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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)

MAJOR TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF THE SALE SHARES OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 30 September 2025 (after trading hours), the Company (as the Purchaser) and the Vendor entered into the Agreement, pursuant to which the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the Sale Shares, at the Consideration of HK$40 million, which shall be satisfied by the issue and allotment of 13,986,014 Consideration Shares at the Issue Price of HK$2.86 per Consideration Share.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Group will be consolidated into the Group's financial statements.

THE CONSIDERATION SHARES

The Consideration Shares of 13,986,014 new Shares to be allotted and issued as fully paid, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, will represent approximately 18.67% of the issued share capital of the Company as at the date of this announcement and approximately 22.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate and shall, when allotted and issued, rank *pari passu* in all respects with the Shares in issue. An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 25% but are all less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened to consider and, if thought fit, approve, among other things: (i) the Agreement and the transactions contemplated thereunder and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares.

To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Agreement, and the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the specific mandate). As such, no Shareholder will be required to abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the specific mandate) at the EGM.

A circular containing, among other things, (i) further details of the Proposed Acquisition; (ii) a notice convening the EGM; (iii) the Specific Mandate; (iv) the valuation report of the Target Group; and (v) other information as required, will be despatched to the Shareholders as soon as possible in the compliance of the Listing Rules

Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction of the conditions precedent to the Agreement and there is no assurance that such conditions precedent will be fulfilled. Therefore, the transactions contemplated under the Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares or any securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 30 September 2025 (after trading hours), the Company (as the Purchaser) and the Vendor entered into the Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the Sale Shares, at the Consideration of HK$40 million, which shall be satisfied by the issue and allotment of 13,986,014 Consideration Shares at the Issue Price of HK$2.86 per Consideration Share.

THE PROPOSED ACQUISITION

The principal terms of the Agreement are summarised below:

Date : 30 September 2025

Parties : the Company as Purchaser; and
the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, 10,000 ordinary shares in issue of the Target Company, representing the entire ordinary shares in issue of the Target Company

Consideration

The Consideration for the Sale Shares is HK$40 million, which would be settled by the allotment and issue of 13,986,014 Consideration Shares by the Company at the Issue Price of HK$2.86 per Consideration Share upon Completion to the Vendor.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference, including, among other things, (i) the valuation prepared by an independent valuer in relation to the fair value of 100% equity interest of the Target Group; (ii) the unaudited consolidated management account of the Target Group for the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025; (iii) the business development and prospects of the Target Group in the medium to long term; and (iv) the profit guarantee provided by the Vendor (details of which are set out in the paragraph headed "Profit Guarantee" below).

On the basis of the foregoing, the Directors consider that the terms and conditions of the Agreement are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares

The Consideration Shares of 13,986,014 new Shares to be allotted and issued as fully paid, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, will represent approximately 18.67% of the issued share capital of the Company as at the date of this announcement and approximately 22.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate and shall, when allotted and issued, rank *pari passu* in all respects with the Shares in issue.

Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares. The Issue Price of HK$2.86 per Consideration Share represents:

(i) the closing price of HK$2.86 per Share as quoted on the Stock Exchange on the date of the Agreement; and

(ii) a premium of appropriately 1.78% to the average closing price of HK$2.81 per Share as quoted on the Stock Exchange in the last five (5) consecutive trading days immediately prior to the date of the Agreement.

The Company considers the Issue Price, which was determined after arm's length negotiation between the Company and the Vendor, to be fair and reasonable, having considered, among other things, the reasons for and benefits of the Proposed Acquisition as stated in the section headed "Reasons for and benefits of the Proposed Acquisition" in this announcement.

Profit Guarantee

The Vendor irrevocably and unconditionally warrants and guarantees (the "**Profit Guarantee**") to the Company that the aggregate audited net profit after tax of the Target Group as shown in its audited financial statement for the three years ending 31 December 2028 will not be less than HK$24,000,000 (the "**Guaranteed Profit**").

