

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Pinestone Capital Limited, you should at once hand the Prospectus Documents, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

The securities described in the Prospectus Documents have not been registered under the US Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in the Prospectus Documents in the United States or to conduct a public offering of securities in the United States.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 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 and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. 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.

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

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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

Placing Agent of the Rights Issue



Silverbricks Securities Company Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Friday, 30 June 2023. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance, splitting of PAL and payment or transfer" in the "Letter from the Board" of this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Tuesday, 06 June 2023. Dealings in the Rights Shares in their nil-paid form will take place from Monday, 19 June 2023 to Tuesday, 27 June 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this Prospectus. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances 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 Placers under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold 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. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Any Shareholder or other person contemplating transferring, selling, purchasing or otherwise dealing with the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, will accordingly bear the risk that the Rights Issue and the Placing may not become unconditional or may not proceed.

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EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below:

Events	Hong Kong Date and Time, 2023
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Thursday, 15 June
First day of dealings in Nil Paid Rights Shares	Monday, 19 June
Latest time for splitting of the PAL	4:00 p.m. Wednesday, 21 June
Last day of dealings in Nil Paid Rights Shares	Tuesday, 27 June
Latest time of acceptance of and payment for the Rights Shares	4:00 p.m. Friday, 30 June
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Tuesday, 4 July
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	Wednesday, 5 July
Latest time of placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	6:00 p.m. on Thursday, 6 July
Latest Time for Termination	4:00 p.m. on Friday, 7 July
Announcement of the results of Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the NQS Unsold Rights Shares under the Compensatory Arrangements) to be posted on the Stock Exchange's website and the Company's website	Monday, 10 July
Despatch of certificates for fully-paid Rights Shares	Tuesday, 11 July
Despatch of refund cheques if the Rights Issue is terminated	Tuesday, 11 July
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 12 July
Designated broker starts to stand in the market to provide matching services for odd lots of shares	9:00 a.m. on Wednesday, 12 July

EXPECTED TIMETABLE

Payment of the Net Gain to relevant No Action

Shareholders (if any) Thursday, 13 July

Designated broker ceases to stand in the market to

provide matching services for odd lots of Shares Friday, 28 July

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

Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended 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 of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoon issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 30 June 2023. 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 Friday, 30 June 2023. 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 does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

EXPECTED TIMETABLE

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 conditional upon, among others, the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms. Accordingly, subject to the fulfilment of the conditions referred to under the section headed “Conditions of the Rights Issue”, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Monday, 19 June 2023 to 4:00 p.m. on Tuesday, 27 June 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling, purchasing or otherwise dealing with the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, will accordingly bear the risk that the Rights Issue and the Placing may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid 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).

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

EXPECTED TIMETABLE

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company).

Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the paragraph headed “Rights of Overseas Shareholders (if any)” under “Letter from the Board” of this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

“Announcement”	the announcement of the Company dated 13 April 2023 in relation to, among other things, the Rights Issue and the Placing
“associates”	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 12:00 noon 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
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Pinestone Capital Limited, a company incorporated in the Cayman Islands with limited liability, the 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 Prospectus

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the SGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Latest Practicable Date”	8 June 2023, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Last Trading Day”	13 April 2023, being the last full trading day before the release of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 30 June 2023, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered address(es) 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)”	any individuals, corporate, institutional investor(s) or other 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 agent(s), who and whose ultimate beneficial owners shall be Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement

DEFINITIONS

“Placing Agent”	Silverbricks Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements
“Placing Agreement”	conditional placing agreement dated 13 April 2023 as revised and supplemented by the supplemented Placing Agreement entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the Placing Arrangement for Unsubscribed Rights Shares and the NQS Unsold Rights Shares as described in the section headed “The Placing Agreement” in this Prospectus
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Thursday, 15 June 2023 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 14 June 2023 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined

DEFINITIONS

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 135,356,700 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.225 per Rights Share under the Rights Issue
“Supplemental Announcement”	the supplemental announcement of the Company dated 24 April 2023, in relation to, among other things, the Rights Issue and the Placing
“Supplemental Placing Agreement”	the supplemental placing agreement dated 24 April 2023, entered into between the Company and the Placing Agent in relation to the revised timetable for the Rights Issue
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

PineStone 鼎石
Pinestone Capital Limited
鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 804)

Executive Director:

Mr. Lee Chun Tung

Non-executive Directors:

Mr. Cheung Yan Leung Henry

Mr. Yau Tung Shing

Independent non-executive Directors:

Mr. Lau Kelly

Mr. Wong Chun Peng Stewart

Mr. Cheng Man Pan

Registered office:

Windward 3,

Regatta Office Park

P.O. Box 1350

Grand Cayman, KY1-1108

Cayman Islands

Principal place of business:

Room 1807, 18/F,

China Resources Building,

26 Harbour Road

Wanchai,

Hong Kong

15 June 2023

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

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON
THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2)
EXISTING SHARES HELD ON THE RECORD DATE**

INTRODUCTION

References are made to the Announcement dated 13 April 2023 and the Supplemental Announcement dated 24 April 2023, in relation to, among other matters, the Rights Issue and the Placing.

On 13 April 2023, the Company proposes to raise up to approximately HK\$30.46 million before expenses by way of a rights issue of 135,356,700 Rights Shares at the Subscription Price of HK\$0.225 each and on the basis of one (1) Rights Share every two (2) Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date). The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$30.46 million before deduction of costs and expenses by way of a rights issue of 135,356,700 Rights Shares at the Subscription Price of HK\$0.225 each and on the basis of one (1) Rights Share for every two (2) existing Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date). The Rights Issue, conducted on a non-underwritten basis, is only available to the Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of Rights Issue:	One (1) Rights Share for every two (2) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.225 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	270,713,400 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 135,356,700 Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$2,707,134 (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	Up to 406,070,100 Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date)
Gross proceeds from the Rights Issue:	Up to approximately HK\$30.46 million (assuming all the Rights Shares will be taken up)

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

LETTER FROM THE BOARD

Assuming that there is no change in the issues share capital of the Company from the Latest Practicable Date up to Record Date, the maximum number of 135,356,700 Rights Shares to be issued and allotted pursuant to the Rights Issue (i) represent 50.00% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issuance of the Rights Shares immediately after completion of the Rights Issue.

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. The legal adviser of the Company as to the laws of the Cayman Islands have confirmed that pursuant to the Company's constitutional documents and the Companies Act (as amended) of the Cayman Islands, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the ultimate subscription level.

In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transferees of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company, and hence, the size of the Rights Issue will be reduced accordingly.

