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 2024

FINANCIAL HIGHLIGHTS

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

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

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

- The Directors do not recommend the payment of final dividend for the year ended 31 December 2024.

CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	*5*	**25,500**	20,224
Other income		**332**	65
Employee benefit expenses		**(6,950)**	(8,911)
Depreciation		**(619)**	(974)
Commission and fee expenses		**(743)**	(719)
Impairment losses on trade and loans receivables, net	*10&11*	**(20,900)**	(28,012)
Loss from write off of trade and loans receivables	*10(b)& 11(b)*	**(16,153)**	–
Other operating expenses		**(11,747)**	(5,113)
Finance costs		**(9)**	(49)
Loss before income tax	*6*	**(31,289)**	(23,489)
Income tax expense	*7*	**(377)**	(899)
Loss and total comprehensive income for the year		**(31,666)**	(24,388)
		HK cents	*HK cents* (Restated)
Loss per share			
Basic and diluted	*9*	**(7.56)**	(6.87)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**12**	631
Intangible asset		**500**	500
Statutory deposits placed with stock exchange and clearing house		**205**	205
Deferred tax assets		**12,284**	12,667
Prepayment for investment	*14*	**6,400**	–
		19,401	14,003
Current assets			
Trade receivables	*10*	**55,134**	97,822
Loans receivable	*11*	**47,749**	37,121
Other receivables, deposits and prepayments		**1,381**	673
Tax recoverable		**2,693**	–
Trust bank balances held on behalf of customers		**12,585**	3,001
Cash and bank balances		**15,929**	23,394
		135,471	162,011
Current liabilities			
Trade payables	*12*	**12,243**	2,732
Other payables and accruals	*12*	**3,245**	1,259
Contract liabilities	*5*	**1,012**	–
Lease liabilities		**–**	622
Tax payable		**–**	1,363
		16,500	5,976
Net current assets		**118,971**	156,035
Total assets less current liabilities		**138,372**	170,038
Net assets		**138,372**	170,038
CAPITAL AND RESERVES			
Share capital	*13*	**8,121**	8,121
Reserves		**130,251**	161,917
Total equity		**138,372**	170,038

NOTES TO THE CONSOLIDATED 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 are 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, a limited liability company which is 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 2024 were approved and authorised for issue by the directors on 28 March 2025.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all HKFRS Accounting Standards 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 (the "**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 NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Adoption of revised HKFRS Accounting Standards – effective from 1 January 2024

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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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
Amendments to HKAS 1	Non-current Liabilities with Covenants

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

(b) New and revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new and revised HKFRS Accounting Standards 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 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Annual Improvements HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 7 Financial Instruments: Disclosures, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements and HKAS 7 Statement of Cash Flows[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]

[1] Effective for annual periods beginning on or after 1 January 2026.

[2] Effective for annual/reporting periods beginning on or after 1 January 2027.

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.

Other than HKFRS 18, the Group does not expect these pronouncements issued by the HKICPA, but not yet effective, to have a material impact on the Group's consolidated financial statements.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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 Accounting Standards. Such information does not contain profit or loss information of particular product or service line or geographical area. 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:

	2024	2023
	HK$'000	*HK$'000*
Customer I	**2,844**	N/A
Customer II	**2,595**	N/A
Customer III	**N/A**	2,363
Customer IV	**N/A**	2,167

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:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
– Commission income from securities brokerage services	**464**	1,315
– Fee income from placing and underwriting services	**1,258**	87
– Agency fees	**5,645**	–
– Handling fee income	**46**	125
– Advisory fees	**338**	–
	7,751	1,527
Revenue from other sources		
– Interest income from margin financing services	**11,866**	9,823
– Interest income from money lending services	**5,883**	8,874
	25,500	20,224

Revenue from contracts with customers derived by the Group for the year ended 31 December 2024 amounting to HK$7,751,000 (2023: HK$1,527,000) are recognised at a point in time.

Contract liabilities

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**–**	–
Cash received in advance of performance and not recognised as revenue during the year	**1,012**	–
As 31 December	**1,012**	–

Contract liabilities are amounts received by the Group in relation to the advisory services that are expected to be recognised as revenue in the next 12 months.