In the event the actual net profit after tax (the "**Actual Net Profit**") for the three years ending 31 December 2028 is less than the Guaranteed Profit, the Vendor shall compensate the Purchaser an amount equivalent to:

(Guaranteed Profit – Actual Net Profit)/HK$24,000,000 x HK$40,000,000

Put Option For The Purchaser

The Vendor hereby irrevocably grants to the Company (or its nominee) the right, but not the obligation, to require the Vendor to repurchase all of the Sale Shares (the "**Option Shares**") then held by the Company (the "**Put Option**").

The Put Option shall become exercisable by the Purchaser upon the occurrence of any of the following events (each a "**Trigger Event**"):

(a) the audited net profit after tax of the Company for the financial year ending 31 December 2026 is less than HK$8,000,000; or

(b) the aggregate audited net profit after tax of the Company for the two financial years ending 31 December 2027 is less than HK$16,000,000; or

(c) the aggregate audited net profit after tax of the Company for the three financial years ending 31 December 2028 is less than HK$24,000,000.

Key Management

The Target Company and the Vendor shall use its best endeavors to procure the Target Company to, retain Mr. Wang Zhaofu as the director and the senior management of the Target Group from the Completion Date to 31 December 2028. The Target Company shall, and the Vendor shall use its best endeavours to procure the Target Company to, introduce new members of senior management to facilitate the synergy between the Company and the associated companies of the Target Company.

Conditions

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

(a) the Company being reasonably satisfied with the results of the due diligence review to be conducted;

(b) all necessary consents, licences and approvals required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;

(c) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;

(d) the passing by the shareholders of the Company at an extraordinary general meeting of the Company to be convened and held of resolutions to approve the Agreement and the respective transactions contemplated thereunder, and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;

(e) the Vendor warranties remaining true and accurate in all respects;

(f) the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and

(g) the completion of the reorganisation of the Target Group to the satisfaction of the Company.

Completion

Completion will take place within three Business Days after the fulfillment or waiver (as the case may be) of the above conditions precedent of the Agreement or such other date to be agreed between the Company and the Vendor in writing.

Upon Completion, the Target Company will become a direct wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

SPECIFIC MANDATE

The Consideration Shares will be issued and allotted upon the Completion pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate from the Shareholders at the EGM to issue and allot the Consideration Shares upon the Completion.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is primarily engaged in offering a comprehensive range of services, including securities brokerage, securities-backed lending, additional money lending solutions, as well as placement and underwriting services.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in BVI with limited liability. Based on the information available to the Company, the Vendor is an investment holding company. To the best knowledge of the Directors, as at the date of this announcement, the ultimate beneficial owner of the Vendor is Mr. Wang Zhaofu.