The Shareholder who applies to take up his/her/its entitlement 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 (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder 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)(b) of the Listing Rules. There is no minimum amount to be raised under the Rights Issue.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Undertakings

The Company has not received any information or irrevocable undertaking from any Substantial Shareholder of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Subscription Price

The Subscription Price of HK\$0.225 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

LETTER FROM THE BOARD

The Subscription Price represents:

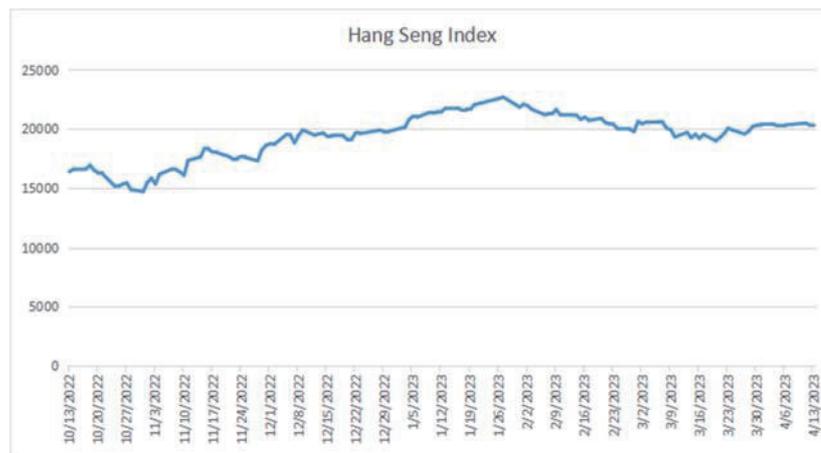
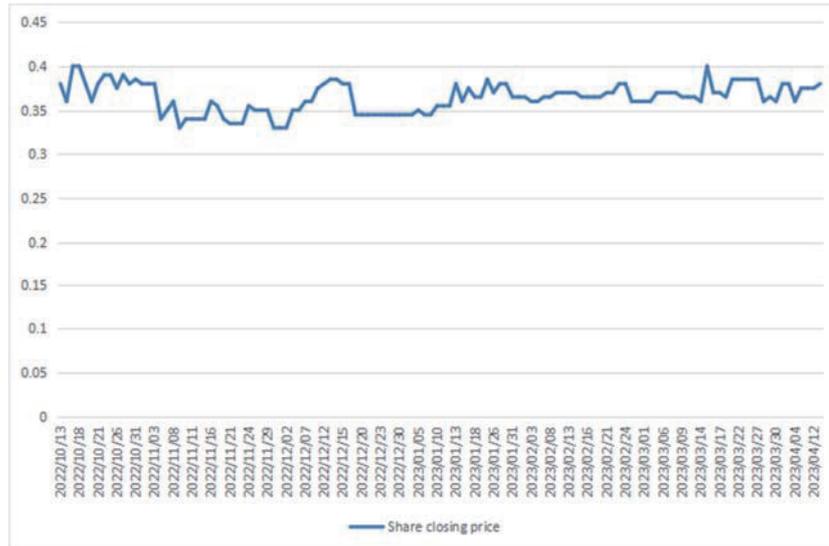
- (i) a discount of approximately 25% to the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 40.79% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 39.68% to the average closing price of HK\$0.373 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 39.43% to the average closing price of approximately HK\$0.3715 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 31.47% to the theoretical ex-rights price of approximately HK\$0.3283 per Share based on the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 64.15% to the audited consolidated net asset value per Share of approximately HK\$0.6277 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$169.9 million as disclosed in the annual report of the Company for the year ended 31 December 2022 and 270,713,400 Shares); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.60% represented by the theoretical diluted price of approximately HK\$0.3283 to the benchmarked price of approximately HK\$0.38 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.38 and the average closing price of HK\$0.373 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

The terms of the Rights Issue, including the Subscription Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among others, (i) the market price and trading liquidities of the Shares under the prevailing market conditions; (ii) the latest business performance and financial position of the Group; (iii) in view of the recent volatility in the Hong Kong and worldwide stock markets, the need for an attractive discount to encourage the Qualifying Shareholders to invest further in the Company; and (iv) the terms of recent rights issues of a similar basis in Hong Kong.

LETTER FROM THE BOARD

The analysis of Board’s view is stated as below:

The Board has performed a review on the daily closing prices and trading volume of the Shares from 13 October 2022 up to and including the Last Trading Day (the “**Review Period**”) (being a period of approximately 6 months up to and including the Last Trading Day) and compared with the Hang Seng Index (the “**HSI**”). The chart below illustrates the adjusted daily closing price per Share (“**Closing Price**”) and the HSI during the Review Period:



As shown in the chart above, during the Review Period, the average closing price was approximately HK\$0.364 per Share (the “**Average Closing Price**”). The daily closing price ranged from HK\$0.33 per Share recorded on 9 November 2022, 30 November 2022, 1 December 2022 and 2 December 2022 (the “**Lowest Closing Price**”) to HK\$0.4 per Share recorded on 17 October 2022, 18 October 2022 and 15 March 2023 (the “**Highest Closing Price**”). While, the highest closing and the lowest closing of HSI were 22,688.90 on 27 January 2023 (the “**HSI Highest Closing**”) and 14,687.02 on 31 October 2022 (the “**HSI Lowest Closing**”) respectively.

LETTER FROM THE BOARD

HSI reflects that the Hong Kong stock market was volatile, the difference of the HSI Highest Closing and the HSI Lowest Closing was approximately 54% (from the HSI Lowest Closing) but there is an uptrend after the HSI Lowest Closing. Meanwhile the share price of the Company was relatively inactive, the difference of the Highest Closing Price and Lowest Closing Price was approximately 21% (from the Lowest Closing Price) and the share price of the Company remained stable during the Review Period.

The difference of HSI and the Share price illustrated and elaborated above, in addition to the thin liquidity (as discussed below), indicating the prevailing price is less attractive to our investors to invest into the Company.

