoming effective, the Company proposes to raise gross proceeds of up to approximately HK\$60.7 million before expenses by way of Rights Issue of up to 36,546,008 Rights Shares 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 on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming full subscription of the Rights Issue, the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$57.6 million (assuming no change in the total number of Shares in issue on or before the Record Date after taking into account the effect of the Share Consolidation). The Company intends to apply the net proceeds as to (i) approximately HK\$5.3 million for potentially acquire a Company is granted to deal with virtual permit by SFO or potentially applying for a license to the able to deal with virtual asset such as cryptocurrency; (ii) approximately HK\$35.0 million for investing in our margin financing services; (iii) approximately HK\$15.0 million for investing in our money lending services; and (iv) approximately HK\$2.3 million for the general working capital of the Group.

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Consolidated Shares in issue at the time. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Friday, 18 July 2025.

PLACING ARRANGEMENT

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and NQS Unsold Rights Shares to Placees for the benefit of the No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(b) of the Listing Rules. 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 conditionally agreed to procure Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 July 2025 to Friday, 25 July 2025 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

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

Given that the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to the approval of the Independent Shareholders by way of poll at the EGM on which any Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the 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 date of this announcement, the Company has no controlling Shareholder. Accordingly, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates (as defined in the Listing Rules), shall abstain from voting in favour of the proposed Rights Issue at the EGM. As at the date of this announcement, none of the Directors or chief executives of the Company had any interest in the Shares.

The Rights Issue does 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.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Rights Issue and the Placing. A circular containing, among other things, (i) the Share Consolidation, the Rights Issue and the Placing; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Monday, 23 June 2025.

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 by no later than 4:30 p.m. (Hong Kong time) on Monday, 7 July 2025.

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, will be 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, taking into account the recommendations of the independent financial adviser to be appointed by the Company. In this connection, the Company will appoint an 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. An announcement will be made by the Company upon the appointment of the independent financial adviser.

The Company will despatch the Prospectus Documents containing, among other things, 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 Monday, 28 July 2025. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send 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 NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the Rights Shares. 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).

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.

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 date of this announcement, none of the above conditions has been fulfilled.

Effects of the Share Consolidation

As at the date of this announcement, 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 date of this announcement 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 date of this announcement, 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 (if any) of the Shares, the Company will appoint Pinestone Securities Limited to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the Prospectus.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the period from Wednesday, 16 July 2025 to 4:30 p.m. on Thursday, 21 August 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 date of this announcement was HK\$0.140 per Existing Share, the value of each existing board lot of 5,000 Shares was HK\$700, which was less than HK\$2,000.

As at the date of this announcement, the closing price of the Shares was HK\$0.140 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 date of this announcement, save as disclosed in this announcement, 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 Shares in issue as at the date of this announcement	:	487,280,100 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective	:	24,364,005 Consolidated Shares
Maximum number of Rights Shares to be issued	:	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)
Approximate aggregate nominal value of the Rights Shares	:	HK\$14,618,403.2 (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)
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	60,910,013 Consolidated 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)
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK\$1.58 per Rights Share

Maximum gross proceeds to be : Approximately HK\$60.7 million
raised from the Rights Issue
before expenses

Maximum net proceeds to be : Approximately HK\$57.6 million
raised from the Rights Issue
after expenses

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 date of this announcement, 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 40.71% to the theoretical closing price of approximately 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;
- (ii) a discount of approximately 41.55% to the theoretical average closing price of approximately HK\$2.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.142 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 40.29% to the theoretical average closing price of approximately HK\$2.78 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.139 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

- (iv) 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; and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.93% of the theoretical diluted price of approximately HK\$2.132 per Consolidated Share to the benchmarked price of approximately HK\$2.84 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).

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 “Reason for and benefits of the Rights Issue and the use of proceeds” in this announcement; and (iv) the amount of funds the Company intends to raise under the Rights Issue.

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.

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 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 Friday, 18 July 2025 (Hong Kong time).

The last day of dealing in the Consolidated Shares on cum-rights basis is Wednesday, 16 July 2025. The Consolidated Shares will be dealt with on an ex-rights basis from Thursday, 17 July 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.

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, 4 September 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, 4 September 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 Wednesday, 27 August 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 date of this announcement, 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 Tuesday, 19 August 2025 up to 4:00 p.m. on Wednesday, 27 August 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.

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|---|---|---|
| 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 date of this announcement. |
| 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 | : | <p>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):</p> <ul style="list-style-type: none"> (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 Wednesday, 27 August 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 Thursday, 28 August 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.

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 investing and 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 in asset management, there was expressed interest in investing virtual assets. 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 acquire a company with virtual asset permits granted by SFO or a potential uplift of the virtual asset trading platform license, so the subsidiary of the Company will be able to meet the demand of its clients to deal with virtual such as cryptocurrency.

Having reviewed the potential in the virtual asset industry, the Board considers that the exploration in the investment 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. The Group will be actively seeking for suitable targets to acquire or a potential uplift of the virtual asset trading platform license.

Reference is made to the annual report for the financial year ended 31 December 2024, 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 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 and recorded revenue of approximately HK\$5.9 million from interest income from money lending services.

