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Anchorstone Holdings Limited

基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1592)

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION — PROFIT GUARANTEE IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY INVOLVING
THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
CLARIFICATION ANNOUNCEMENT IN RELATION TO
THE 2023 ANNUAL RESULTS ANNOUNCEMENT AND
THE 2023 ANNUAL REPORT**

PROFIT GUARANTEE IN RELATION TO THE ACQUISITION

Based on the Review Report prepared by the auditors of the Purchaser dated 3 October 2024, the Actual Profit for the Guaranteed Period amounted to approximately HK\$13,081,446, which was approximately HK\$4,918,554 less than the Guaranteed Profit for such period. According to the adjustment arrangement, the Consideration shall be reduced to HK\$72,674,700, which exceeds the Value of Consideration Shares (being approximately HK\$50,000,000). As such, the Purchaser shall procure the Company to allot and issue 266,761,176 Consideration Shares to the Vendor (or as it may direct) within 14 Business Days after the Review Report Date.

Pursuant to the Sale and Purchase Agreement, on the date of this announcement, the Company allotted and issued 266,761,176 Consideration Shares, representing approximately 11.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Further Consideration Shares, to Mr. Lui as nominated by the Vendor at the Issue Price of HK\$0.085 per Share as settlement of the adjusted remainder of the Consideration in the sum of approximately HK\$22,674,700 under the Specific Mandate granted to the Board by a resolution of the Shareholders passed at the EGM.

**CLARIFICATION IN RELATION TO THE 2023 ANNUAL RESULTS
ANNOUNCEMENT AND THE 2023 ANNUAL REPORT**

The Company wishes to make certain clarifications on the note to the consolidated financial statements setting out the Actual Profit for the Guaranteed Period respectively under the 2023 Annual Results Announcement and the 2023 Annual Report.

PROFIT GUARANTEE IN RELATION TO THE ACQUISITION

References are made to (i) the announcement of Anchorstone Holdings Limited (the “**Company**”) dated 4 September 2023; (ii) the circular of the Company dated 25 October 2023 (the “**Circular**”); (iii) the poll results announcement of the Company dated 16 November 2023; and (iv) the announcement of the Company dated 24 November 2023 in relation to, among other things, the Acquisition. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As disclosed in the Circular, pursuant to the Sale and Purchase Agreement, each of the Vendor and the Vendor’s Guarantor has undertaken to the Purchaser that the consolidated net profit (after taxation and excluding any profit (loss) deriving from activities not within the ordinary and usual course of business) of the Target Group shall not be less than the Guaranteed Profit of HK\$18,000,000 for the Guaranteed Period.

In the event that the Actual Profit for the Guaranteed Period is less than the Guaranteed Profit for such period, the Consideration shall be reduced to the Adjusted Consideration as calculated in accordance with the following formula:

$$Y = C/B \times A$$

where A is the total Consideration in the sum of HK\$100,000,000;
B is the Guaranteed Profit in the sum of HK\$18,000,000;
C is the Actual Profit for the Guaranteed Period, provided that if the Target Group suffers an actual consolidated loss before tax for the Guaranteed Period, then the Actual Profit for the Guaranteed Period shall be deemed as zero; and
Y is the Adjusted Consideration.

In the event that the Adjusted Consideration equals or exceeds the Value of Consideration Shares, the Purchaser shall procure the Company to allot and issue such number of Consideration Shares (calculated by dividing the difference between the Adjusted Consideration and the Value of Consideration Shares by the Issue Price) to the Vendor (or as it may direct) within 14 Business Days after the Review Report Date.

