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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)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2025, the Group's revenue amounted to a total of approximately HK\$28.4 million, representing an increase of approximately 11% compared to approximately HK\$25.5 million in 2024. The increment was mostly attributable to a notable increase in fee income and agency fees of approximately HK\$12.3 million from placing and underwriting services (including both bonds and stocks) as compared to HK\$6.9 million fee income in 2024. Commission income from the securities brokerage services doubled to approximately HK\$1.0 million in 2025, compared to HK\$0.5 million for the year ended 31 December 2024. The total amount of income generated from securities-backed lending services decreased to approximately HK\$15.0 million, which is approximately 15% less than the amount of HK\$17.7 million recorded in 2024. For the year ended 31 December 2025, interest income from margin financing services decreased by approximately HK\$3.8 million or about 32% to approximately HK\$8.1 million (2024: HK\$11.9 million), while interest income for money lending and other lending services increased by approximately HK\$1.0 million or about 17% to approximately HK\$6.9 million (2024: HK\$5.9 million).
- For the year ended 31 December 2025, loss before income tax was approximately HK\$11.5 million, compared to a loss before income tax of approximately HK\$31.3 million in 2024. The net loss for the year ended 31 December 2025 was HK\$17.3 million, representing an approximately 45% decrease compared to a net loss of HK\$31.7 million in 2024. The net loss was primarily due to the write-off of trade and loans receivables totaling approximately HK\$1.8 million and impairment losses of approximately HK\$9.9 million, totaling approximately HK\$11.7 million during the year 2025 (2024: HK\$37.1 million) related to securities-backed lending services. The net loss was also attributable to an increase in other operating expenses to HK\$19.4 million for the year ended 31 December 2025 (2024: HK\$11.7 million) and a reassessment of previously recognised deferred tax of HK\$5.8 million.
- Basic loss per share was HK\$43.18 cents for the year ended 31 December 2025, compared to basic loss per share of HK\$106.16 cents (restated) for the year ended 31 December 2024.
- The Directors do not recommend the payment of final dividend for the year ended 31 December 2025.

CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “**Board**”) of Pinestone Capital Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	5	28,435	25,500
Other income		1,794	332
Employee benefit expenses		(8,588)	(6,950)
Depreciation		(355)	(619)
Commission and fee expenses		(1,515)	(743)
Impairment losses on trade and loans receivables, net	10&11	(9,980)	(20,900)
Loss from write-off of trade and loans receivables	10(d)&11(b)	(1,769)	(16,153)
Other operating expenses		(19,390)	(11,747)
Share of losses of associates		(109)	–
Finance costs		(54)	(9)
Loss before income tax	6	(11,531)	(31,289)
Income tax expense	7	(5,807)	(377)
Loss and total comprehensive income for the year		(17,338)	(31,666)
		<i>HK cents</i>	<i>HK cents</i> (Restated)
Loss per share			
Basic and diluted	9	(43.18)	(106.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,726	12
Intangible asset		500	500
Statutory deposits placed with stock exchange and clearing house		205	205
Investments in associates		10,000	–
Deferred tax assets		6,477	12,284
Prepayment and other receivables		7,483	6,400
		<u>26,391</u>	<u>19,401</u>
Current assets			
Trade receivables	<i>10</i>	88,217	55,134
Loans receivable	<i>11</i>	41,650	47,749
Other receivables, deposits and prepayments		1,496	1,381
Amount due from an associate		4	–
Tax recoverable		1,953	2,693
Trust bank balances held on behalf of customers		7,339	12,585
Cash and bank balances		41,812	15,929
		<u>182,471</u>	<u>135,471</u>
Current liabilities			
Trade payables	<i>12</i>	6,447	12,243
Other payables and accruals	<i>12</i>	1,247	3,245
Contract liabilities	<i>5</i>	355	1,012
Lease liabilities		713	–
Amount due to an associate		3,300	–
		<u>12,062</u>	<u>16,500</u>
Net current assets		<u><u>170,409</u></u>	<u><u>118,971</u></u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>1,145</u>	<u>—</u>
Total liabilities		<u>13,207</u>	<u>16,500</u>
NET ASSETS		<u>195,655</u>	<u>138,372</u>
CAPITAL AND RESERVES			
Share capital	13	24,364	8,121
Reserves		<u>171,291</u>	<u>130,251</u>
Total equity		<u>195,655</u>	<u>138,372</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Pinestone Capital Limited (the “**Company**”) was incorporated as an exempted company in the Cayman Islands with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Room 1608, 16/F., Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services.

In the opinion of the directors, Group Target Limited, a limited liability company which is incorporated in the British Virgin Islands, is the parent and also the ultimate parent of the Company.

The consolidated financial statements for the year ended 31 December 2025 were approved and authorised for issue by the directors on 27 March 2026.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (collectively “**HKFRS Accounting Standards**”) as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the provisions of the Hong Kong Companies Ordinance, Cap. 622 which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

All values are rounded to the nearest thousand except otherwise indicated.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Adoption of new and revised HKFRS Accounting Standards – effective from 1 January 2025

In the current year, the Group has applied for the first time the following amendments of standards issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about uncertainties in the Financial Statements

Adoption of these new and revised HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

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

The following new and revised HKFRS Accounting Standards potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKFRS 9 and HKFRS 7	Financial Instruments — Amendments to the Classification and Measurement of Financial Instruments ¹
Annual Improvement to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to HKFRS 19 and its amendments	Subsidiaries without Public Accountability ²

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

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

The directors of the Company anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

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

HKFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

4. SEGMENT INFORMATION

(a) Operating segment information

The information reported to the executive directors of the Company, who are the chief operating decision makers of the Group for the purposes of resources allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRS Accounting Standards. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the Group has only one single operating segment which is provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services. The executive directors allocate resources and assess performance of the business of the Group on an aggregated basis.

(b) Geographical segment information

The Company is an investment holding company and the principal place of the Group’s operations is in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong.

All of the revenue from external customers is derived from activities in Hong Kong and all non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

(c) **Information about major customers**

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, is set out below:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer I	2,723	2,595
Customer II	N/A	2,844
	<u> </u>	<u> </u>

N/A: not applicable as revenue from this customer was less than 10% of the Group's revenue for the year.