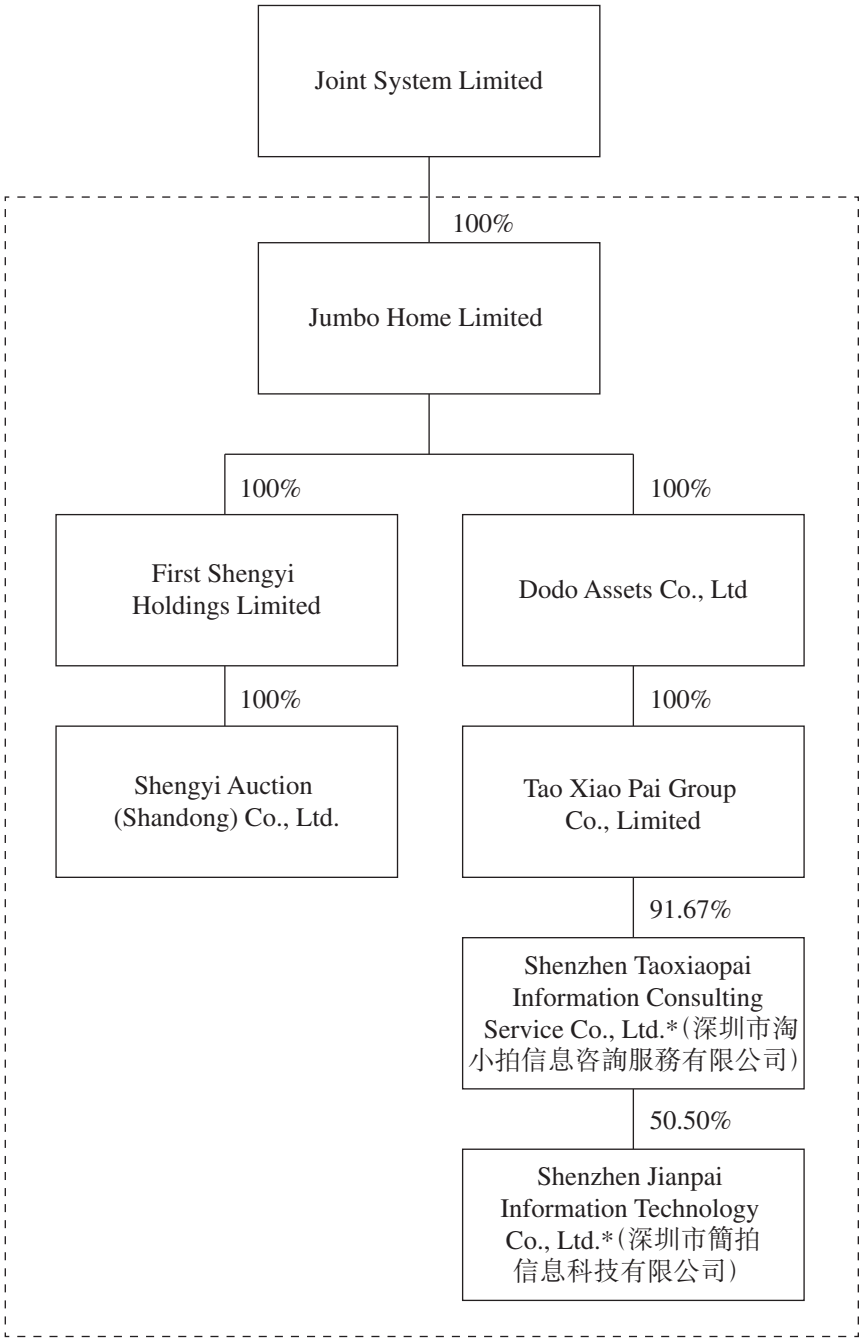
INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in BVI with limited liability and is wholly-owned by the Vendor.

The Target Group is primarily engaged in distressed asset disposal business in the PRC.

Set out below is the shareholding structure of the Target Group (a) immediately before Completion; and (b) immediately after Completion.

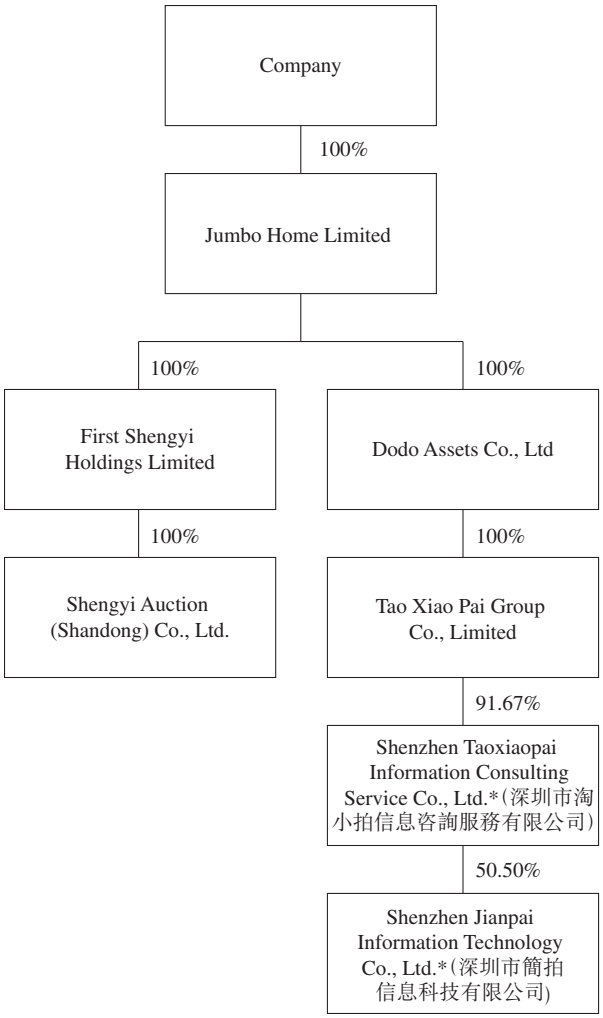
(a) Immediately before Completion:



Note:

Target Group

(b) Immediately after Completion:



Set out below is a summary of the financial information in the unaudited accounts of the Target Company for each of the three financial years ended 31 December 2024 and the period ended 30 June 2025:

	As at/for the year ended 31 December 2022 (unaudited) *RMB'000*	**As at/for the year ended 31 December 2023 (unaudited)** *RMB'000*	**As at/for the year ended 31 December 2024 (unaudited)** *RMB'000*	**As at/for the period 30 June 2025 (unaudited)** *RMB'000*
Revenue	5,385	11,978	18,431	20,171
Profit/(loss) before taxation	1,913	1,668	(1,746)	882
Profit/(loss) after taxation	1,913	1,661	(1,756)	793
Net assets	6,640	8,501	6,745	7,827

As at 30 June 2025, the audited net assets of the Target Company was approximately RBM7,827,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Company's annual report 2024 and interim report 2025, the Group has been exploring business opportunities in receivables collection and disposal, with the objective of capturing growth potential in this niche yet essential segment of financial services. In parallel with the expansion of its core businesses, the Group is actively pursuing entry into the distressed asset settlement market. The Group plans to establish a distressed asset disposal auction platform in Asia and is evaluating additional opportunities in this sector to further diversify its income streams.

To strengthen execution in this strategic direction, on 2 June 2025, the Company appointed Mr. Wang Han as an executive Director to lead the evaluation of opportunities in the distressed asset disposal industry. Mr. Wang previously served as regional director for Guangdong at Alibaba Auction under Taobao (China) Software Co., Ltd.*(淘寶(中國)軟件有限公司旗下阿里拍賣)from May 2020 to September 2022, bringing relevant experience in online auction operations and ecosystem development.

The Proposed Acquisition is aligned with the Group's stated strategy and is intended to accelerate its entry into the distressed asset ecosystem by creating connectivity with onshore PRC distressed asset disposal infrastructure and client networks. In tandem, the Company plans to establish a distressed asset auction platform in Hong Kong so that potential Hong Kong clients, which including law firms, banks and securities firms, can manage and dispose of both Hong Kong and PRC distressed assets through the Group. The Group also intends to provide ancillary services such as asset investigation and location in PRC to support cross border recoveries.

Based on the Quarterly Statistics of the Banking and Insurance Sectors (mid-2025 updates) from National Financial Regulatory Administration (NFRA) in PRC, PRC remains one of the world's largest distressed asset markets. The report stated that commercial banks' outstanding non-performing loans (NPLs) stood at approximately RMB3.3 – 3.5 trillion as of mid-2025, while annual NPL disposals by major banks and national asset management companies (AMCs) have typically ranged from RMB1 – 2 trillion in recent years, driven by ongoing pressures in real estate and local government financing. These dynamics indicate a sustained and sizable pipeline of distressed assets in the PRC, alongside growing business opportunity in auctions, enforcement sales, and secondary disposals business in PRC.

Given the substantial market opportunity in distressed assets, the Directors believe the Proposed Acquisition will serve as a cornerstone for the Group's build out of its distressed asset disposal business, enabling the Group to (i) expedite market entry, (ii) leverage synergies in client acquisition and servicing across Hong Kong and PRC, (iii) diversify revenue streams, and (iv) enhance long term shareholder value. The Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

The Board considers that the Profit Guarantee, pursuant to which the Vendor irrevocably guarantees an aggregate audited net profit after tax of not less than HK$24,000,000 for the Target Group for the three financial years ending 31 December 2028, provides earnings protection commensurate with the Consideration. The shortfall compensation mechanism, being calculated on a pro rata basis against the Guaranteed Profit and capped at the Consideration, together with the Put Option in favour of the Company upon the occurrence of specified performance triggers, serves to mitigate downside risk and enhance visibility of post-acquisition returns. Having considered the scope, term, benchmarking and enforceability of the Profit Guarantee, as well as the Vendor's obligations thereunder, the Board is of the view that the Profit Guarantee is commercially reasonable and enhances the overall protection afforded to the Company.