Historical trading liquidity of the Shares

Month	Total volume of Shares traded (Shares)	Number of trading days (days)	Approximate average daily trading volume of the Shares (Shares)	Percentage of average daily trading volume to total number of issued shares as at the end of the month/period (Note 1)
2022				
October (from October 13)	2,390,750	13	183,904	0.08%
November	1,694,000	22	77,000	0.03%
December	1,022,950	20	51,148	0.02%
2023				
January	1,996,000	18	110,889	0.04%
February	1,486,550	20	74,328	0.03%
March	1,771,750	23	77,033	0.03%
April (up to the Last Trading Day)	669,750	6	111,625	0.04%
Total	11,031,750	122	90,424	

Note:

1. Based on the number of total issued Shares as at each month end as disclosed in the monthly returns of the Company.

As shown in the table above, the average daily trading volume of the Shares in each month ranged from 51,147 Shares in December 2022 to 183,904 Shares in October 2022 during the Review Period, representing approximately 0.02% to approximately 0.08% of the total number of issued shares as at the end of the month/period, respectively, indicating a relatively thin trading liquidity during the Review Period.

LETTER FROM THE BOARD

Given such relatively thin liquidity of the Shares during the Review Period, it would be difficult for the Shareholders to acquire a substantial block of the Shares in the open market without exerting a significant impact on the Share price.

The Board considers that the prices and general price trend of the Shares during the Review Period should have also reflected market evaluation on the recent business performance of the Group.

In view of the above that the closing price remained stable with the average closing price of approximately HK\$0.364 which was relative less attractive to our investors and the thin liquidity of the Shares during the Review Period, with reference to the prevailing market price of the Shares with a discount to encourage Qualifying Shareholders to participate in the Rights Issue, the Board considers that the determination of the Subscription Price is fair and reasonable.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements to maintain their shareholdings in the Company, thereby minimizing possible dilution impact.

The Board considers that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole, after taking into account the following factors:

- (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market;
- (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and
- (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a discount to the recent closing price.

The estimated net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$0.218.

LETTER FROM THE BOARD

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Non-Qualifying Shareholder on the Record Date. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, 7 June 2023.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

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.

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 (without the PAL(s)) to the Non-Qualifying Shareholders for their information only.

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue.

LETTER FROM THE BOARD

As at the Latest Practicable Date, upon necessary enquiries and checking regarding the Company's shareholding based on the Shareholders information available from the Registrar, the Company had no Overseas Shareholders. Since the register of members of the Company is closed from 8 June 2023 to 14 June 2023, the Company confirms that the Company will have no Overseas Shareholders as at the Record Date.

Accordingly, no enquires 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 is required to be made in compliance with Rule 13.36(2)(a) of the Listing Rules.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus or the PAL outside Hong Kong and wishing to take up the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. In view of administrative costs, 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 nil-paid Rights Shares 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.

LETTER FROM THE BOARD

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

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

Distribution of the Prospectus Documents

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Non-Qualifying Shareholders (if any). The Company will not send any PALs to the Non-Qualifying Shareholders (if any).

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the Nil Paid Rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the Nil Paid Rights in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

LETTER FROM THE BOARD

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, Nil Paid Rights or fully-paid Rights Shares or to take up any entitlements to Nil Paid Rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the 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. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

LETTER FROM THE BOARD

Procedures for acceptance, splitting of PAL and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Friday, 30 June 2023 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares” in “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “PINESTONE CAPITAL LIMITED” and crossed “ACCOUNT PAYEE ONLY”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 30 June 2023, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Wednesday, 21 June 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares. The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in this “Letter from the Board” of this Prospectus is not fulfilled on Thursday, 6 July 2023 or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 11 July 2023.

LETTER FROM THE BOARD

Cheques and cashier orders

All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares, whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment of Rights Shares and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to you only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any PAL and/or relevant remittance received.

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

Share 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 sent on or before Tuesday, 11 July 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be despatched on or before Tuesday, 11 July 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

LETTER FROM THE BOARD

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 of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Lau Chun Yu, Leo at 37280829 during the period from Wednesday, 12 July 2023 at 9:00 a.m. to Friday, 28 July 2023 at 4:00 p.m., both days inclusive. Shareholders of the odd lots of the Shares should note that the 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.

Application for listing of the Rights Shares

The Company has applied 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.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and 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 both 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. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

LETTER FROM THE BOARD

Stamp duty and other applicable fees

Dealings 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 the payment 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.

Procedures in respect of 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 Rule 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 Places for the benefit of 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 of the Rights Shares to be allotted and issued under the Rights Issue to independent Places on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Thursday, 6 July 2023, 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 and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) 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.

LETTER FROM THE BOARD

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

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above 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 and the Non-Qualifying Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 13 April 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement as amended and supplemented by the Supplemental Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date:	13 April 2023 (after trading hours)
Parties:	(i) the Company, as issuer; and (ii) the Placing Agent
Placing Agent:	Silverbricks Securities Company Limited, appointed as the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Placing Agent does not hold any Shares. The Placing Agent and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Independent Third Parties. The Placing Agent and its associates do not hold any share of the Company as at the Latest Practicable Date.

Fees and expenses:

1.5% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.

Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case may be):

The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case may be) shall be at least equal to the Subscription Price.

The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights during the process of placement.

Placees:

The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to Placees. The Placing Agent shall ensure each of such placees (i) shall be Independent Third Parties; (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, upon completion of the Rights Issue, own 10.00% or more of the voting rights of the Company; (iii) shall not, together with any party acting in concert with it/them (within the meaning of the Takeovers Code), will hold 30% (or such percentage which will trigger an obligation to make a mandatory general offer to the other Shareholders under the Takeovers Code. The Company shall further ensure that upon completion of the Rights Issue and placing under the Compensatory Arrangements, the public float requirements under Rule 8.08(1)(a) of the Listing Rules remain fulfilled by the Company.

LETTER FROM THE BOARD

- 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 Shares then in issue.
- Termination: If at any time prior to the Latest Time for Termination:
- (i) the Company fails to comply with its obligations under the Placing Agreement; or
 - (ii) the occurrence of any force majeure events; or
 - (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time,
- and such matter in the reasonable opinion of the Placing Agent to be material in the context of the Placing Arrangement then the Placing Agent may by giving notice in writing to the Company terminate the Placing Agent's obligation under the Placing Agreement and the Placing Agreement shall be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.
- Further, if all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach thereunder prior to such termination.
- Conditions Precedent: The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the "**Conditions**") being fulfilled:
- (i) the Listing Committee having granted the listing of, and permission to deal in, the Rights Shares;

LETTER FROM THE BOARD

- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company. The Directors consider the fee charged by the Placing Agent is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe that the expenses are typical and ordinary in the marketing of securities.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders, the Company considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interests of the Company's minority Shareholders.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment of each of the following conditions:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms, by no later than the first day of their dealings;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) as having been approved by resolution of the Board not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance; and
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders by no later than the Prospectus Posting Date.