5. REVENUE

The Group is principally engaged in the provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services. Revenue derived from the Group's principal activities comprises the following:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Commission income from securities brokerage services	955	464
– Fee income from placing and underwriting services	4,369	1,258
– Agency fees	7,887	5,645
– Handling fee income	180	46
– Advisory fees	–	338
	<u>13,391</u>	<u>7,751</u>
Revenue from other sources		
– Interest income from margin financing services	8,141	11,866
– Interest income from money lending services	6,903	5,883
	<u>28,435</u>	<u>25,500</u>

Revenue from contracts with customers derived by the Group for the year ended 31 December 2025 amounting to HK\$13,391,000 (2024: HK\$7,751,000) are recognised at a point in time.

Contract liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	1,012	–
Amounts included in contract liabilities that was recognised as revenue during the year	(1,012)	–
Cash received in advance of performance and not recognised as revenue during the year	<u>355</u>	<u>1,012</u>
As 31 December	<u><u>355</u></u>	<u><u>1,012</u></u>

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

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

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Depreciation charge		
Owned property, plant and equipment	10	59
Right-of-use assets included in property, plant and equipment	345	560
Auditor's remuneration	715	734
Legal and professional fees	<u><u>2,676</u></u>	<u><u>6,865</u></u>

7. INCOME TAX EXPENSE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– tax for the year	–	–
– over-provision in respect of prior years	–	(6)
	<u>–</u>	<u>(6)</u>
Deferred tax		
– current year	5,807	529
– attributable to change in applicable tax rate	–	(146)
	<u>5,807</u>	<u>383</u>
Income tax expense	<u><u>5,807</u></u>	<u><u>377</u></u>

The Group is subject to Hong Kong Profits Tax.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying entities will be taxed at 8.25% whereas assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual reporting periods beginning on or after 1 January 2018.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before income tax	<u>(11,531)</u>	<u>(31,289)</u>
Tax on loss before income tax, calculated at		
Hong Kong Profits Tax rate of 16.5%	(1,903)	(5,163)
Tax effect of expenses not deductible for tax purposes	1,098	871
Utilisation of temporary difference previously not recognised	(3,068)	(1,606)
Tax effect of tax losses not recognised	9,680	6,427
Effect on opening deferred tax balances resulting from change in applicable tax rate	–	(146)
Over-provision in respect of prior years	<u>–</u>	<u>(6)</u>
Income tax expense	<u>5,807</u>	<u>377</u>

8. DIVIDENDS

The directors of the Company do not recommend the payment of final dividend in respect of the year ended 31 December 2025 (2024: nil).

9. LOSS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company	<u>(17,338)</u>	<u>(31,666)</u>
	2025	2024
	Number of	Number of
	Shares	Shares
	'000	'000
		(Restated)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	<u>40,155</u>	<u>29,829</u>

The weighted average number of ordinary shares for the purposes of calculating the basic loss per share for the years ended 31 December 2025 and 2024 are based on the weighted average number of shares in issue during the years and adjusted for the bonus elements and other effect on 13 January 2025, 18 August 2025 and 15 October 2025 as set out in notes 13(1), 13(2) and 13(3), respectively. The weighted average number of ordinary shares for the purpose of calculating the basic loss per share for the year ended 31 December 2024 is restated accordingly.

Diluted loss per share is the same as the basic loss per share as there have been no dilutive potential ordinary shares in existence during the year or prior year.

10. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables arising from securities dealing and margin financing (<i>note (a)</i>)		
– Margin clients (<i>note (b)</i>)	102,217	76,755
– Clearing house (<i>note (c)</i>)	261	2,669
Trade receivables arising from agency services	–	1,895
Trade receivables arising from placing and underwriting services	–	193
	<u>102,478</u>	<u>81,512</u>
Less: Loss allowance (<i>note (d)</i>)	<u>(14,261)</u>	<u>(26,378)</u>
	<u><u>88,217</u></u>	<u><u>55,134</u></u>

Notes:

- (a) The settlement term of trade receivables arising from the business of securities dealing is two business days after trade date (“T+2”).
- (b) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to the margin clients is determined with reference to the discounted market value of securities accepted by the Group. Margin loans due from margin clients are either current and repayable on demand for those margin clients subject to margin calls. Except for those disclosed below, no ageing analysis is disclosed for trade receivables from margin clients as, in the opinion of the directors, ageing analysis is not meaningful in view of the business nature of securities dealing and margin financing.

To manage the credit risk exposure, when the level of securities collateral in proportion to the outstanding balance due from the margin client has reached an alarming level, the Group will demand the margin clients to deposit additional money or securities to maintain their margin accounts, or to sell their securities collateral to reduce the exposure. Other than the above, the Group may implement other credit enhancement measures including to enter into repayment schedule for a period of normally less than one year with margin clients for settling their outstanding balances by monthly instalment or by depositing cash or securities in equivalent market value.

As at 31 December 2025, gross carrying amount of trade receivables due from margin clients amounting to HK\$45,902,000 (2024: HK\$681,000) were current and HK\$56,315,000 (2024: HK\$76,074,000) were repayable on demand. These margin loans were interest bearing at fixed rates ranging from 12% to 23% (2024: 8% to 24%) per annum.

As at 31 December 2025, gross carrying amount of HK\$9,514,000 (2024: HK\$24,012,000) of the trade receivables due from margin clients were considered as credit impaired.

During the year ended 31 December 2025, the Group had written off balances due from margin clients with gross carrying amount of HK\$17,653,000 (2024: HK\$54,065,000) and accumulated loss allowance of HK\$17,653,000 (2024: HK\$46,560,000) at a loss of nil (2024: HK\$7,505,000) recognised in profit or loss as those margin clients were in severe financial difficulties and there is no realistic prospect of recovery.

Subject to certain conditions, the Group is allowed to repledge collateral from margin clients. There was no repledge of collateral from margin clients as at 31 December 2025 (2024: nil).