Upon careful consideration of (i) the potential of the Target Company's business; and (ii) the potential collaboration between the Company and the Target Company as shareholders of each other for mutual benefit, the Directors consider that the Agreement was executed under normal commercial terms following arm's length negotiations with the Vendor and the term thereunder are fair, reasonable, and serve the best interests of the Company and its Shareholder.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will be no change in the share capital of the Company between the date of this announcement and the Completion, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue in full and (iii) immediately after the completion of the Rights Issue in full and the Completion.

Name of Shareholders	**As at the date of this announcement**		**Immediately upon completion of the Rights Issue in full**		**Immediately upon completion of the Rights Issue in full and Completion**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Ultimate Vantage Group Limited *(Note 1)*	4,841,813	19.9	4,841,813	7.9	4,841,813	6.4
The Vendor	–	–	–	–	13,986,014	18.9
Public Shareholders	19,522,193	80.1	56,068,200	92.1	19,522,193	74.6
	24,364,005	100.0	60,910,013	100.0	74,896,027	100.0

Note:

1. ULTIMATE VANTAGE GROUP LIMITED is 100% owned by Mr. Zeng Wenling, who is the sole beneficial owner of 4,841,813 shares or approximately 19.9% out of the total issued 24,364,005 shares as at the date of this announcement.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 25% but are all less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened to consider and, if thought fit, approve, among other things: (i) the Agreement and the transactions contemplated thereunder and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares.

To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Agreement, and the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the specific mandate). As such, no Shareholder will be required to abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder (including the allotment and issue of Consideration Shares under the specific mandate) at the EGM.

A circular containing, among other things, (i) further details of the Proposed Acquisition; (ii) a notice convening the EGM; (iii) the Specific Mandate; (iv) the valuation report of the Target Group; and (v) other information as required, will be despatched to the Shareholders as soon as possible in the compliance of the Listing Rules.

Shareholders and potential investors of the Company should note that the Completion is subject to the satisfaction of the conditions precedent to the Agreement and there is no assurance that such conditions precedent will be fulfilled. Therefore, the transactions contemplated under the Agreement may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares or any securities of the Company.

DEFINITIONS

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

"Agreement"	the sale and purchase agreement entered into between the Company and the Vendor on 30 September 2025 in relation to the Proposed Acquisition
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday and Sunday and any day on which "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"BVI"	British Virgin Island
"Company"	Pinestone Capital Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 804)

"Completion"	a date falling within three Business Days after the day on which all the conditions set out in the section headed "Conditions" of this announcement have been fulfilled (or such later date as may be agreed between the parties hereto in writing)
"Consideration"	consideration in respect of the Proposed Acquisition
"Consideration Shares"	13,986,014 new Shares to be allotted and issued on the Completion Date to the Vendor at the Issue Price of HK$2.86 per Share as consideration for the Proposed Acquisition
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation, the Rights Issue and the transactions contemplated respectively thereunder
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons and not connected with any of them or their respective associates
"Issue Price"	the issue price of HK$2.86 per Consideration Share
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on mainboard of the Stock Exchange
"PRC"	the People's Republic of China
"Proposed Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Agreement
"Purchaser"	the Company
"Rights Issue"	referencing to the prospectus of the Company on 2 September 2025, the issue of the rights shares on the basis of three (3) rights shares for every two (2) Shares held on the record date

"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	10,000 fully ordinary shares of par value of US$1.00 each in the share capital of the Target Company, representing the entire issued shares of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary shares of HK$0.40 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Specific Mandate"	the specific mandate to be sought from the Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Consideration Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Jumbo Company Limited, a company incorporated in BVI with limited liability
"Target Group"	the Target Company and its subsidiaries (from time to time)
"Vendor"	Joint System Limited, a company incorporated in BVI with limited liability
"%"	per cent

** For identification purpose only.*

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

Hong Kong, 30 September 2025

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