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The Company shall use all reasonable endeavours to procure the fulfilment of the conditions precedent set out above. None of the conditions set out above can be waived. If the conditions precedent set out in the above paragraphs are not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

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

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

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in (i) securities brokerage services; (ii) securities-backed lending services; (iii) placing and underwriting services; and (iv) other money lending services.

As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group's revenue amounted to approximately HK\$19.5 million, representing a decrease of approximately 22% compared to approximately HK\$25.0 million in 2021. The decrease was attributable to the decrease of income generated from various services provided. The Group also recorded a net loss of approximately HK\$41.5 million in the financial year ended 31 December 2022 which is mainly due to the impairment losses on trade and loans receivables of approximately HK\$49.6 million. In addition, the total assets of Group as at 31 December 2022 was approximately HK\$169.9 million, representing a decrease of approximately HK\$29.4 million or approximately 14.8% comparing to that of the financial year ended 31 December 2021. The above financial performance is mainly attributable to challenging market landscape in 2022 which included (i) armed conflicts in Russia and Ukraine; (ii) volatility of energy prices; (iii) the COVID-19 outbreak and the implemented anti-epidemic measures by Hong Kong Government; (iv) geopolitical tensions between China and Western nations; and (v) the rising pressure of inflation which prompted interest rates to rise drastically.

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In 2023, the Group remains focused on the securities-backed lending services and other secured lending services (“**Key Businesses**”). In light of the capital-intensive nature of the Group’s Key Businesses, it is important for the Group to promote its liquidity to a higher level to increase the Group’s operational flexibility and to sustain its capability for financing any potential development opportunities of the Group’s existing businesses, as and when suitable opportunity arises. The Group expects the market landscape is going to be improved in 2023. Therefore, the Board is of the view that the Group should conduct equity fundraising to strengthen its capital base for expand its business opportunities and enhance the financial position and the resistance to liquidity risk of the Group. The Group intends to continuously scale-up the Key Businesses and utilise the net proceeds from the Rights Issue for the expansion of its business, in particular, the Key Businesses. The Group also plans to further expand the Key Businesses by soliciting new clients in 2023. The Group intends to solicit new clients primarily through the following ways: (i) recruiting new employees and its existing licensed representatives who are responsible for sourcing new customers, maintaining client relationships, promoting its services and soliciting new customers through referrals from existing customers; (ii) performing marketing activities with professional parties and existing customers to strengthen business relationships; and (iii) acting as underwriter/placing agent and providing margin financing to clients. As at the Latest Practicable Date, the Group is interviewing 10 potential candidates and the Group solicits over 10 new clients including individuals, corporate clients and listed companies. According to the signed contracts between the Group and clients from the start of 2023 up to the Latest Practicable Date, the contract sizes of the services including the securities-backed lending services, other money lending services and placing and underwriting services provided or to be provided by the Company are not less than approximately HK\$60,000,000 and the interest rates of the services provided are ranging from 8% to 15%. The net proceeds to be raised in the Rights Issue shall allow the Company to explore further business opportunities and to provide extra funds to new customers of Key Businesses. The Group is actively discussing with potential clients to explore the new business opportunities. The Group is actively promoting our services to securities firms, listed companies and the shareholders of the listed companies by referral from existing employees, directors and potential clients; therefore, excluding the foregoing new clients by referral from existing employees and directors and existing clients, the Group is in course of discussing not less than 7 potential clients in respects of securities-backed lending services and other money lending services. The Group have reverted the terms to the potential clients, thereof the interest rates of the potential projects are ranging from 12% to 20%; the size of the potential projects are ranging from approximately HK\$100,000 to HK\$15,000,000 and the duration of potential projects are up to 12 months. For potential financing projects, the Group will sign the agreements with potential clients under acceptable terms and with sufficient financial resources available. Other than the potential margin financing and loan projects, the Group will execute the projects when the parties agree the terms.

LETTER FROM THE BOARD

The Group will also diversify the income sources to placing and underwriting services and securities brokerage services in 2023. The Company is on the best effort basis actively negotiating with potential customers including listed companies and other securities firms to obtain the business opportunities to act as their underwriter/placing agent or sub-underwriter/sub-placing agent. Pinestone Securities Limited (“PSL”), the wholly-owned subsidiary of the Company, is in the course of updating a new trading system with an Independent Third Party as well as building a mobile securities trading application and target to launch in mid June in order to attract more potential customers to trade in PSL. The aforementioned potential businesses shall be attributed from new potential customers independent to the existing customer base. The Company expects it would further reduce the customer concentration and/or reliance. The Group is reviewing and considers enhancing the risk control and credit risk management in order to mitigate the credit risk caused to the impairment. As such, the Group engaged an affiliated company of a certified public accountant firm in Hong Kong to review the internal control procedures and credit policy. The Group believed that the Group has strictly followed its credit policy at the time of granting the respective loans to any clients. Upon the completion of reviewing the internal control procedures and credit policy, the Group expects it will improve and enhance the procedures to prevent any ramp-and-dump cases occurred in the Group and leading to impairment situation. Assuming the Rights Shares are subscribed under the Right Issues, it is estimated that the Company will raise gross proceeds of approximately HK\$30.46 million from the Rights Issue and the relevant expenses would be approximately HK\$0.75 million, which include underwriting commission and professional fees. The estimated net proceeds from the Rights Issue will be approximately HK\$29.56 million (equivalent to a net price of approximately HK\$0.218 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue for the expansion of the Key Businesses in order to increase the revenue of the Group by (i) providing more fundings to the potential customers; and (ii) the recovery of market landscape. The Company intends to utilise the net proceeds from the Rights Issue by providing funding to clients and apply the net proceeds from the Rights Issues for as follows:

- (i) As to approximately 50% of the net proceeds, for securities-backed lending services including providing margin financing; and
- (ii) As to approximately 50% of the net proceeds, for other money lending services.

Intended uses of the estimated net proceeds from the Rights Issue	Allocation <i>HK\$'000</i>	Expected time for full utilization of the estimated net proceeds from the Rights Issue
Securities-backed lending services	14,780	By 31 December 2023
Other secured lending services	14,780	By 31 December 2023
	29,560	

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Based on the requests from potential clients, the Company expects the fee income will be increased and benefited from (i) the recovery of global financial market, in particular, Hong Kong financial market; and (ii) the increase of the capital of the Group upon the completion of the proposed Rights Issue.