The Group received 100% of the contract value on the provision of advisory services as deposits from customers when they sign the service agreement.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024	2023
	HK$'000	*HK$'000*
Depreciation charge		
Owned property, plant and equipment	**59**	75
Right-of-use assets included in property, plant and equipment	**560**	899
Auditor's remuneration	**734**	639
Legal and professional fees	**6,865**	3,195

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2024	2023
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– tax for the year	**–**	2,119
– over-provision in respect of prior years	**(6)**	(6)
	(6)	2,113
Deferred tax		
– current year	**529**	(6)
– attributable to change in applicable tax rate	**(146)**	(1,208)
	383	(1,214)
Income tax expense	**377**	899

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 for the year can be reconciled to the loss before income tax in the consolidated statement of comprehensive income as follows:

	2024	2023
	HK$'000	*HK$'000*
Loss before income tax	**(31,289)**	(23,489)
Tax on loss before income tax, calculated at Hong Kong Profits Tax rate of 16.5%	**(5,163)**	(3,876)
Effect on adoption of two-tiered profits tax rates regime	**–**	(160)
Tax effect of expenses not deductible for tax purposes	**871**	691
Tax effect of temporary difference not recognised	**–**	6,930
Utilisation of temporary difference previously not recognised	**(1,606)**	–
Tax effect of tax losses not recognised	**6,427**	–
Utilisation of tax losses previously not recognised	**–**	(1,472)
Effect on opening deferred tax balances resulting from change in applicable tax rate	**(146)**	(1,208)
Over-provision in respect of prior years	**(6)**	(6)
Income tax expense	**377**	899

8. DIVIDENDS

The directors of the Company do not recommend the payment of final dividend in respect of the year ended 31 December 2024 (2023: nil).

9. LOSS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(31,666)**	(24,388)

	2024	2023
	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	**418,658**	355,125

The weighted average number of ordinary shares for the purposes of calculating the basic loss per share for the year ended 31 December 2024 and 2023 are based on the weighted average number of shares in issue during the year and adjusted for the bonus element on 15 January 2025 as set out in note 14 (b) and 10 July 2023 as set out in note 13, respectively. The weighted average number of ordinary shares for the purpose of calculating the basic loss per share for the year ended 31 December 2023 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

	2024	2023
	HK$'000	*HK$'000*
Trade receivables arising from securities dealing and margin financing *(note (a))*		
– Margin clients *(note (b))*	**76,755**	156,816
– Clearing house *(note (c))*	**2,669**	14
Trade receivables arising from agency services *(note (d))*	**1,895**	–
Trade receivables arising from placing and underwriting services *(note (d))*	**193**	–
	81,512	156,830
Less: Loss allowance *(note (e))*	**(26,378)**	(59,008)
	55,134	97,822

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 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 2024, gross carrying amount of trade receivables due from margin clients amounting to HK$681,000 (2023: HK$30,389,000) were current and HK$76,074,000 (2023: HK$126,427,000) were repayable on demand. These margin loans were interest bearing at fixed rates ranging from 8% to 24% (2023: 8% to 24%) per annum.

As at 31 December 2024, gross carrying amount of HK$24,012,000 (2023: HK$71,594,000) of the trade receivables due from margin clients were considered as credit impaired.

During the year ended 31 December 2024, the Group had written off balances due from margin clients with gross carrying amount of HK$54,065,000 (2023: nil) and accumulated loss allowance of HK$46,560,000 (2023: nil) at a loss of HK$7,505,000 recognised in profit or loss as those margin clients were in severe financial difficulties and there is no realistic prospect of recovery.

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 2024 (2023: nil).

(c) Trade receivables from clearing house, i.e. Hong Kong Securities Clearing Company Limited, 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) As at 31 December 2024, trade receivables arising from agency services, placing and underwriting services were current, interest free and aged within 0-90 days based on the invoice dates.

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

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**59,008**	37,615
Impairment losses charged to profit or loss	**9,149**	11,980
Unwinding of discount	**4,781**	9,413
Amount written off as uncollectible	**(46,560)**	–
At 31 December	**26,378**	59,008

11. LOANS RECEIVABLE

	2024	2023
	HK$'000	*HK$'000*
Loans receivable arising from money lending *(notes (a) & (b))*	**74,416**	100,229
Less: Loss allowance *(note (c))*	**(26,667)**	(63,108)
	47,749	37,121

Notes:

(a) Loans receivable include certain borrowers, which are clients of the Group's securities dealing business 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.

(b) The loans receivable as at 31 December 2024 were interest-bearing at a fixed rate ranging from 12.0% to 34.8% (2023: 12.0% to 16.0%) per annum, of which HK$27,411,000 (2023: HK$19,666,000) were current, HK$22,257,000 (2023: nil) were past due within one year, nil (2023: HK$45,900,000) were past due more than one year but less than two years and HK$24,748,000 were past due more than two years (2023: HK$34,663,000).

As at 31 December 2024, gross carrying amount of HK$24,748,000 (2023: HK$80,563,000) of the loans receivable balance were considered as credit impaired.