- (c) Trade receivables from clearing house, i.e. Hong Kong Securities Clearing Company Limited, were current which represented pending trades arising from the business of securities dealing and are normally due on “T+2” day in accordance with the requirements of Hong Kong Exchange and Clearing Limited.
- (d) The movements in the loss allowance for trade receivables arising from the business of securities dealing and margin financing are as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	26,378	59,008
Impairment losses charged to profit or loss	5,536	9,149
Unwinding of discount	–	4,781
Amount written off as uncollectible	(17,653)	(46,560)
At 31 December	<u>14,261</u>	<u>26,378</u>

11. LOANS RECEIVABLE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loans receivable arising from money lending (<i>notes (a) & (b)</i>)	48,657	74,416
Less: Loss allowance (<i>note (c)</i>)	<u>(7,007)</u>	<u>(26,667)</u>
	<u><u>41,650</u></u>	<u><u>47,749</u></u>

Notes:

- (a) Loans receivable include certain borrowers, which are clients of the Group's securities dealing business had entered into securities charge agreement with the Group charging certain securities or securities portfolio as collateral which were deposited in the designated custodian account maintained by the borrower.
- (b) The loans receivable as at 31 December 2025 were interest-bearing at a fixed rate ranging from 12.0% to 34.8% (2024: 12.0% to 34.8%) fixed rate per annum. Gross carrying amount of loan receivables amounting to HK\$23,889,000 (2024: HK\$27,411,000) were current, HK\$24,768,000 (2024: HK\$22,257,000) were past due within one year and nil were past due more than two years (2024: HK\$24,748,000).

As at 31 December 2025, gross carrying amount of HK\$24,768,000 (2024: HK\$24,748,000) of the loans receivable balance were considered as credit impaired.

During the year ended 31 December 2025, the Group had written off loans receivable balance with gross carrying amount of HK\$26,324,000 (2024: HK\$59,825,000) and accumulated loss allowance of HK\$24,748,000 (2024: HK\$51,177,000) at a loss of HK\$1,576,000 (2024: HK\$8,648,000) recognised in profit or loss as those borrowers were in severe financial difficulties and there is no realistic prospect of recovery.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	26,667	63,108
Impairment losses charged to profit or loss	4,444	11,751
Unwinding of discount	644	2,985
Amount written off as uncollectible	<u>(24,748)</u>	<u>(51,177)</u>
At 31 December	<u><u>7,007</u></u>	<u><u>26,667</u></u>

12. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables arising from securities dealing		
– Cash clients	4,719	10,092
– Margin clients	<u>1,728</u>	<u>2,151</u>
	<u>6,447</u>	<u>12,243</u>
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other payables and accruals		
– Legal and professional fees	175	1,671
– Audit fee	651	660
– Others	<u>421</u>	<u>914</u>
	<u>1,247</u>	<u>3,245</u>

The settlement term of trade payables arising from the business of securities dealing is “T+2”. Trade payables arising from securities trading during the “T+2” period are current whereas those which are outstanding after the “T+2” period are repayable on demand. No ageing analysis is disclosed for trade payables arising from securities dealing as in the opinion of the directors, ageing analysis does not give additional value in view of the business nature.

13. SHARE CAPITAL

Authorised and issued shares

	Par value <i>HK\$</i>	Number of ordinary shares	Amount <i>HK\$'000</i>
Authorised:			
At 1 January 2024, 31 December 2024 and 1 January 2025	0.020	25,000,000,000	500,000
Share consolidation (<i>note 2</i>)		<u>(23,750,000,000)</u>	<u>–</u>
At 31 December 2025	0.400	<u>1,250,000,000</u>	<u>500,000</u>
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025	0.020	406,070,100	8,121
Placing of shares (<i>note 1</i>)	0.020	<u>81,210,000</u>	<u>1,624</u>
		487,280,100	9,745
Share consolidation (<i>note 2</i>)		<u>(462,916,095)</u>	<u>–</u>
		24,364,005	9,745
Rights issue (<i>note 3</i>)	0.400	<u>36,546,008</u>	<u>14,619</u>
At 31 December 2025	0.400	<u>60,910,013</u>	<u>24,364</u>

Note:

- (1) On 13 January 2025, a total of 81,210,000 placing shares have been successfully placed by the placing agents to not less than six placing at placing price of HK\$0.176 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The placing shares issued rank pari passu with other shares in issue in all respect.

The proceeds from the placing and the net proceeds after deduction of the placing commission and other related expenses, amounted to approximately HK\$14.29 million and HK\$14.1 million, respectively. The Company intends to use such net proceeds for general working capital of the Group.

- (2) On 14 August 2025, an ordinary resolution in relation to share consolidation was approved by the shareholders at an extraordinary general meeting held on the same date. Pursuant to the share consolidation, the number of authorised shares of the Company decreased to 1,250,000,000 shares of par value of 0.40 each, of which 487,280,100 shares were consolidated into 24,364,005 shares effective from 18 August 2025.
- (3) On 15 October 2025, the Company successfully issued a total of 36,546,008 shares from a rights issue on the basis of three rights shares for every two shares at HK\$1.66 per rights share. The proceeds and the net proceeds after deduction of directly attributable transaction costs amounted to approximately HK\$60.7 million and HK\$60.5 million, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

US President Donald Trump's "Liberation Day" on reciprocal tariff policy, which imposes high tariffs as a unilateral weapon on nations worldwide, has shocked the world and created unprecedentedly uncertainties. Even though President Trump was prevented from using International Emergency Economic Power Act to levy tariffs by the US Supreme Court. President Trump swiftly responded by using another Trade Act of 1974 on imposing a 15% tariff on all countries. The military action of the US and Israel against Iran has killed thousands of people and caused oil prices to rise sharply. He has created and generated more policies that has escalated geopolitical tensions and created uncertainty. His policies also raised investor concerns that improper interest rate cuts could fuel inflation, potentially eroding the appeal of US dollar denominated assets and the mounting of huge US debt. All these unpredictable national policies and events have led investors to mitigate or rebalance risks by looking for investments globally. In March 2026, China unveiled its 15th Five-Year Plan (2026-2030) (the "Plan") setting out its blueprint for economic and social development over the next five years. The Plan focuses on high-quality development, prioritising technological self-reliance (AI+), boosting consumer demand, encouraging a green economy and ensuring secure development. The Plan further strengthens the 'One Country, Two Systems' principle by consolidating Hong Kong as an international financial, shipping, and trade centre while promoting the internationalization of renminbi ("RMB"), and helping to develop China as a financial power nation while integrating it into the broader national development framework. These unforeseen events, geopolitical concerns, along with the economic growth and the revival of the local property market have all attracted investors with optimistic outlook to the Hong Kong market, which serves as a gateway and connection between China and the rest of the world.