The Directors have considered other financing alternatives such as debt financing, placing, open offer or internal cash resources to meet the funding needs of the Group, if appropriate, taking into consideration the financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

As for debt financing, firstly, debt financing such as bank borrowing will incur interest burden to the Group, thus weakening the financial position of the Group by increasing its gearing ratio, especially in light of the current upward trend of interest rates. Secondly, the Group may be subject to due diligence and negotiations for approximately two to three months, including assessment to the Group's profitability, financial position and the then prevailing market condition. It is thus possible that the Group may either receive insufficient funds for its needs or receive sufficient funds under unfavorable financing conditions. Thirdly, debt financing may involve pledge of the Group's assets, potentially impairing the Group's flexibility in managing its portfolio including but not limited to the realisation of its investments. Given the above considerations, the Directors consider debt financing to be relatively uncertain and time-consuming and thus not commercially viable, as compared to equity financing for the Group to obtain additional funding.

As for equity fundraising, such as placing of new Shares, the Company has already completed a placing of new shares under general mandate on 8 November 2022, fully utilising such general mandate, and accordingly, any further fundraising by placing of new Shares prior to the next annual general meeting of the Company would need the convening of an extraordinary general meeting of the Company to seek the Shareholders' approval, which in turn will be more time-consuming than placing under general mandate. In any event, placing of new Shares is typically smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of 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.

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As for open offer, while it is similar to a rights issue, offering qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market.

On the other hand, the Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time to maintain their respective pro rata shareholdings in the Company.

In view of the above, the Board considers that raising funds by way of the Rights Issue is more cost effective, efficient and beneficial to the Company and the Shareholders as a whole as compared to raising fund by other means.

FUND RAISING ACTIVITY OF THE COMPANY FOR THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately preceding the Latest Practicable Date:

Date of initial announcement	Fund raising activity	Net proceeds raised (HK\$)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date (HK\$)
25 October 2022	Placing of new shares under general mandate	Approximate 14.29 million	For expanding the existing business of the Group	Approximately 14.29 million applied as intended

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding to the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offers and/or specific mandate placings within such 12-month period.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURES

Set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all the Qualifying Shareholders		Immediately after completion of the Rights Issue, assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
	<i>Number of Shares</i>	<i>% (Note 1)</i>	<i>Number of Shares</i>	<i>% (Note 1)</i>	<i>Number of Shares</i>	<i>% (Note 1)</i>
Ultimate Vantage Group Limited (Note 2)	64,557,500	23.85	96,836,250	23.85	64,557,500	15.90
Public shareholders:						
Independent placees	–	–	–	–	135,356,700	33.33
Other public Shareholders	<u>206,155,900</u>	<u>76.15</u>	<u>309,233,850</u>	<u>76.15</u>	<u>206,155,900</u>	<u>50.77</u>
Total	<u>270,713,400</u>	<u>100.00</u>	<u>406,070,100</u>	<u>100.00</u>	<u>406,070,100</u>	<u>100.00</u>

Notes:

- (1) The percentage figures have been subject to rounding adjustments. Any discrepancies between total and sums of amounts listed herein are due to rounding adjustments.
- (2) Ultimate Vantage Group Limited is wholly-owned by Mr. Hong Zhaohong.

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Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of the Prospectus, and the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at a general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue, with reference to Rule 7.27B of the Listing Rules, does not result in a theoretical dilution effect of 25% or more on its own.

ADDITIONAL INFORMATION

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

For and on behalf of the Board
Pinestone Capital Limited
Lee Chun Tung
Executive Director

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 December 2020 (page 51 to 105), 2021 (page 59 to 115) and 2022 (page 63 to 116), which are published on 29 April 2021, 29 April 2022 and 28 April 2023 respectively. The above mentioned financial information is available on the website of the Company at www.pinstone.com.hk and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2020 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900583.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2021 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900587.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2022 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800635.pdf>).

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of this indebtedness statement the details of the Group's outstanding borrowings comprised lease liabilities as at 30 April 2023, amounted to approximately HK\$1.6 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities or normal trade and other payables, at the close of business on 30 April 2023, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue, its presently available financial resources, including funds internally generated from operation and the available facilities, the Group will have sufficient working capital for its operation for at least the next twelve (12) months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a renowned Hong Kong based financial institution principally engaged in a wide range of bespoke financial services including (i) securities brokerage; (ii) securities-backed lending; (iii) other money lending services; and (iv) placing and underwriting businesses.

The world economy had been facing the most challenging years in recent history and continued to be affected by different political and economic issues in the year 2022, including on-going geopolitical tensions in Ukraine, volatility of energy prices and lingering effects of the COVID-19 global pandemic. However, the most apparent issue currently is the rising pressure of inflation which prompted the United States Federal Reserve to raise interest rates drastically. These factors had an obvious effect on the performance of the financial market, where the Hang Seng Index plunged to as low as approximately 14,597 points in October 2022 from a high of approximately 25,050 points in February 2022, representing a drop of approximately 42%. This ultimately made investors' sentiments much worse, as seen by the decrease in volume of initial public offerings and the average daily turnover in the Hong Kong stocks market, which in turn severely depressed investor attitudes. Although the Hong Kong economy had shown signs of recovery in different aspects, it is still vulnerable as economic prospects remains uncertain and rising interest rates led to tightening of financial conditions of the general public. The market's fluctuation and volatility continue to be the main theme, with investors' confidence being dampened. The Group recorded a total revenue of approximately HK\$19.5 million for the Year, representing a decrease of approximately 22% compared to approximately HK\$25.0 million in 2021. The decrease was primarily attributable to the decrease in securities-backed lending services. Net loss for the Year was HK\$41.5 million, compared to a net loss of HK\$4.9 million in 2021. The increase was primarily attributable to the increase in an impairment loss of approximately HK\$49.6 million in respect of trade and loans receivables made related to securities backed lending services.

Global and local economic activity are on the road to recovery as the COVID-19 global pandemic gradually stabilizes on a global scale and social distancing measures are further relaxed or cancelled. However, the likelihood of a global recession has increased as the recovery's momentum is being battered by persistently high inflation, which resulted in interest rates rising. This will increase borrowing costs and have a negative impact on the value of various assets. The Group continues to proceed prudently to navigate through these times of uncertainty. Looking forward, the Group will explore expanding our customer base and continue to improve and diversify our financial position, seek for strategic business opportunities to further develop our businesses, broaden our business reach in the financial market by cultivating corporate alliances collaborations and position the Group's business for further and sustainable growth in the long term. In addition, in order to mitigate the credit risk level and improve the financial performance of the Group, the Group will review the internal control of the Group in year 2023. It is anticipated that the results of services provided by the Group will recover to pre-pandemic levels in the next few years.