During the year ended 31 December 2024, the Group had written off loans receivable balance with gross carrying amount of HK$59,825,000 (2023: nil) and accumulated loss allowance of HK$51,177,000 (2023: nil) at a loss of HK$8,648,000 (2023: nil) recognised in profit or loss as those borrowers were in severe financial difficulties and there is no realistic prospect of recovery.

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

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**63,108**	42,499
Impairment losses charged to profit or loss	**11,751**	16,032
Unwinding of discount	**2,985**	4,577
Amount written off as uncollectible	**(51,177)**	–
At 31 December	**26,667**	63,108

12. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables arising from securities dealing		
– Cash clients	**10,092**	673
– Margin clients	**2,151**	2,059
	12,243	2,732

	2024	2023
	HK$'000	*HK$'000*
Other payables and accruals		
– Legal and professional fees	**1,671**	–
– Audit fee	**660**	600
– Others	**914**	659
	3,245	1,259

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.

13. SHARE CAPITAL

Authorised and issued shares

	Par value	**Number of ordinary shares**	**Amount**
	HK $		***HK$'000***
Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**0.020**	**25,000,000,000**	**500,000**
Issued and fully paid:			
At 1 January 2023	**0.020**	**270,713,400**	**5,414**
Rights issue *(Note)*	**0.020**	**135,356,700**	**2,707**
At 31 December 2023, 1 January 2024 and 31 December 2024	**0.020**	**406,070,100**	**8,121**

Note:

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.

14. EVENTS AFTER THE REPORTING DATE

(a) As at 31 December 2024, an advance representing a non-refundable capital contribution of HK$6,400,000 (2023: nil) is placed in a designated escrow bank account for the formation of a new entity, which will be principally engaging in the formation and operation of digital asset business. According to the contractual agreement, the total registered capital of the new entity is HK$25 million and is assumed to be contributed as to approximately HK$10 million by the Company and as to approximately HK$15 million by the other investor in proportion to their respective equity interests in the entity in cash. At the end of the reporting period, the incorporation of the new entity has not yet completed.

Subsequent to the end of the reporting period, the new entity was incorporated on 17 January 2025. The Group had further paid HK$300,000 in January 2025 as subsequent contributions pursuant to the agreement. Based on the current structure and the level of participation, the Company considers that it is in a position to exercise significant influence over the new entity and, accordingly, intends to account for it as an associate. The Group will continue to assess the classification and accounting treatment of the investment based on the evolving nature of its involvement and the rights attached to its equity interest.

Details of the above are disclosed in the announcement of Company dated 22 November 2024.

(b) On 18 December 2024, a placing agent and the Company entered into a conditional placing agreement. On 13 January 2025, all the conditions set out in the placing agreement dated 18 December 2024 have been fulfilled and the placing is considered to be completed. A total of 81,210,000 placing shares have been successfully placed by the placing agents to not less than six placees at placing price of HK$0.176 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. The placing shares issued rank pari passu with other shares in issue in all respects.

The net proceeds from the placing, after deduction of the placing commission and other related expenses, amounted to approximately HK$14.29 million and HK$13.86 million, respectively. The Company intends to use such net proceeds for general working capital of the Group.

Details of the above are disclosed in the announcement of Company dated 13 January 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2024, Hang Seng Index saw a rebound after a four-year losing streak to close 20,059 on 31 December 2024, recording an increase of approximately 3,016 points or about 17% on a year-on-year basis. The average daily turnover in 2024 was HK$131.8 billion, an increase of 26 per cent when compared with HK$105.0 billion in 2023. The volume of initial public offerings (IPOs) was 71 in 2024, as opposed to 73 during the same period in 2023. Nonetheless, our investors' sentiment have remained weak and fragile preferring to stay on the sidelines. Geopolitical tensions, interest rates remain high, slowdown of the China economy and the downturn of both China and Hong Kong's property market have clouded uncertainties and added volatility and fluctuations to the Hong Kong Stock Market. Even though the Group's revenue has shown indications of improvement, the Company's results have been hurt by the impairment losses and bad-debts written off on trade and loan receivables of approximately HK$37.1 million made during the period. Given the global geopolitical tensions, stock market volatility and fluctuation, the Group will consolidate and differentiate its service offerings by delivering a wider range of services and managing risk cautiously. This approach aims to enhance the Group's competitive edge by adapting to market changes while ensuring prudent management of risks. By reallocating resources, we can better support growth initiatives and capitalize on new opportunities.