In 2025, the Hang Seng Index recorded an increase since 31 December 2024, rising about 5,571 points, or approximately 28%, to close at 25,631 points at the year end. The Hang Seng Index made its first recovery in two consecutive years following a four-year losing streak. The volume of initial public offerings (IPOs) was 119 in 2025 as opposed to 71 in 2024. Hong Kong was ranked as the top global IPO venue by funds raised, hosting four of the world's top 10 IPOs of 2025.

The Group's performance has demonstrated degrees of improvement with that of the Hong Kong Stock Market. In 2025, the Group's revenue amounted to a total of approximately HK\$28.4 million, representing an increase of approximately 11% compared to approximately HK\$25.5 million in 2024. However, impairment losses on trade and loan receivables and bad debts written down totaling approximately HK\$11.7 million during the period caused setbacks to the Group's bottom line results. The Group will consolidate and differentiate its service offerings by providing a broader range of services and managing risks carefully in light of the global geopolitical tensions, stock market volatility, and fluctuation. This strategy seeks to strengthen the Group's competitive advantage by adjusting to changes in the market and guaranteeing careful risk management. We can better support growth initiatives by reallocating resources and take advantage of new opportunities.

BUSINESS REVIEW

Securities Brokerage Services

In 2025, our securities brokerage services have shown signs of recovery in line with the overall performance of the Hong Kong Stock Market. In 2025, total transaction values of our brokerage services were HK\$870.3 million, up 129% compared to total transaction values of HK\$379.3 million in 2024. For the year ended 31 December 2025, commission income from our securities brokerage services was approximately doubled at HK\$1.0 million as compared to approximately HK\$0.5 million for the year ended 31 December 2024. During the reporting period, the Group has striven to grow its clientele in order to explore more business opportunities and reduce the risks associated with business concentration on a small number of clients. As at 31 December 2025, the Group had 201 active securities accounts as reported pursuant to SFO (31 December 2024: 149 active securities accounts).

Securities-backed lending Services

Securities-backed lending services, as our key driver and focus, are composed of two major businesses; (i) margin financing; (ii) money lending and other secured lending services. Interest income from securities-backed lending services for the year ended 31 December 2025 marked a decrease of approximately 15% to HK\$15.0 million, compared to approximately HK\$17.7 million in 2024. Our business of securities-backed lending services continued to contribute significantly to the Group despite a minor set-back as risk-reward rebalanced.

In 2025, interest income from margin financing services decreased by HK\$3.8 million or approximately 32% to HK\$8.1 million (2024: HK\$11.9 million) while money lending services increased by HK\$1.0 million or approximately 17% to HK\$6.9 million in 2025 compared to HK\$5.9 million in 2024.

Breakdown of concentration of loans with major borrowers

The Group has avoided relying on an individual or substantial client concentration of its borrowers. As of 31 December 2025, our largest borrower in the securities-backed lending segment had outstanding receivables of approximately HK\$21.1 million (31 December 2024: HK\$20.1 million), accounting for approximately 16% (2024: 13%) of the Group's total trade and loan receivables. As of 31 December 2025, the five largest borrowers (in aggregation with loans granted to persons connected with each of them, if any) had outstanding receivables of approximately HK\$87.4 million (2024: HK\$91.8 million), representing approximately 67% (2024: 61%) of the Group's total trade and loan receivables as at 31 December 2024.

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

(A) Margin Financing

The Company receives interest income from our margin financing services as we lend money to our margin financing clients. Before we can offer our margin clients any margin facilities, they must complete the required credit assessment procedures, account openings and KYC processes and deposit an adequate amount of cash or collaterals. The Group would provide these investors with a margin facility individually, allowing them to leverage their investments with expected higher returns. For margin financing services, there is no fixed term of repayment for trade receivables while the term to maturity of the loan receivables ranges from approximately 5 months to 1 year. The interest rates of the aforementioned receivables range from approximately 8% to 35% per annum.

In 2025, interest income from our margin financing services decreased to approximately HK\$8.1 million, representing a decrease of approximately 32% from approximately HK\$11.9 million in 2024. Even if the overall Hang Seng Index as a whole increased by approximately 5,570 points or roughly 28% in 2025, the performance of most of the second-liners remained subdued or fluctuated widely. Thus, Company has decided to take a conservative approach and become more risk averse on providing margin financing. The Company has carefully examined the collateral, trading history, and repayment records before offering financings to its margin clients. The Company adopted the ECL model to provide provisions for clients with slow moving margin shortfalls. During the year 2025, an amount of HK\$5.5 million impairment provision have been provided for five margin financing clients. Four of these margin financing clients were recognised as entering the 2-stage of the ECL model with 15% impairment losses being adopted. These four clients have paid interests but not yet settled with the margin shortfalls. The remaining client had foreclosed on disposing of his collateral with 100% impairment loss being adopted. Due to the increasing demand of the Stock Market activities, the Group recorded total trade receivables of approximately HK\$102.2 million as at 31 December 2025 representing an increase of approximately 33% from total trade receivables or approximately HK\$76.8 million as at 31 December 2024.

(B) Money Lending and Other Secured Lending

The Group holds a money lender licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities including money lending and other secured lending services to clients. Listed securities, non-listed securities, properties, or other valuable assets can all be used as collateral. Through Pinestone Capital Group Limited (“PCGL”), a wholly owned subsidiary of the Company, the Group receives interest revenue from the provision of such loan facilities.