(i) Securities-backed lending services and other money lending services

The net proceeds from the Rights Issue shall be utilised as follows: as to appropriately 50% of the net proceeds for securities-backed lending services including providing margin financing; and as to appropriately 50% of the net proceeds for other money lending services, as disclosed under the section headed “Reasons for the Rights Issue and the Use of Proceeds”. Based on the demand from potential borrowers regarding the potential margin financing and potential loans with the interest rates ranging from 12% to 20%, the size of potential projects are ranging from approximately HK\$100,000 to HK\$15,000,000 and the duration of potential projects are up to 12 months, the Company expected the fee income of securities-backed lending services and other money lending services will be increased and benefited from the recovery of global financial market and the increase of capital of the Group upon the completion of the proposed Rights Issue. The potential financing projects will be executed when the parties agree the terms and the Group has sufficient financial resources.

(ii) Placing and underwriting services

The Group will also diversify the Income sources to placing and underwriting services in 2023. The Group did not generate any revenue from placing and underwriting services in 2022 because of the impact of performance of Hong Kong capital market. With reference the report published by Deloitte China’s Capital Market Services Group (*Note i*) on 15 December 2022 regarding its review of the Chinese Mainland and Hong Kong initial public offering (IPO) markets in 2022 and the outlook for 2023, it stated that Hong Kong will have a slow start given it will take time for these new positive developments to develop and stimulate the economy and business activities as well as the Hong Kong market. The Company is on the best effort basis actively negotiating with potential customers including listed companies and other securities firms to obtain the business opportunities to act as their underwriter/placing agent or sub-underwriter/sub-placing agent. At the Latest Practicable Date, Pinestone Securities Limited (“PSL”), the wholly-owned subsidiary of the Company, is in course of discussing with a representative of a securities firm regarding a potential placing project. PSL shall act as sub-placing agent when the potential placing project executed. In addition, a listed company appointed PSL as a placing agent and completed a placing of general mandate with fund raising size of approximately HK\$2.5 million on 5 June 2023. The Company expects placing and underwriting services will be benefited from the increase of the number of initial public offerings in Hong Kong and the recovery of equity fund raising activities.

(iii) Securities brokerage services

PSL is in the course of building a new trading system with an Independent Third Party as well as a mobile securities trading application, both of which are targeted to be launched in mid June of 2023 in order to attract more potential customers to trade in PSL. Any incurred cost from updating the new trading system shall be paid by internal resources of the Group. PSL will introduce the new trading system with existing clients and potential clients, upon the completion of building the new trading system. As at the Latest Practicable Date, PSL solicits over 10 new individuals and corporate clients in 2023. The Company expects the commission income of securities brokerage services will be increased and benefited by the recovery of Hong Kong equity capital market and the new trading system.

The aforementioned potential businesses shall be attributed from new potential customers independent to the existing customer base. The Company expects it would further reduce the customer concentration and/or reliance. The Group will appoint more employees for business development and risk control in furtherance of generating more income under enhanced risk control.

At last, the Group will continue to utilise the revenue generating from the above businesses to the Key Business allowing the Group to provide additional funding to other different potential clients and to generate extra income and further reduce client concentration.

The Group is reviewing and considering to enhance the risk control and credit risk management in order to mitigate the credit risk caused to the impairment. As such, the Group engaged an affiliated company of a certified public accountant firm in Hong Kong to review the internal control procedures and credit policy. The Group believed that the Group has strictly followed its credit policy at the time of granting the respective loans to any clients. Upon the completion of reviewing the internal control procedures and credit policy, the Group expects it will improve and enhance the procedures to prevent any ramp-and-dump cases occurred in the Group and leading to impairment situation.

The revenue of securities brokerage services; placing and underwriting services provided by PSL are expected to be increased based on the request by potential clients and the recovery of equity capital market of Hong Kong. As at the Latest Practicable Date, the Group solicits over 10 new clients and the contract sizes of margin financing, loan and placing services provided by or to be provided by signed contracts between the Group to clients in 2023 are not less than HK\$60,000,000. For potential margin financing and loan projects, the Group will sign agreements with potential clients under acceptable terms and with sufficient financial resources. Other than the potential margin financing and loan projects, the Group will execute the projects when the parties agree the terms.

The Board believes that the equity capital market of Hong Kong including initial public offering market will bounce back in the second half of 2023. The Group will closely discuss with potential clients and expects the revenue of each sector of the Group to increase in 2023.

Note:

- (i) <https://www2.deloitte.com/cn/en/pages/audit/articles/the-mainland-and-hong-kong-ipo-markets-will-perform-even-stronger-in-2023.html>

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 as if the Rights Issue had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group have been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group had the Rights Issue been completed as at 31 December 2022 or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2022 derived from the consolidated statement of the financial position of the Group as at 31 December 2022, as set out in the published annual report of the Company for the year ended 31 December 2022, and adjusted as described below:

	Unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company before completion of Rights Issue <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue <i>HK\$'000</i> <i>(Note 3)</i>
Based on 135,356,700 Rights Shares to be issued at the subscription price of HK\$0.225 each	163,976	29,560	193,536

HK cents
per Share

Unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share before completion of the Rights Issue (Note 4)	60.6
	<u>60.6</u>

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue (Note 5)	47.7
	<u>47.7</u>

Notes:

- The unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company of HK\$163,976,000 is calculated based on the audited consolidated net assets of the Group as at 31 December 2022, which represents the equity attributable to owners of the Company of HK\$164,476,000 as at that date, as derived from the Group's consolidated statement of financial position contained in the Company's published annual report for the year ended 31 December 2022, and is adjusted as follows:

	<i>HK\$'000</i>
Audited consolidated net assets of the Group as at 31 December 2022	164,476
Less: Intangible assets (Note below)	<u>500</u>
Unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company before completion of the Rights Issue	<u>163,976</u>

Note: The intangible assets of the Group of HK\$500,000 at 31 December 2022 is derived from the consolidated statement of financial position of the Group as at that date contained in the Company's published annual report for the year ended 31 December 2022.

