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PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 804)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Joint Placing Agents

Pinestone Securities Limited

Ruisen Port Securities Limited

Asia Pacific Securities Limited

Cheong Lee Securities Limited

On 18 December 2024 (after trading hours), the Company and the Joint Placing Agents entered into the Placing Agreement pursuant to which the Company appointed the Joint Placing Agents to place, on a best efforts basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 81,210,000 Placing Shares to not less than six independent Placees at a price of HK\$0.176 per Placing Share.

The Placing Price of HK\$0.176 per Placing Share represents: (i) a discount of approximately 19.63% to the closing price of HK\$0.219 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.93% to the average closing price of approximately HK\$0.2198 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the maximum number of 81,210,000 Placing Shares represents approximately 20% of the issued share capital of the Company of 406,070,100 Shares as at the date of this announcement, and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the maximum number of Placing Shares.

Assuming the Placing Shares are fully placed, the gross and net proceeds from the Placing will be approximately HK\$14.29 million and HK\$13.86 million, respectively. The Company intends to use such net proceeds for general working capital of the Group.

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued pursuant to the General Mandate.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 18 December 2024 (after trading hours), the Company and the Joint Placing Agents entered into the Placing Agreement, the principal terms of which are summarized below:

Date

18 December 2024 (after trading hours)

Parties

- (a) the Company; and
- (b) the Joint Placing Agents

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Joint Placing Agents and its ultimate beneficial owners is a Independent Third Party.

Placees

It is intended that the Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees nor their associates will become a substantial shareholder of the Company as a result of the Placing.

Number of Placing Shares

The Company appointed the Joint Placing Agents to place, on a best efforts basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 81,210,000 Placing Shares. Assuming the Placing Shares are fully placed, the maximum number of 81,210,000 Placing Shares represents approximately 20% of the issued share capital of the Company of 406,070,100 Shares as at the date of this announcement, and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the maximum number of Placing Shares. The aggregate nominal value of the maximum number of Placing Shares is HK\$1,624,200.

Placing Price

The Placing Price of HK\$0.176 per Placing Share was agreed after arm's length negotiations between the Company and the Joint Placing Agents, with reference to the recent trading price of the Shares.

The Placing Price of HK\$0.176 per Placing Share represents: (i) a discount of approximately 19.63% to the closing price of HK\$0.219 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.93% to the average closing price of approximately HK\$0.2198 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Placing Commission

Subject to Completion, the Joint Placing Agents will receive a placing commission of 3% on the gross proceeds of the Placing Shares which are successfully placed by the Joint Placing Agents. The placing commission was determined after arm's length negotiation between the Company and the Joint Placing Agents with reference to the prevailing market rate.

Condition of the Placing

Completion of the Placing is conditional upon:

- (i) each of the Joint Placing Agents having received in immediately available funds the aggregate Placing Price of the Placing Shares from the Placee(s) procured by the respective Joint Placing Agents and confirmed the same in writing to the Company; and
- (ii) the Listing Committee granting a listing of, and permission to deal in, all the Placing Shares to be placed pursuant to the terms and conditions of this Agreement.

If the above conditions are not satisfied on or before 7 January 2025 (or such later date as may be agreed between the Joint Placing Agents and the Company) (the “**Long Stop Date**”), the Placing will lapse and all rights, obligations and liabilities of the Joint Placing Agents and the Company in relation to the Placing shall cease and determine and neither party shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination. Condition (i) to the Placing may not be waived by any party to the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place not later than four business days after the fulfillment of all the conditions set out in the Placing Agreement (or such other date as the Company and the Joint Placing Agents may agree).

Termination

Notwithstanding anything contained in the Placing Agreement, if at any time on or prior to 4:00 p.m. on the day immediately preceding the Completion Date:

- (i) any event occurring or matter arising on or after the date hereof and prior to the Completion Date which has rendered any of the undertakings, warranties and representations untrue or incorrect and incapable of being remedied and such would have a material adverse impact on the Placing comes to the notice of the Joint Placing Agents; or
- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof by any court or other competent authority in Hong Kong or the People’s Republic of China which is reasonably expected to materially and adversely affect the business or financial condition or prospects of the Company as a whole; or

- (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which will, or is reasonably expected to be expected to, have a material adverse effect on the Placing; or
- (c) there is a material adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Joint Placing Agents and is material in the context of the Placing;

then and in any such case, the Joint Placing Agents may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement by giving notice in writing to the Company, provided that such notice is received prior to 4:00 p.m. on the day immediately preceding the Completion Date. In the event the Joint Placing Agents terminates the Placing Agreement pursuant to the aforesaid clauses (i) to (ii), all obligations of each of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

Application for listing

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.

GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 19 June 2024. Pursuant to the General Mandate, the Company was authorized to issue and allot up to 81,214,020 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution. The General Mandate has not been previously utilized prior to the issue of the Placing Shares. Accordingly, the issue of the Placing Shares is not subject to any Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Joint Placing Agents. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming the Placing Shares are fully placed, the gross and net proceeds from the Placing will be approximately HK\$14.29 million and HK\$13.86 million, respectively. The Company intends to use such net proceeds for general working capital of the Group. Assuming the Placing Shares are fully placed, the net placing price will be approximately HK\$0.171 per Placing Share.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming the Placing Shares were placed in full and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>% (approximately)</i>	<i>No. of Shares</i>	<i>% (approximately)</i>
ULTIMATE VANTAGE GROUP				
LIMITED (<i>Note 1</i>)	96,836,250	23.85	96,836,250	19.87
Placees	–	0.00	81,210,000	16.67
Other public Shareholders	<u>309,233,850</u>	<u>76.15</u>	<u>309,233,850</u>	<u>63.46</u>
Total (<i>Note 2</i>)	<u>406,070,100</u>	<u>100.00</u>	<u>487,280,100</u>	<u>100.00</u>

Notes:

- (1) ULTIMATE VANTAGE GROUP LIMITED is 100% owned by Mr. Hong Zhaohong, who is the sole beneficial owner of 96,836,250 shares out of the total issued 406,070,100 shares in the Company. Mr. Hong Zhaohong is deemed to own approximately 23.85% of the issued shares of the Company as at the date of this announcement.
- (2) As at the date of this announcement, the Company has an issued share capital of 406,070,100 Shares.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Asia Pacific Securities”	Asia Pacific Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business, other than: (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong

“Cheong Lee Securities”	Cheong Lee Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO
“Company”	Pinestone Capital Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code: 804
“Completion”	the completion of the Placing
“Completion Date”	the date of the Completion
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 19 June 2024 to issue and allot up to 20% of the then issued share capital (being 406,070,100 Shares), which was equivalent to 81,214,020 Shares
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons within the meaning of the Listing Rules

“Joint Placing Agents”	collectively, Asia Pacific Securities, Cheong Lee Securities, Pinestone Securities and Ruisen Port Securities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pinestone Securities”	Pinestone Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Placee(s)”	any independent person(s) or entity(ies) procured by the placing agent or its sub- placing agent(s) to subscribe for any of the Placing Shares under the Placing Agreement
“Placing”	the best-effort placing of up to 81,210,000 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agreement”	the agreement entered into between the Joint Placing Agents and the Company dated 18 December 2024 in relation to the Placing
“Placing Price”	HK\$0.176 per Placing Share
“Placing Shares”	a maximum of 81,210,000 new Shares to be placed under the Placing
“Ruisen Port Securities”	Ruisen Port Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“%”	per cent

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

Hong Kong, 18 December 2024

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