We offer money lending and other secured lending services to corporate and individual borrowers. While listed securities are pledged as collaterals for money lending, other assets or non-listed securities are pledged by our clients for other secured lending services. In 2025, the Group recognized interest income of approximately HK\$6.9 million from money lending and other secured lending services, representing an increase of HK\$1.0 million or approximately 17% as compared to HK\$5.9 million in 2024. As at 31 December 2025, the Group lent out 5 loans (31 December 2024: 8 loans) with size ranging from HK\$3.0 million to HK\$16.5 million, respectively. During the reporting period, the Group demanded termination of a loan for a corporate borrower, resulting in its cancellation. Also, two loans among the relevant eight clients who have referred to in our annual reports 2022, 2023 and 2024 were removed from the list as the Court of First Instance of Hong Kong declared these two borrowers bankrupt and their loans were written off. Among these 5 loans, 2 loans had already been redeemed in the 1st quarter of 2026. Each loan carries an annual interest rate ranging from approximately 12% to 34.8% per year.

As at 31 December 2025, the Group recorded total loan receivables attributable to our money lending and other secured lending clients of approximately HK\$48.7 million, representing a decrease of approximately 35% when compared to HK\$74.5 million as at 31 December 2024. There was a decrease in total loan receivables because a total of approximately HK\$24.7 million loan amount was written off.

Incident with Capital Realm Financial Holdings Limited

On 10 December 2024, PCGL (the “**lender**”), a subsidiary of the Company, entered into a loan agreement with Capital Realm Financial Holdings Group Limited, (the “**borrower**”) to grant a loan of a maximum of HK\$17,800,000 at an interest rate of 24% for a term of 12 months. In accordance with the terms of the agreement, the borrower drew down a loan totaling HK\$6,200,000 in mid-January 2025. To the best of the Directors’ knowledge, information and beliefs, and having made all reasonable enquiries with the Borrower, it is an independent third party of the Company.

However, prior to the signing of the loan agreement on 4 December 2024, the borrower purchased 26,135,000 shares, representing approximately 10.13% issued share capital of the Company. At this point, the borrower was already deemed to be a substantial shareholder of the Company. At the time of signing the loan agreement, the borrower did not declare and mention its share purchase activities or shareholding status. Between December 2024 and March 2025, the borrower continued to purchase shares of the Company and delayed disclosing the interest acquired. On 26 March 2025, it submitted a Disclosure of Interest form to the Stock Exchange of Hong Kong Limited regarding its acquisition, and it bought up to 22.94% of the Company's issued shares. The Company was not informed and was not aware of the connected relationship at the material time with the borrower. In light of the above, the loan should be deemed a connected transaction to the Company under 14A of the Listing Rules (the “**Incident**”), which should be reported and followed up with the Listing Rules procedures of reporting, announcements, issuing a circular for independent shareholders' approval.

In response to the Incident and the borrower's misrepresentation of its status as a substantial shareholder of the Company, the Group notified the borrower of the termination of the loan and issued a formal demand notice on 7 April 2025 for immediate repayment for all outstanding principal and accrued interest. On 11 August 2025, the Company filed a winding-up petition with the Court of First Instance of Hong Kong claiming an outstanding amount of HK\$6,200,000 against the borrower. On 30 September 2025, the Company eventually reached an agreement with the borrower to recover HK\$5,700,000. The Company dismissed the winding up petition, writing off an amount of HK\$500,000 of this loan for the financial year 2025. In light of the incident and its shortcomings, the Board of Directors decided to improve the Company's internal control and implement remedial measures to prevent occurrence of similar incident.

Table 1

A breakdown of our current clients' profiles, interest rates, loans receivable and amount of impairments with regards to our money lending and other secured lending services under PCGL as at 31 December 2025:

Client	Type and Source of Client	Background/ Relationship between the borrowers (note 1)	Date of loans agreement	Principal/Loan Amount HK' million	Interest rate % p.a.	Term	Collateral as at 31 December 2025 HK\$' million	Book value of loans receivable as at 31 December 2025 HK\$' million	Accumulated impairment losses (included unwinding of discount) as at 31 December 2025 HK\$' million	Net amount of loan receivable as at 31 December 2025 HK\$' million	Proportion out of the Group's total loan receivable as at 31 December 2025 %
1st client	Individual By client referral	CEO of Corporate Services None	6 Oct 2023 and 2 Jul 2024	16.1	16 and change to 12	6 months	Share charge with a property valuation of Approximately 19.0	21.1	3.7	17.4	43.3
2nd client	Corporate By client referral	Holding company None	19 Jan 2024 19 Jan 2025	16.5	12	24 months extension to 19 Jan 2027	Share charge with properties valuation of approximately 238.0	16.9	0.2	16.7	34.7
3th client	Individual By client referral	Merchant for trading investment None	19 Dec 2024	2.6	24	2 months	3rd party personal guarantee	3.7	3.7	0	7.6
4th client	Corporate By client referral	Transportation business None	23 Apr 2024 22 Apr 2025	3.5	13	24 months extension to 22 Apr 2027	Share charge of 33.9	3.8	0	3.8	7.8
5th client	Individual By client referral	Shareholder of private company None	8 Nov 2024 8 Jan 2025 7 Apr 2025	3.0	34.8	12 months extension to 7 Apr 2026	Share charge of 3.0	3.2	0	3.2	6.6
Total								48.7	7.6	41.1	100

Notes:

- The Group's money and other secured lending business generates interest income by offering loans to individuals and corporate clients. The Group's target clientele for its money and other secured lending business include investors, high net worth individuals, substantial shareholders of Hong Kong listed companies, and others who can be individual or corporate clients with their collaterals to be pledged. The primary source of funding for this business is paid-up capital given by the Company's shareholders, as well as internal Group resources.