- The estimated net proceeds from the Rights Issue of approximately HK\$29,560,000 are based on 135,356,700 Rights Shares to be issued at HK\$0.225 per share, after deduction of the estimated related expenses of approximately HK\$909,000.
- The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$193,536,000 represents the aggregate of the unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company before completion of the Rights Issue of HK\$163,976,000 as set out in Note 1 and the estimated net proceeds from the Rights Issue of approximately HK\$29,560,000 as set out in Note 2.
- The calculation of the unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share before completion of the Rights Issue is based on the unaudited adjusted consolidated net tangible assets of the Group attributable to owners of the Company before completion of the Rights Issue of approximately HK\$163,976,000 as set out in Note 1 above and 270,713,400 Shares in issue.
- The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately HK\$193,536,000 set out in Note 3 above, and 406,070,100 Shares in issue and issuable.
- No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION



To the Directors of Pinestone Capital Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Pinestone Capital Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company, and related notes as set out on pages II-1 to II-2 of Appendix II of the prospectus issued by the Company dated 15 June 2023 (the “**Prospectus**”) in connection with the rights issue on the basis of one rights share for every two shares held (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s consolidated net tangible assets as at 31 December 2022 as if the Rights Issue had taken place on 31 December 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the annual report of the Company for the year ended 31 December 2022.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have complied the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules with reference to AG 7 issued by the HKICPA.

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

The purpose of the unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

CCTH CPA Limited

Certified Public Accountants

Hong Kong

15 June 2023

David Yim Kai Pung

Practising certificate number: P02324

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL AND OPTIONS

(a) Share capital

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

(I) *As at the Latest Practicable Date*

	Number of Shares '000	Nominal value of ordinary Shares HK\$'000
Authorised:		
Ordinary Shares of HK\$0.02 each	25,000,000	500,000
Issued and fully paid:		
Ordinary Shares of HK\$0.02 each	270,713.4	5,414.3

(II) *Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)*

	Number of Shares '000	Nominal value of ordinary Shares HK\$'000
Authorised:		
Shares of HK\$0.02 each	<u>25,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Shares of HK\$0.02 each	270,713.4	5,414.3
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.02 each	<u>135,356.7</u>	<u>2,707.1</u>
Shares in issue immediately after completion of the Rights Issue	<u><u>406,707.1</u></u>	<u><u>8,121.4</u></u>

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option. Furthermore, as at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Substantial shareholders' interests and short positions in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of Part XV of the SFO were as follows:

Long position in the shares of the Company

Name of Shareholder	Capacity/nature of interest	Number of Shares held/ interested in	Approximate percentage of shareholding
Ultimate Vantage Group Limited (Note 1)	Beneficial owner	64,557,500	23.85%
Mr. Hong Zhaohong (Note 1)	Interest of controlled corporation	64,557,500	23.85%

Note:

1. Ultimate Vantage Group Limited holds 64,557,500 Shares. Mr. Hong Zhaohong is the sole shareholder of Ultimate Vantage Group Limited as at the Latest Practicable Date. Therefore, he is deemed to be interested in the 64,557,500 Shares held by Ultimate Vantage Group Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes or may compete, whether directly or indirectly, with the business of the Group or had any other conflict which any person has or may have with the Group pursuant to the Listing Rules.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following material contract (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this Prospectus and up to the Latest Practicable Date and are or may be material:

- (i) the Placing Agreement.
- (ii) the Supplemental Placing Agreement.

9. EXPERTS AND CONSENTS

The following are the qualification of the expert who has been named in this Prospectus or have given opinions, letters or advices contained in this Prospectus:

Name	Qualification
CCTH CPA Limited	Certified Public Accountant

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2022, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, the above expert had given and had not withdrawn their written consent to the issue of this Prospectus, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Executive Directors	Mr. Lee Chun Tung
Non-executive Directors	Mr. Cheung Yan Leung Henry
	Mr. Yau Tung Shing
Independent non-executive Directors	Mr. Lau Kelly
	Mr. Wong Chun Peng Stewart
	Mr. Cheng Man Pan

Authorised representatives	Mr. Cheung Yan Leung Henry Room 1807, 18/F. China Resources Building 26 Harbour Road Wan Chai Hong Kong
	Mr. Yau Tung Shing Room 1807, 18/F. China Resources Building 26 Harbour Road Wan Chai Hong Kong
Company secretary	Mr. Au Kin Kee Kinson (<i>ACS, ACIS</i>)
Registered office	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Principal place of business in Hong Kong	Room 1807 18/F, China Resources Building 26 Harbour Road Wanchai, Hong Kong
Principal share registrar and transfer office in Cayman Islands	Ocorian Trust (Cayman) Limited Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

Principal bankers	Bank of China (Hong Kong) Limited 2/F, Wing On House 71 Des Voeux Road Central Hong Kong
Auditors	BDO Limited <i>(Certified Public Accountants)</i> 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Independent reporting accountant	CCTH CPA Limited <i>(Certified Public Accountants)</i> Unit 1510–1517, 15/F. Tower 2, Kowloon Commerce Centre No. 51 Kwai Cheong Road Kwai Chung, New Territories, Hong Kong
Stock code	804
Company's website	www.pinestone.com.hk
Placing Agent to the Company	Silverbricks Securities Company Limited Rooms 1004-1006, 10/F. China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Sheung Wan Hong Kong
Legal advisers to the Company	<i>As to Hong Kong laws:</i> Patrick Mak & Tse Rooms 901-905 9/F, Wing On Centre 111 Connaught Road Central Hong Kong <i>As to Cayman Islands laws:</i> Appleby Suites 4201-03 & 12, 42/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**Executive Directors**

Mr. Lee Chun Tung, aged 51, was appointed as an executive Director on 14 September 2022. Mr. Lee has over 20 years of experience in investment banking, financial services and securities companies. Mr. Lee obtained his Master's degree of science in financial engineering from City University of Hong Kong in 2007 and the Bachelor's (Honour) degree in accounting and finance from Manchester Metropolitan University in 1994. Mr. Lee is currently under the employment of Woso Finance Limited as Business Development Manager since June 2022 and Mr. Lee has been appointed as an independent non-executive Director for China Uptown Group Company Limited (whose shares are listed on main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 2330)) since June 2022.

Non-executive Directors

Mr. Cheung Yan Leung Henry, aged 71, has been the Chairman of our Group since 2012. He is primarily responsible for formulating the corporate strategy, managing the Group's overall business development and client referrals. After graduating from McMaster University in Canada with a Bachelor of Commerce in November 1973, he became a member of The Institute of Chartered Accountants of Ontario in December 1976. Mr. Cheung has over thirty years' worth of experience in the accounting field along with experience in the financial and business sectors in China. Mr. Cheung has been a fellow member of the Hong Kong Institute of Certified Public Accountants since May 1987.