BUSINESS REVIEW

Securities Brokerage Services

In 2024, there was no discernible improvement in our securities brokerage services since investors' sentiment has remained low. Due to the Hang Seng Index's four-year losing trend from 2019 to 2023, the majority of our clients decided not to trade actively during the year 2024 in an effort to balance on risk and return. In 2024, total transaction values were HK$379.3 million compared to HK$682.3 million in 2023. Commission income from our securities brokerage services was approximately HK$0.5 million for the twelve months ended 31 December 2024, as compared to approximately HK$1.3 million for the twelve months ended 31 December 2023. Nonetheless, the Group was able to expand its clients which may help driving its business throughout the market boom. As at 31 December 2024, the Group had 149 active securities accounts as reported pursuant to SFO (31 December 2023: 127 active securities accounts). During the year, the Group succeeded to conclude about 20 new clients under the Capital Investment Entrant Scheme. With these new clients, the Group can gain service or custodian fees for the Group.

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 2024 recorded a decrease of approximately 5% to HK$17.7 million, compared to approximately HK$18.7 million in 2023. In 2024, a total exclusion of approximately HK$7.8 million interest income were provided for the eight clients of the securities-back lending services who were identified and referred to in our annual reports 2022 and 2023 as having severe losses (2023: HK$14.0 million). Despite experiencing ups and downs and associated with risks, our business of securities-backed lending services has remained resilient and provided a significant contribution to the Group. In 2024, interest income from margin financing services increased by HK$2.0 million (2023: decreased by HK$2.1 million) or approximately 21% increase to HK$11.9 million (2023: HK$9.8 million) while money lending services decreased by HK$3.0 million or approximately 34% to HK$5.9 million in 2024 compared to HK$8.9 million in 2023.

Breakdown of concentration of loans with major borrowers

The Group has refrained from depending on individual or significant client concentration of its borrowers. As of 31 December 2024, our largest borrower in the securities-backed lending segment had outstanding receivables of approximately HK$20.2 million (31 December 2023: HK$41 million), accounting for approximately 13% (2023: 16%) of the Group's total trade and loan receivables. As of 31 December 2024, the five largest borrowers (in aggregation with loans granted to persons connected with each of them, if any) had outstanding receivables of approximately HK$91.8 million (2023: HK$148 million), representing approximately 61% (2023: 58%) of the Group's total trade and loan receivables as at 31 December 2024.

Securities-backed lending services are categorized into margin financing and money lending and other money lending services respectively.

(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 credit assessment procedures, account openings and KYC processes and deposit an adequate amount of cash or collaterals. The Group would provide these investors with a margin facility individually, 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 ranges from approximately 5 months to 1 year. The interest rates of the aforementioned receivables range from approximately 8% to 35% per annum.

In 2024, interest income from margin financing services increased to approximately HK$11.9 million, representing an increase of approximately 21% from approximately HK$9.8 million in 2023. During the year, we have strengthened client relationships with our clients on discussion of our services and offerings. This enhanced communication has enabled us to better understand our clients' needs and tailor our services accordingly. As a result, some clients have taking advantage of our margin financing services for loans, leading to mutually beneficial agreements. As of 31 December 2024, the Group recorded total trade receivables of approximately HK$76.8 million, representing a decrease of approximately 51% from total trade receivables of approximately HK$156.8 million as of 31 December 2023. The primary reason for the decline in total trade receivables in 2024 was three out of the eight clients that were attributed to the margin financing service and were highlighted in our annual reports 2022 and 2023 were bankrupt. Due to the bankruptcy of these three clients, an amount of approximately HK$54.0 million trade receivables were written-off during the year.

(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 collaterals for money lending, other assets or non-listed securities are pledged by our clients for other secured lending services. In 2024, the Group recognised interest income of approximately HK$5.9 million from money lending and other secured lending services, representing a decrease of approximately 34% as compared to HK$8.9 million in 2023. Such a decrease was attributable to the fact that a corporate client had paid back its term loans for the year ended 31 December 2023. Comparatively this repayment reduced the outstanding loans and subsequently lowered the overall interest income for our money lending services this year. Also in 2024, a proportion of the Group's interest income for money lending and other secured lending services was accounted by several smaller loans and shorter borrowing periods. For the year 2024, a total exclusion of approximately HK$3.0 million (2023: HK$4.6 million) was provided for the interest income of money lending services.

As at 31 December 2024, the Group recorded total loan receivables attributable to our money lending and other secured lending clients of approximately HK$74.5 million, representing a decrease of approximately 26% when compared to HK$100.2 million as at 31 December 2023. Despite some new loans have been made, there was a decrease in total loan receivables because a total of approximately HK$59.8 million loan amount was written off. During the course of the year, four out of the eight clients that were attributed to the money lending and other secured lending services referred to in our annual reports 2022 and 2023 were declared bankrupt.