2. According to the credit policy of the money and other secured lending business, the Group's responsible officers, senior management and office staff are responsible for the ongoing monitoring repayments and loan recoverability. Internal control procedures for loan collection include, on a case-by-case basis, steps such as (i) a margin call (if applicable) or a demand for partial repayment to restore the Group's credit risk to an acceptable level; (ii) in the event that step (i) above does not yield tangible results, the Group may proceed to force liquidation of collateral (if applicable) to reduce the Group's exposure; (iii) in the event that the Group's credit risk after taking steps (i) and (ii) above remains unacceptably high, the Group may proceed to negotiation of a repayment schedule with the client; (iv) should steps (i), (ii) and (iii) above fail to restore the Group's credit risk to an acceptable level, the Group may issue formal demand letter via its legal adviser demanding repayment of the outstanding loan within a stated time period; and (v) in the event that no tangible outcome arose out of the aforementioned steps, the Group may proceed to commencement of legal action against the client.
3. Based on the best information and knowledge, the Group is not aware that there is any relationship between the Group and these loan borrowers. During the reporting period, we can contact and reach out all these loan borrowers. The credit committee has conducted the following credit risk assessment based on the individual loans nature and characteristics.
4. The 1st client loan was provided for 100% impairment based on the shortfall of its outstanding loan and the estimated value of pledged assets as his loan has entered the 3-stage of the expected credit loss ("ECL") model. This loan has been overdue for more than three months and is considered to be in default. The client's pledged assets have recently been revalued at approximately HK\$18 million. An additional undertaking in favor of the pledged assets by the borrower has been obtained. On-going discussion and negotiations on the loan settlement are in progress.
5. The 3rd client loan was provided for 100% impairment based on the outstanding balance as his loan has progressed to the 3-stage of the ECL model. Despite various margin calls and demand notices, the borrower failed to settle. The values of the underlying collaterals as provided by a third party guarantor were not sufficient for the recovery of the loans. We issued demand notes to ask for the shortfalls. All his collaterals were eventually disposed of or realized to recover a portion of the loan. On-going discussion and negotiations have been made to settle for the remaining balance. The Board is seeking legal advice for taking further action.
6. The Loan to Capital Realm Financial Holdings Group Limited is excluded from the list because the Principal was mostly recovered and an amount of HK\$500,000 was written off in 2025.
7. The list does not include any of the relevant 'eight clients' that we have referred to in our 2022, 2023 and 2024 annual reports. In annual report 2024, two of the 'eight clients' that were still on the list were made 100% impairment in 2024 and were declared bankrupt in 2025. These two clients were removed off our list. Apart from spending certain expense on legal proceedings, the 'eight clients' do not affect or negate the Company's results in 2025.

2. Customer Profiles

The customers of the Money Lending Business include both corporate and individual and are referred by member companies of the Group, Directors, employees or clients. The PCGL clientele as of 31 December 2024 and 31 December 2025 are displayed in the following table:

Type of Customers	Number of customers	
	2025	2024
Corporate	2	2
Individual	<u>3</u>	<u>6</u>
Total	<u><u>5</u></u>	<u><u>8</u></u>

Placing and Underwriting Services

For fund-raising purposes, we typically provide our placing and underwriting services to listed companies, placing agents, and/or listed company investors on a best-effort basis. The Company has acted as a placing agent and joint book runners in arranging the settlement and receiving fee income or agency fee in return. The Group has seen encouraging results in its placing and underwriting services for bonds and securities in 2025. During the year ended 31 December 2025, the Group engaged in 21 placing and underwriting activities, (including 11 securities and 10 bonds) comparing to 14 placing activities for the year ended 31 December 2024.

Total revenue of approximately HK\$12.3 million was recognized for year ended 31 December 2025 (31 December 2024: HK\$6.9 million). Revenues of approximately HK\$4.4 million were attributable to securities placements and approximately HK\$7.9 million were attributable to bond placing activities, including municipal bonds. Given the Hong Kong and China economic activities have accelerated in pace and the central government has been implementing policies to support and promote the securities and bond markets, these contributing elements would boost investor confidence and market participation. The Group anticipate that the fee income of placing or underwriting services for both securities and bonds will provide a significant contribution to the Group's revenue.

Revenue of Placing and underwriting Services

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Fee income from Placing and underwriting of Securities	4,369	1,258
Agency Fee income from Placing of Bonds	7,887	5,645
	<hr/>	<hr/>
Total income	<u>12,256</u>	<u>6,903</u>

Major Customers and Major Suppliers

During the year 2025, the Group's five largest customers accounted for approximately 35% (2024: 47%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 10% (2024: 11%) of the total revenue. None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own 5% or more of the Company's issued share capital) had any beneficial interest in the Group's five largest customers. The Group's principal activities are securities brokerage services, securities-backed lending services and placing and underwriting services. In the Board's opinion, the Group has no major suppliers due to the nature of the Group's principal activities.

FUNDRAISING ACTIVITIES AND USE OF PROCEEDS IN THE LAST TWO YEARS

For the year ended 31 December 2025

Consolidation and Rights Issue of Shares

On 10 June 2025, the Company announced a proposal of share consolidation under which every twenty (20) existing shares in the issued and unissued share capital of the Company would be consolidated into one (1) consolidated share ("**Share Consolidation**").

On 18 August 2025 the Share Consolidation went into effect. The authorised share capital of the Company is then HK\$500,000,000, divided into 1,250,000,000 consolidated shares at HK\$0.40 each of these, 24,364,005 consolidated shares (fully paid or credited as such) have been issued.

Following the Share Consolidation, the Company proposed to raise gross proceeds of up to approximately HK\$60.7 million before expenses by way of rights issue of up to 36,546,008 rights shares at the subscription price of HK\$1.66 per rights share on the basis of three (3) rights shares for every two (2) consolidated shares ("**Rights Issue**"). The net proceeds from the Rights Issue after deducting the expenses are approximately HK\$59.3 million. The Company intends to use the net proceeds for the followings:

- (i) approximately HK\$5.3 million for potentially applying for a license conditions to be able to deal with virtual asset;
- (ii) approximately HK\$35.0 million for investing in our margin financing services;
- (iii) approximately HK\$15.0 million for investing in our money lending services; and
- (iv) approximately HK\$2.3 million for the general working capital of the Group.