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

Assuming there will be no change in the total number of issued Shares from the date of this announcement 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 acquire a Company is granted to deal with virtual permit by SFO or potentially applying for a license to be able to deal with virtual asset;
- (ii) approximately 60.8% of the net proceeds or approximately HK\$35.0 million to invest in our margin financing services;
- (iii) approximately 26.0% of the net proceeds or approximately HK\$15.0 million to invest in our money lending services; and
- (iv) approximately 4.0% of the net proceeds or approximately HK\$2.3 million for enhancing the general working capital of the Group.

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 date of this announcement:

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 date of this announcement; (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 date of this announcement		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all the remaining Unsubscribed Rights Shares and NQS Unsold Rights Shares having been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Ultimate Vantage Group Limited (<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
	<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 date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Rights Issue and the Placing is set out below. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Events

Expected despatch date of the circular, proxy form and notice of the EGM	4:30 p.m. on Monday, 23 June 2025
Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 7 July 2025
Closure of register of members of the Company for determination of the right to attend and vote at the EGM (both days inclusive).	Tuesday, 8 July 2025 to Monday, 14 July 2025
Latest time for lodging proxy forms for the EGM.	11:00 a.m. on Friday, 11 July 2025
Record date for attendance and voting at the EGM.	Monday, 14 July 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 Monday, 14 July 2025
Announcement of the poll results of the EGM	Monday, 14 July 2025
Register of members of the Company re-opens	Tuesday, 15 July 2025
Effective date of the Share Consolidation	Wednesday, 16 July 2025
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 16 July 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 Wednesday, 16 July 2025
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 Wednesday, 16 July 2025

First day of free exchange of existing shares certificates for new share certificates for Consolidated Shares	Wednesday, 16 July 2025
Last day of dealings in Consolidated Shares on a cum-rights basis	Wednesday, 16 July 2025
First day of dealings in Consolidated Shares on an ex-rights basis	Thursday, 17 July 2025
Latest time for the Shareholders to lodge transfer of the Consolidated Shares to qualify for the Rights Issue	4:30 p.m. on Friday, 18 July 2025
Closure of register of members for the Rights Issue (both days inclusive)	Monday, 21 July 2025 to Friday, 25 July 2025
Record Date for the Rights Issue	Friday, 25 July 2025
Register of members of the Company re-opens	Monday, 28 July 2025
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only)	Monday, 28 July 2025
First day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares	Wednesday, 30 July 2025
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 Wednesday, 30 July 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 Wednesday, 30 July 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 Wednesday, 30 July 2025
Latest time for splitting of the PALs	4:30 p.m. on Friday, 1 August 2025
Last day of dealing in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares	Wednesday, 6 August 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 Monday, 11 August 2025

Latest Time for Acceptance of and payment for the Rights Share	4:00 p.m. on Monday, 11 August 2025
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 18 August 2025
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	Tuesday, 19 August 2025
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Tuesday, 19 August 2025
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 Tuesday, 19 August 2025
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Tuesday, 19 August 2025
Latest time for free exchange of existing share certificates for new share certificates	4:30 p.m. on Thursday, 21 August 2025
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to Compensatory Arrangements	4:00 p.m. on Wednesday, 27 August 2025
Latest Time for Termination of the Placing Agreement	4:00 p.m. on Thursday, 28 August 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, 3 September 2025
Despatch of share certificates for fully-paid Rights Shares	Thursday, 4 September 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated	Thursday, 4 September 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, 5 September 2025

All times and dates in this announcement refer to Hong Kong local times and dates.

Details or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended, amended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons announced by the Government of Hong Kong or a “black” rainstorm warning:

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

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Monday, 11 August 2025, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8 July 2025 to Monday 14 July 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 Monday, 21 July 2025 to Friday, 25 July 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 nonexecutive 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 date of this announcement, 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 date of this announcement, 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.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established 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, 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, taking into account the recommendations of the independent financial adviser.

In this connection, the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting.

GENERAL

The EGM will be convened for the Shareholders to consider and, if fought fit, approve the Share Consolidation and the Rights Issue. For the purpose of determining the Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 8 July 2025 to Monday 14 July 2025 (both days inclusive).

A circular containing, among others, (i) the Share Consolidation, the Rights Issue and the Placing; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Monday, 23 June 2025.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Monday, 28 July 2025. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed "Conditions of the Rights Issue" in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the Rights Shares. 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).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal 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 is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“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 announcement
“Consolidated Share(s)”	ordinary shares of HK\$0.4 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	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
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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 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
“Last Trading Day”	10 June 2025, the date of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 11 August 2025, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on 28 August 2025, or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on mainboard of the Stock Exchange
“Net Gain”	the premium paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements

“No Action Shareholder(s)”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs 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)”	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)
“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)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	institutional, corporate or individual investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights 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
“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 19 August 2025, and ending at 4:00 p.m. on 27 August 2025

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	28 July 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”	25 July 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”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)

“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
“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 Share(s)”	any of the Rights Shares which have not been subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares by the Latest Time for Acceptance
“%”	per cent

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

Hong Kong, 10 June 2025

As at the date of this announcement, the Board comprises Mr. Lee Chun Tung, Mr. Wang Han and Ms. Cheung Ka Yi as executive Directors; Mr. Lau Chun Hung as non-executive Directors; and Mr. Lau Kelly, Mr. Wong Chun Peng Stewart and Mr. Cheng Man Pan as independent non-executive Directors.