1. A breakdown of our current clients profile, interest rates, loans receivable and amount of impairments with regard to our money lending and other secured lending services under PCGL as at 31 December 2024:

Client **(Rank by book value of loans receivable)**	**Type and Source of Client**	**Background and Relationship among the borrowers** *(note 1)*	**Date of loans agreement**	**Principal Amount** *HK$'million* **(Approximately)**	**Interest rate** *% p.a.*	**Term**	**Collateral as at 31 December 2024** *HK$' million*	**Original book value of loans receivable as at 31 December 2024** *HK$' million*	**Accumulated impairment losses (included unwinding of discount) as at 31 December 2024** *HK$' million*	**Net amount of loan receivable as at 31 December 2024** *HK$' million*	**Proportion out of the Group's total loan receivable as at 31 December 2024** *%*
1st client	Individual By client referral	CEO of Corporate Services None	6 Oct 2023 and 2 Jul 2024	19.0	16 and change to 12	6 months	Share charge with a property valuation of approximately 19.0	19.2	1.9	17.3	25.8
2nd client	Corporate By client referral	Holding company None	19 Jan 2024 and 21 Oct 2024	16.5	12	6 months	Share charge with properties valuation of approximately 238.0	16.6	0	16.6	22.3
3rd client	Individual By client referral	Director of trading company None	23 Jun 2021	8.8	12	12 months	No collaterals in the margin account (non-termed) for the client's termed loan	12.4	12.4	0	16.6
4th client	Individual By client referral	Director of investment company None	23 Jun 2021	8.8	12	12 months	No collaterals for the client's termed loan	12.4	12.4	0	16.6
5th client	Individual By client referral	Merchant for trading investment None	19 Dec 2024	6.0	24	12 months	3rd party personal guarantee with collateral of 17	6.0	0	6.0	8.1
6th client	Corporate By client referral	Transportation business None	23 Apr 2024	3.5	13	12 months	Share charge of 33.9	3.6	0	3.6	4.8
7th client	Individual By client referral	Shareholder of private company None	8 Nov 2024	3.0	34.8	1 month extended to 7 April 2025	Share charge of 3	3.1	0	3.1	4.2
8th client	Individual By client referral	Company Director of catering industry None	13 Dec 2024	1.2	30	1 month	Share charge of 1.7	1.2	0	1.2	1.6
							Total	74.5	26.7	47.8	100

Notes:

1. The business model of the Money Lending Business involves the Group granting loans to individual and corporate clients generating interest income as one of the Group's revenue sources. The Group's principal business focus for its Money Lending Business are investors, high net worth individuals, substantial shareholders of Hong Kong listed companies, etc. who can be individual or corporate clients with investment appetites for the securities of small to medium sized companies listed on the Stock Exchange. Source of funding for this business is mainly paid-up capital contributed by the Company's shareholders and internal resources of the Group.

2. According to the credit policy of the money lending business, the Group's responsible officers, senior management and office staff are responsible for the ongoing monitoring repayments and loan recoverability. Internal control procedures for loan collection include, on a case-by-case basis, steps such as (i) a margin call (if applicable) or a demand for partial repayment to restore the Group's credit risk to an acceptable level; (ii) in the event that step (i) above does not yield tangible results, the Group may proceed to force liquidation of collateral (if applicable) to reduce the Group's exposure; (iii) in the event that the Group's credit risk after taking steps (i) and (ii) above remains unacceptably high, the Group may proceed to negotiation of a repayment schedule with the client; (iv) should steps (i), (ii) and (iii) above fail to restore the Group's credit risk to an acceptable level, the Group may issue formal demand letter via its legal adviser demanding repayment of the outstanding loan within a stated time period; and (v) in the event that no tangible outcome arose out of the aforementioned steps, the Group may proceed to commencement of legal action against the client.

3. Based on the best information and knowledge of the Group as at the date hereof, the Group is not aware that there is any relationship amongst the Group's clients with outstanding loan receivables as at 31 December 2024.

4. The list still includes two of the eight clients we mentioned in our 2022 and 2023 annual reports as being related to money lending or other secured lending services. The Company continued to liaise with the clients and pushed for loan recovery. Statutory demand letters were sent in January 2025 and further legal actions are proceeding. We have made provisions for 100% impairment on these two money lending borrowers.

5. The 1st client has made 10% impairment provision as his loan has entered into the 2-stage of the ECL model. The client has partially paid interest but failed to payback the loan when the contract becomes due. On-going negotiations have been made.