The Subscription Price of HK\$1.66 per rights share represents:

- (i) a discount of approximately 40.71% to the theoretical closing price of approximately HK\$2.80 per consolidated share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.140 per Existing Share as quoted on the Stock Exchange on 10 June 2025; (the “**Last Trading Day**”);
- (ii) a discount of approximately 41.55% to the theoretical average closing price of approximately HK\$2.84 per consolidated share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.142 per existing share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 40.29% to the theoretical average closing price of approximately HK\$2.78 per consolidated share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.139 per existing share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 22.14% to the theoretical ex-rights price of approximately HK\$2.132 per consolidated share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.140 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.93% of the theoretical diluted price of approximately HK\$2.132 per consolidated share to the benchmarked price of approximately HK\$2.84 per consolidated share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price of HK\$0.140 per existing share on the Last Trading Day and the average closing price of the existing shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.142 per existing share).

The authorized share capital of the Company was originally HK\$500,000,000 divided into 25,000,000,000 existing shares of HK\$0.02 each, of which 487,280,100 existing shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorized share capital of the Company will become HK\$500,000,000 divided into 1,250,000,000 consolidated shares of HK\$0.40 each. Total issued shares of the Company has increased to 60,910,013 shares following the completion of the Rights Issue on 23 October 2025,

Proposed Use <i>HK\$'000</i>	Net proceeds <i>HK'000</i>	Original expected Timeline on fully utilization of the Net proceeds By 4Q 2025 <i>HK\$'000</i>	Actual use of the Net Proceeds for the 4Q ended 31 December 2025 <i>HK000</i>	Unutilized use of net proceeds as at 31 December 2025 <i>HK\$'000</i>	Expected timeline on utilizing all Proceeds By 4Q 2026 <i>HK'000</i>
Margin Financing	35,000	35,000	50,000	Nil	N/A
Money Lending	15,000	15,000	–	Nil	N/A
Application for virtual asset license conditions	5,300	200	200	5,100	4Q 2026
Working capital	2,300	2,300	2,300	Nil	N/A
Total	<u>57,600</u>	<u>52,500</u>	<u>52,500</u>	<u>5,100</u>	

For the year ended 31 December 2024

Placing of Shares

On 18 December 2024, the Company entered into a placing agreement for placing of a maximum of 81,210,000 new shares to not less than six independent placees under the general mandate at a placing price of HK\$0.176 each (“**Placing**”). The placing price of HK\$0.176 per placing share represented:

- (i) a discount of approximately 19.63% to the closing price of HK\$0.219 per share as quoted on the Stock Exchange on 18 December 2024 (the “**date of the Placing Agreement**”); and
- (ii) a discount of approximately 19.93% to the average closing price of approximately HK\$0.2198 per share for the last five trading days of the Shares immediately prior to the date of the placing agreement.

The gross and net proceeds of the placing were approximately HK\$14.29 million and HK\$13.86 million respectively.

The placement was completed on 13 January 2025. The funds raised were already utilized in full for the Groups general working capital as originally plan by 30 June 2025.

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

Proposed use HK\$'000	Net proceeds Amount HK'000	Original expected Timeline on fully utilization of the Net proceeds By 3Q 2025 HK\$'000	Actual use of the Net Proceeds for the Six months ended 30 June 2025 HK000	Unutilized use of net proceeds as at 30 June 2025 HK\$'000
General working capital	13,860	13,860	13,860	Nil
Total	<u>13,860</u>	<u>13,860</u>	<u>13,860</u>	<u>Nil</u>

(PS: Details of the Placing were set out in the Company's announcement dated 18 December 2024 and 13 January 2025.)

Total Assets

Unit (HK\$'million)/Year	2025	2024
Total Assets	208.9	154.9
Trust Bank Balances	7.3	12.6
Cash and Bank Balances	41.8	15.9
Trade Receivables	88.2	53.0
Loans Receivable	41.7	47.7
Trade Payables	(6.4)	(12.2)
Net Assets	<u>195.7</u>	<u>138.40</u>

The Group's total assets as of 31 December 2025, were about HK\$208.9 million, up about 35% from about HK\$154.9 million as of 31 December 2024. The main reason for the increase was due to a surge in both cash and bank balances and amount of trade receivables. Cash and bank balances increased to HK\$41.8 million as of 31 December 2025 from HK\$15.9 million as of 31 December 2024 while trade receivables had nearly doubled to HK\$88.2 million as of 31 December 2025 from HK\$55.1 million as of 31 December 2024. During the period, the Company raised approximately HK\$59.3 million from Rights Issue of HK\$1.66 per consolidated shares. Loans receivable was lower at HK\$41.7 million as of 31 December 2025, as opposed to HK\$47.7 million as of 31 December 2024. Combined with these factors, the Group's net assets grew by about 41% to approximately HK\$195.7 million as at 31 December 2025 from approximately HK\$138.40 million as at 31 December 2024.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the Group's revenue amounted to a total of approximately HK\$28.4 million, representing an increment of 11% compared to approximately HK\$25.5 million in 2024. The increment was mostly attributable to a notable increase in fee income and agency fees of approximately HK\$12.2 million from placing and underwriting services (including both bonds and stocks) as compared to HK\$6.9 million fee income in 2024. Commission income from the securities brokerage services doubled to reach HK\$1.0 million as of 31 December 2025, compared to HK\$0.5 million for the year ended 31 December 2024.

Total income generated from securities-backed lending services decreased to approximately HK\$15.0 million, representing a decrease of approximately HK\$2.7 million or approximately 15% from approximately HK\$17.7 million in 2024. For the year ended 31 December 2025, interest income from margin financing services declined by about 32% to approximately HK\$8.1 million, while interest income for money lending and other lending services increased by about 17% to about HK\$6.9 million.

Employee Benefit Expenses

Employee benefit expenses include staff salaries, allowances, benefits, directors' emoluments and contribution to defined contribution retirement scheme. To sustain and drive our Company's long-term growth, cost control and effectiveness are also important areas that the management has revealed and examined. In 2025, our employee benefit expenses recorded an increase of approximately 25% to approximately HK\$8.6 million in 2025 from approximately HK\$6.9 million in 2024. The primary cause of the increase was due to the increase in Directors' fees in which one more Director has joined the Group. Throughout the year, some staffs have joined or left the Group at different time span. Employee benefit expenses accounted for approximately 29% (2024: 36%) out of the total expenses (which only included employee benefit expenses, commission and fees expense and other operating expenses) in 2025.