Mr. Yau Tung Shing, aged 32, was appointed as a non-executive Director on 2 September 2022. Mr. Yau has extensive years' experience in corporate finance, mergers and acquisitions and fund-raising exercises in various ventures and projects with a deal portfolio covering private entities and publicly listed companies in Hong Kong and the People's Republic of China. He is also a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") to carry out Type 6 (advising on corporate finance) regulated activity. He serves as the responsible officer of corporate finance (Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance) in Silverbricks Securities Company Limited since August 2022. Mr. Yau has been appointed as an independent non-executive Director for MOG Holdings Limited (whose shares are listed on main board of the Stock Exchange (stock code: 1942)) since August 2022. Mr. Yau obtained his bachelor's degree in Business Administration (Honours) from the City University of Hong Kong in July 2014, and the degree of Master of Science in Finance from the City University of Hong Kong in July 2017.

Independent non-executive Directors

Mr. Lau Kelly, aged 44, was appointed as an independent non-executive Director on 2 September 2022. He has more than 11 years of experience in business management and regulatory compliance. He has worked with the Hong Kong Police Force for twelve years between December 1998 and July 2010, receiving commendations from Secretary of Civil Service and Secretary of Home Affairs for highly rated performances during his tenure. Subsequently, Mr. Lau worked with Easy Finance Limited as principal consultant between May 2011 and October 2015, responsible for all regulatory and legal compliances. Mr. Lau was also an executive director, chief executive officer, compliance officer and authorized representative for hmvod Limited, a company listed on the GEM of the Stock Exchange of Hong Kong Limited (stock code: 8103) between December 2015 and December 2020.

Mr. Wong Chun Peng Stewart, aged 56, was appointed as an independent non-executive Director on 7 September 2022. Mr. Wong has more than 27 years of experience in the legal industry. Mr. Wong worked at Deacons Graham & James as a trainee solicitor from August 1993 to July 1995 and became an associate solicitor in the China Practice Group from August 1995 to December 1996. Mr. Wong was qualified as a solicitor of the High Court of Hong Kong in September 1995. Mr. Wong has practised law in a number of international firms such as Deacons (posting as a representative in Beijing, the PRC) from September 2002 to March 2005, Baker McKenzie from January 2007 to July 2009 and Hogan Lovells from February 1999 to March 2002, and has worked as in-house counsel in two listed companies in Hong Kong, namely Dickson Concepts (International) Limited, which is listed on the Main Board of the Stock Exchange (stock code: 0113) and Samsonite International S.A., which is also listed on the Main Board (stock code: 1910), from August 2009 to May 2013 and May 2013 to January 2016, respectively. Mr. Wong also practised as a consultant in law firms such as YTL & Co. from February 2017 to July 2018 and AH Lawyers from April 2020 to September 2020. Mr. Wong has been a principal of Stewart Wong & Associates, which is a law firm where he has been involved in the provision of a wide array of legal services, including mergers and acquisitions, litigation and general commercials. He was also an independent non-executive Director of TL Natural Gas Holdings Limited (stock code: 8536) from 28 June 2017 to 19 June 2020. Mr. Wong graduated from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) with a bachelor's degree of law with first class honours in November 1991. He also obtained his master's degree in law from the University of Cambridge in England in June 1993.

Mr. Cheng Man Pan, aged 53, was appointed as an independent non-executive Director, on 14 November 2022. Mr. Cheng worked at KPMG Peat Marwick as audit supervisor from September 1992 to June 1996. He has worked at CCT Telecom as a senior project manager from December 1997 to March 1998. Mr. Cheng has worked as a chief financial controller in Celestial Asia Securities Holdings Limited (whose shares are listed on mainboard of the Stock Exchange (stock code: 1049)) from March 1998 to June 2004. He has worked as a chief operating officer and a executive Director for CASH Financial Services Group Limited (whose shares are listed on mainboard of the Stock Exchange (stock code:

510)) from June 2004 to April 2008, then he was served under CASH Financial Services Group Limited as a managing director of retail business group and executive Director for CASH Financial Services Group Limited from May 2008 to June 2011. He also worked as a managing director of China business development and executive Director from July 2011 to September 2012 and practiced as a managing director of investment services and executive Director from October 2012 to December 2013 for CASH Financial Services Group Limited. Mr. Cheng was a director of Maroubra Assets Limited from December 2014 to June 2021. He becomes a founder and managing director of Macqueen Asset Management Limited, a licensed corporation registered under SFO to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities, starting from June 2021 to now. Mr. Cheng obtained his bachelor's degree in Accounting in 1992 from City University of Hong Kong and his executive master's degree of Business Administration in 2013 from the Chinese University of Hong Kong.

Audit committee

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Cheng Man Pan, Mr. Lau Kelly and Mr. Wong Chun Peng Stewart. Mr. Cheng Man Pan is the chairman of the Audit Committee. The duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Company's financial statements, the annual report and accounts, the half-year report and significant financial reporting judgments contained therein; and (c) reviewing the financial controls, internal control and risk management systems.

Company Secretary

Mr. Au Kin Kee Kinson, aged 58, joined our Group in November 2015 as our Director of Finance and Company Secretary. His major responsibilities are to review the finance and accounting functions and oversee financial reporting matters of our Group. Mr. Au has over fifteen years of experience in the securities industry. He worked in OSK Asia Securities Limited from September 1992 to April 1997. His last position was research manager. He joined Asia Financial (Securities) Limited as research manager from June 1997 to June 2015. He then joined Gartner Inc. as client relationship manager from June 1997 to June 2015. Mr. Au is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrator. According to the requirements of Rule 3.29 of the Listing Rules, Mr. Au undertook no less than 15 hours of relevant professional training during the year ended 31 December 2022.

Business address of the Directors and senior management

The business address of the Directors and senior management is the same as the Company's principal place of business in Hong Kong at Room 1807, 18/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

12. EXPENSES

The expenses in connection with the Rights Issue and the Placing Arrangement, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$0.75 million in maximum, and are payable by the Company.

13. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Au Kin Kee Kinson.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (iii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iv) As at the Latest Practicable Date, save as disclosed elsewhere in this Prospectus, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (v) The English text of the Prospectus Documents shall prevail over the respective Chinese text in the case of inconsistency.

14. LEGAL EFFECT

This Prospectus, the PAL and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

15. BINDING EFFECT

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "9. Expert and Consent" in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pinestone.com.hk) for 14 days from the date of this Prospectus:

- (i) the letter issued by the independent reporting accountant regarding the unaudited pro forma financial information of the Company as set out in appendix II of this Prospectus;
- (ii) the written consents referred to in the paragraph headed "9. Experts and Consents" in this appendix; and
- (iii) the material contracts referred to in the paragraph headed "8. Material contracts" in this appendix.