2. Customer Profiles

The customers of the Money Lending Business include both corporate and individual and are referred by member companies of the Group, Directors, employees or clients. The PCGL clientele as of December 31, 2023, and December 31, 2024, is displayed in the following table:

	Number of customers	
Type of Customers	2023	**2024**
Corporate	0	**2**
Individual	7	**6**
Total	7	**8**

Placing and Underwriting Services

The business of our placing and underwriting services correlates with the market sentiment and demand or requests of our customers. In 2024, our underwriting and placement services have seen notable improvements, in both placing of securities and bonds. In China, a local government financing vehicle (LGFV) (Chinese: 地方政府融資平台), is a funding mechanism for local governments. An LGFV is usually an investment company that borrows money to finance real estate development and other local infrastructure projects by selling bonds known as “municipal investment bonds” or “municipal corporate bonds” (城市投資債券 or 城投債). The Company is acting as a placing agent and joint book runners in arranging the settlement and receiving fee income or agency fee in return. During the year 2024, the Group engaged in 14 placing and underwriting activities in contrast to 1 placement activity in 2023. In 2024, the Group’s placement and underwriting operations generated about HK$6.9 million in revenue, compared to HK$87,000 in 2023. As long as the market sentiment improves, we anticipate that the fee income of placing or underwriting services for both stocks and bonds will significantly contribute to the Group’s revenue.

Revenues of Placing and underwriting services	**2024**
	HK$’000
Fee income from Placing and underwriting of Securities	**1,258**
Agency fee income from Placing of Bonds	**5,645**
Total income	**6,903**

Major Customers and Major Suppliers

During the year 2024, the Group’s five largest customers accounted for approximately 47% (2023: 49%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 11% (2023: 12%) of the total revenue. None of the Directors or any of their 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.

FUNDRAISING ACTIVITY AND USE OF PROCEEDS

For the Twelve Months ended 31 December 2024

Placing of Shares

On 18 December 2024, the Company entered into a Placing Agreement for Placing of a maximum of 81,210,000 new shares to not less than six independent placees under the general mandate at a placing price of HK$0.176 each. The Placing Price of HK$0.176 per Placing Share represented: (i) a discount of approximately 19.63% to the closing price of HK$0.219 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.93% to the average closing price of approximately HK$0.2198 per Share for the last five trading days of the Shares immediately prior to the date of the Placing Agreement. The gross and net proceeds of the placing were approximately HK$14.29 million and HK$13.86 million respectively.

The placement was completed on 13 January 2025. It was proposed that the raising proceeds would be used as general working capital and strengthen the financial position of the Group for future development.

Set out below is the intended use and expected timeline for the use of the proceeds.

Intended Use of Net Proceeds	**Proceeds Amount**	**Net proceeds utilized during the year 31 December 2024**	**Expected timeline on fully utilization of the net proceeds**
HK$'000	***HK'000***	***HK$'000***	
General working capital	13,860	N.A. – placing not complete yet	By 3Q 2025
Total	13,860		

(PS: * The Placing was completed on 13 January 2025 with 81,210,000 new shares allotted at a placing price of HK$0.176 each. Details of the Placing were set out in the Company's announcement dated 18 December 2024 and 13 January 2025.)

Total Assets

Unit ***(HK$'million)/Year***	**2024**	2023
Total Assets	**154.9**	176.0
Trust Bank Balances	**12.6**	3.0
Cash and Bank Balances	**15.9**	23.4
Trade Receivables	**55.1**	97.8
Loans Receivable	**47.8**	37.1
Trade Payables	**(12.2)**	(2.7)
Net Assets	**138.4**	170.0

As at 31 December 2024, the total assets of the Group decreased to approximately HK$154.9 million, representing a decrease of approximately 12% from approximately HK$176.0 million as at 31 December 2023. The decrease was primarily caused by a decline of trade receivables, which saw a drop of about 44% to HK$55.1 million as of 31 December, 2024, from HK$97.8 million as of the same date in 2023. The substantial drop is mostly attributable to the write off of three out of the eight margin financing clients who were filed bankrupt. Loans receivables were increased to HK$47.8 million as of 31 December 2024, representing an increase of approximately 29% from HK$37.1 million in the corresponding period of 31 December 2023. Additionally, as of 31 December 2024, the cash and bank balance dropped to HK$15.9 million as compared to HK$23.4 million as at 31 December 2023 on a year-to-year basis. Combined with these factors, the Group's net assets decreased by about 19% to approximately HK$138.4 million as at 31 December 2024 from approximately HK$170.0 million as at 31 December, 2023.

FINANCIAL REVIEW

Revenue

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

In 2024, interest income from securities backed lending services have been negatively impacted by the eight clients who were unable to fulfill their repayments due to significant losses as mentioned in our annual reports 2022 and 2023. The overall revenue of HK$25.5 million has already adjusted with the exclusion interest of approximately HK$7.8 million (2023: HK$14.0 million).