Based on the Review Report prepared by the auditors of the Purchaser dated 3 October 2024, the Actual Profit for the Guaranteed Period amounted to approximately HK\$13,081,446, which was approximately HK\$4,918,554 less than the Guaranteed Profit for such period. According to the adjustment arrangement, the Consideration shall be reduced to HK\$72,674,700, which exceeds the Value of Consideration Shares (being approximately HK\$50,000,000). As such, the Purchaser shall procure the Company to allot and issue 266,761,176 Consideration Shares to the Vendor (or as it may direct) within 14 Business Days after the Review Report Date. Although the Guaranteed Profit has not been met, the Board (excluding Mr. Lui but including the independent non-executive Directors) is of the view that the Vendor and the Vendor’s Guarantor have fulfilled their obligations under the profit guarantee by way of the abovementioned adjustment in the Consideration as calculated by the agreed formula under the Sale and Purchase Agreement, which can compensate the shortfall between the Actual Profit for the Guaranteed Period and the Guaranteed Profit for such period and is therefore fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to the Sale and Purchase Agreement, on the date of this announcement, the Company allotted and issued 266,761,176 Consideration Shares (the “**Further Consideration Shares**”), representing approximately 11.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Further Consideration Shares, to Mr. Lui as nominated by the Vendor at the Issue Price of HK\$0.085 per Share as settlement of the adjusted remainder of the Consideration in the sum of approximately HK\$22,674,700 under the Specific Mandate granted to the Board by a resolution of the Shareholders passed at the EGM. Assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of the Further Consideration Shares, all of the Consideration Shares issued will, in aggregate, represent approximately 35.43% of the issued share capital of the Company as enlarged by the allotment and issue of all of the Consideration Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of the Further Consideration Shares, the shareholding structures of the Company (i) immediately before the issuance of the Further Consideration Shares; and (ii) immediately after the issuance of all of the Consideration Shares, are respectively set out as follows:

	Immediately before the issuance of the Further Consideration Shares		Immediately after the issuance of all of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximate Percentage</i>	<i>Number of Shares</i>	<i>Approximate Percentage</i>
Mr. Lui	560,000	0.03%	267,321,176	11.08%
PMG Investments Limited (Note 1)	784,210,000	36.54%	784,210,000	32.50%
The Vendor (Note 2)	<u>588,235,294</u>	<u>27.41%</u>	<u>588,235,294</u>	<u>24.38%</u>
Sub-total of Mr. Lui and his associates	1,373,005,294	63.97%	1,639,766,470	67.96%
Other Shareholders	<u>773,196,341</u>	<u>36.03%</u>	<u>773,196,341</u>	<u>32.04%</u>
Total (Note 3)	<u><u>2,146,201,635</u></u>	<u><u>100%</u></u>	<u><u>2,412,962,811</u></u>	<u><u>100%</u></u>

Notes:

1. PMG Investments Limited is directly wholly-owned by Mr. Lui.
2. The Vendor is indirectly wholly-owned by Mr. Lui.
3. Percentage figures may not add up to the total due to rounding.

CLARIFICATION IN RELATION TO THE 2023 ANNUAL RESULTS ANNOUNCEMENT AND THE 2023 ANNUAL REPORT

References are made to (i) the annual results announcement of the Company for the year ended 31 December 2023 dated 28 March 2024 (the “**2023 Annual Results Announcement**”) and (ii) the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (the “**2023 Annual Report**”).

The Company wishes to clarify that the Actual Profit for the Guaranteed Period as set out respectively under the second paragraph of Note 16 to the consolidated financial statements “EVENTS AFTER THE END OF THE REPORTING PERIOD” on page 22 of the 2023 Annual Results Announcement and the 5th line of Note 34 to the consolidated financial statements “EVENTS OCCURRING AFTER THE REPORTING PERIOD” on page 157 of the 2023 Annual Report should be revised as follows (with changes underlined):

“As it stands, the Actual Profit achieved for the Guaranteed Period amounts to approximately HK\$13,081,446, indicating that the Guaranteed Profit has not been met.”

The Board confirms that the above clarification does not affect other information contained in the 2023 Annual Results Announcement and the 2023 Annual Report. Save as disclosed above, all information contained therein remains unchanged. This announcement is supplemental to the 2023 Annual Results Announcement and the 2023 Annual Report and should be read in conjunction with them.

By Order of the Board
Anchorstone Holdings Limited
Fung Wai Hang
Executive Director and Company Secretary

Hong Kong, 3 October 2024

As at the date of this announcement, the executive Directors are Mr. Lui Yue Yun Gary, Mr. Fung Wai Hang and Ms. Lui Natalie Po Wai; and the independent non-executive Directors are Mr. Ko Tsz Kin, Mr. Lam Lap Sing, Mr. Wong Yue Fai and Mr. Nie Kin Kwok Kevin.