Employee Benefit Expenses

Employee benefit expenses include staff salaries, allowances, benefits, directors' emoluments and contribution to defined contribution retirement scheme. 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 2024, our employee benefit expenses recorded a remarkable decrease of approximately 22% to approximately HK$6.9 million in 2024 from approximately HK$8.9 million in 2023. The primarily cause of the decline was due to the reduction in Directors' fees in which a Director had departed the Company. Employee benefit expenses accounted for approximately 12% (2023: 20%) out of the total expenses in 2024.

Other Operating Expenses

Unit: ***(HK$'million)/Year***	**2024**	2023
Other operating expenses *(note a)*	**11.8**	5.1
Impairment losses on trade and loans receivables, net *(note b)*	**37.1**	28.0
Total other operating expenses	**48.9**	33.1

Note a: Other operating expenses in 2024 amounted to HK$11.8 million, compared to HK$5.1 million in 2023 (excluding charge for impairment losses on trade and loans receivables) which accounted for about 63% (2023: 36%) of the total expenses (which only included employee benefit expenses and other operating expenses). The remarkable increase of approximately 131% over the year 2023 was mostly attributable to the increase in compliance, professional and administrative expenses incurred during the year.

Note b: For the year ended 31 December 2024, net impairment losses of HK$37.1 million (the "**Impairments**") (31 December 2023: HK$28.0 million) were recognised under expected credit loss ("**ECL**") model required under HKFRS 9, of which HK$16.7 million (2023: HK$12.0 million) were attributable to trade receivables from margin clients whereas the remaining HK$20.4 million (2023: HK$16.0 million) were attributable to loans receivables.

Status and events happened for the relevant clients and movement of Impairments in 2024

Reference to our annual report 2023, these eight relevant clients have 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's 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. The Group has persisted in collecting the delinquent loans.

In 2024, we continued to discuss and demanded repayments with these clients but they were still unable to pay back the delinquent loans. Thus, the Directors and the management sought professional advice from the lawyers. Demand letters were sent, and legal actions were further taken against them. During the year, the High Court of Hong Kong declared that four of these eight clients bankrupt. For the remaining four relevant clients, we adopted the "3-stage" ECL model and made 100% provisions impairment against these loans. For the four clients declaring bankrupt, their trade or loans receivables were written off and we made specific impairment provision for their outstanding balance as they were in severe financial difficulties and we have no realistic chance of recovery.

In 2024, the Group has also adopted the ECL model on producing 10% impairment provision for 1 money lending and 3 other margin financing borrowers. The money lending client has only partially paid and failed to pay back his loans in total amount. Further negotiations are in progress. For the 3 other margin financing borrowers, the values of their collaterals have declined, which had caused their loans to enter the "2-stage" of the ECL model. These 3 clients were informed but failed to payback their margin shortfall. Thus, we made 10% impairment provision on the actual shortfall (i.e. market value of securities collateral – Outstanding loan amount) giving a sum total of approximately HK$4.4 million for all the 4 borrowers who have been assessed as the 2-Stage of the ECL Model. We thus made a total impairment provision of approximately HK$53.0 million for the year 2024.

Income Tax Expenses/Credit

The income tax expenses for 2024 was approximately HK$0.4 million (2023: income tax expenses of HK$0.9 million).

Loss for the Year

The Company's performance has 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 2024, the Group recorded loss before income tax of approximately HK$31.3 million (2023: HK$23.5 million) and a net loss of approximately HK$31.7 million (2023: 24.4 million). The loss was mostly attributable to bad debts written off of approximately HK$16.2 million and impairment losses of approximately HK$20.9 million, thus totalling HK$37.1 million (2023: HK$28.0 million) made in respect of trade and loans receivables relating to the securities-backed lending services, in which HK$16.7 million (2023: HK$12.0 million) were attributable to trade receivables from margin clients and the remaining HK$20.4 million (2023: HK$16.0 million) were attributable to loans receivables from money lending clients for the year ended 31 December 2024.

Dividend

Directors did not recommend the payment of final dividend for the year ended 31 December 2024 (2023: nil). Total dividend payout by the Company for the year ended 31 December 2024 was nil (2023: nil).

Capital Structure

As at 31 December 2024, the Group did not have any bank borrowings. As at 31 December 2024, other payables and accruals and lease liabilities were HK$4.3 million compared to HK3.2 million in 2023. The Group maintained a net cash position with total cash and bank balances amounted to HK$15.9 million as at 31 December 2024 (2023: HK$23.40 million). As at 31 December 2024, the Group had nil amount of non-current lease liabilities (2023: nil) and did not have capital commitments. The Group's long term debt to equity ratio was approximately 0% in 2024 (2023: 0%).

Nevertheless, the Group's capital and cashflow were constrained due to the impairment losses. The board of Directors recognizes the need to expand the Company's capital as there is a direct correlation between the size of the fund and the revenue generated from our lending business.

On 18 December 2024, the Company announced the Placing of a maximum of 81,210,000 new shares to not less than six independent placees under the general mandate at a placing price of HK$0.176 each. The Company would raise for net proceeds of approximately HK$13.86 million for the use of general working capital. Save for the event of this, the Group's operations, capital expenditure and other capital requirements were funded by cash generated from operations and working capital in the year 2024. 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 2024 HK$'000	As at 31 December 2023 HK$'000
Current assets	**135,471**	162,011
Trade receivables	**55,134**	97,822
Cash and bank balances	**15,929**	23,394
Current liabilities	**16,500**	5,976
Trade payables	**12,243**	2,732
Lease liabilities	**–**	622
Current Ratio (times)	**8.21**	27.11
Gearing Ratio (times)#	**–**	–

\# 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$**"). During the years ended 31 December 2024 and 2023, the Group's transactions were denominated in HK$. 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 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

Significant Investments

The Group did not acquire or hold any significant investment during the year 2024 (2023: nil).

Pledge of Assets

As at 31 December 2024, the Group did not pledge any of its assets (31 December 2023: nil).

Capital Commitments

As at 31 December 2024, the Group did not have any significant capital commitments (31 December 2023: 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 2024, the Group has hired 16 new employees (2023: 9 new employees) with 5 (2023: 5) employees left. As at 31 December 2024, the Group had 27 employees (31 December 2023: 16 employees). Apart from basic salaries, other staff benefits include discretionary bonus, provident funds and medical scheme.

Outlook

The Company's business environment remains challenging. The world has been shocked by the US's extraordinary new tariff measures, which have clouded international trade with uncertainty and unknown outcomes. Trade disputes may escalate among the global countries. Consequently, major economies may need to reassess their strategies to foster stability and cooperation in an increasingly disconnected world. Geographical political tensions, interest rates direction and China's economy continue to be the key concerns regarding Hong Kong Stock market performance in future. China's Production Price Index and Consumption Price Index for February fell short of expectations. Trade war between US and China has been intensified. Amidst this uncertain environment, China has kept its leading edge in the development of platform industries, AI technologies, batteries, solar panels and some other key industries. During the 3rd Session of the 14th National Committee of the Chinese People's Political Consultative Conference and the 3rd Session of the 14th National People's Congress, China government reported that its GDP is expected to reach 5% in 2025. Its Work Report has first time emphasized and written out to stabilize both the real estates and stock markets so as to promote a healthy development in the long run. These factors would help strengthening and restoring investors' confidence on the Hong Kong Stock Market.

Looking ahead, the Group will continue to manage our lending portfolios on a balance of risk and return. The Company will keep improving its market positioning in our overall management and maintained a healthy financial position. The Company will adopt a cautious strategy to exploring new business or services while concentrating on and diversifying its service offerings. In September 2024, the Group has succeeded in granting the Type 9 – (Asset Management) licence of the Securities and Futures Commission.

In addition, the Company is actively exploring opportunities in the virtual asset industry, including evaluating the potential uplift of its virtual asset trading platform license, with a view to expanding its presence in the digital finance ecosystem. In December 2024, the Group has planned to form a joint venture to operate a digital asset business in virtual real estate.

The Company is also elaborating on business opportunities in the receivables collection and disposal industry, aiming to capture growth potential in this niche yet essential financial service area.

In the meantime, the Company will focus on enhancing its operational efficiencies and fostering stronger relationships with its clients. By prioritizing customer satisfaction and innovative solutions, we aim to solidify our position in the market and ensure sustainable growth.

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 under the Listing Rules 8.08 as at the latest practicable date and prior to the issue of this announcement.

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 C1 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 C.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 and Mr. Shi Zhu have acted as co-chairmen and Mr. Lee Chun Tung has acted as chief executive. The Board currently consists of eight members including three executive Directors, two non-executive Directors 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 2024 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. There was no change in the Company's independent external auditors in any of preceding three years.

Annual General Meeting

The annual general meeting ("**AGM**") for the financial year 2024 of the Company will be held at 2:00 p.m. on Friday, 30 May 2025 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 Tuesday, 27 May 2025 to Friday, 30 May 2025, 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 Friday, 30 May 2025, 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 Monday, 26 May 2025.

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 2024, 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 3.21 of the Listing Rules and code provision D.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 D.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 2024 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 2024 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, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Zhu Zheping, Mr. Lee Chun Tung and Ms. Liu Yundi as executive Directors; Mr. Shi Zhu and 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.