Other Operating Expenses

Unit: (HK\$'million)/Year	2025	2024
Other operating expenses (<i>note a</i>)	19.4	11.8
Impairment losses on trade and loans receivables, net (<i>note b</i>)	11.7	37.1
Total other operating expenses	31.1	48.90

note a: Other operating expenses in 2025 amounted to HK\$19.4 million, compared to HK\$11.8 million in 2024 (excluding charge for impairment losses on trade and loans receivables) which accounted for about 69% (2024: 63%) of the total expenses (which only included employee benefit expenses and other operating expenses). The remarkable increase of other operating expenses of approximately 69% to HK\$19.4 million in 2025 was mostly attributable to the increase in compliance, professional and administrative expenses incurred during the year. During 2025, the Company made a new share placement of 81.2 million shares at HK\$0.176 each, and undertook a rights issue of three rights shares for two consolidated shares at HK\$1.66 each following a twenty-for-one share consolidation. These two corporate activities helped the Company to raise approximately HK\$71.5 million in total, which also boosted the administrative and operating, legal and professional expenses incurred. In addition, the Company has been participating for more placement activities relating to both bonds and securities. Meanwhile, the Company has incurred further operating expense, professional and legal fees in exploring opportunities for new business to benefit for the Company.

note b: For the year ended 31 December 2025, net impairment losses of HK\$11.7 million (the “**Impairments**”) (31 December 2024: HK\$37.1 million) were recognised under expected credit loss (“**ECL**”) model required under HKFRS 9, of which HK\$5.5 million (2024: HK\$16.7 million) were attributable to trade receivables from margin financing clients whereas the remaining HK\$6.2 million (2024: HK\$20.4 million) were attributable to loans receivables from money lending and other secured lending clients.

Table 2**Impairments Provisions for our margin financing and money lending clients in 2025**

Client Label	Nature of Loan	Outstanding Amount (HK\$'mn)	Event triggering	Percentage Adoption of impairment provision (%)	Stages of ECL model	Guarantee/net realizable value (HK\$'mn)	Amount of Impairment losses made in 2025 (HK\$'mn)	Percentage Amount to Total Impairment (%)
I	Term	21.1	Loan overdue	100	3-stage	18.0	1.8	16.1
II	Non-Term	21.4	Collateral with decline values; margin calls	15	2-stage	6.6	1.3	11.6
III	Non-Term	17.9	Collateral with decline values; margin calls	15	2-stage	3.3	1.0	8.9
IV	Non-Term	3.2	Collateral with decline values; margin calls	100	3-stage	0	2.9	25.9
V	Non-Term	4.9	Collateral with decline values; margin calls	15	2-stage	3.5	0.2	1.8
VI	Term	3.7	Margin calls with disposal of collaterals	100	3-stage	0	3.7	33.0
VII	Term	3.2	Partial interest payments with loan overdue	1	1-stage	0	0	0
VIII	Term	16.9	Overdue interest payment	1	1-stage	16.5	0.2	1.8
IX	Term	3.8	Overdue interest payment	1	1-stage	3.5	0	0
X	Non-Term	2.7	Margin shortfall	15	2-stage	1.7	0.1	0.9
Total						<u>53.1</u>	<u>11.2</u>	<u>100</u>

Note:

1. Outstanding Amount – Loan amount with accrued interests as of 31 December 2025
2. Client (II), (III), (V) and (X) are mostly margin financing clients with pledged collateral or secured guarantees originally. The values of their collateral declined which have come into margin shortfall. The clients were asked either to replenish cash or placed additional collateral or guarantees. The Group has utilized the ECL model on adopting a 2-stage 15% impairment loss for these margin financing borrowers. The clients are able to pay interests and continued discussion on repayment are made with the clients. These steps are expected to enable the Group to manage the loan recovery.
3. Client (IV) is a margin financing client with pledged securities as collateral. The value of collateral declined which has caused the margin shortfall. The client failed to repay interest or principal. Loan recovery was demanded repeatedly and foreclosing on disposing of collateral was done to recover part of the loan. The Group has utilized the ECL model on adopting a 3-stage 100% impairment loss for this margin financing borrower. The Board is seeking legal advice and may pursue further legal action.
4. Clients (I), (VI), (VII), (VIII) and (IX) are borrowers of money lending and other secured lending services, as mentioned in Table 1 above.

Income Tax Expense

The income tax expense for 2025 was approximately HK\$5.8 million (2024: income tax expenses of HK\$0.4 million). The increase was attributable to reassessment of previously recognised deferred tax. The reversal was owing to the temporal difference of unused tax losses in the past years.

Loss for the Year

The net loss for the year ended 31 December 2025 was HK\$17.3 million, which is approximately 45% decrease compared to a net loss of approximately HK\$31.7 million in 2024. This was primarily due to the write-off of trade and loan receivables of approximately HK\$1.8 million, as well as impairment losses of approximately HK\$9.9 million, totalling approximately HK\$11.7 million (2024: HK\$37.1 million) related to securities-backed lending services. The net loss was also due to an increase in other operating expenses to approximately HK\$19.4 million for the year ended 31 December 2025 (2024: HK\$11.8 million), and a reassessment of previously recognised deferred tax of approximately HK\$5.8 million.

Dividend

Directors did not recommend the payment of final dividend for the year ended 31 December 2025 (2024: nil). Total dividend payout by the Company for the year ended 31 December 2025 was nil (2024: nil).

Capital Structure

As at 31 December 2025, the Group did not have any bank borrowings. Other payables and accruals and lease liabilities were approximately HK\$1.6 million compared to approximately HK\$4.3 million in the corresponding period of 2024. Trade payables were approximately HK\$6.4 million compared to approximately HK\$12.2 million as at 31 December 2024. The Group maintained a net cash position with total cash and bank balances amounting to approximately HK\$41.8 million as at 31 December 2025 (2024: HK\$15.9 million). As at 31 December 2025, the Group had lease obligations of approximately HK\$1.9 million (2024: nil) and an amount due to an associate of approximately HK\$3.3 million for investment. The Group's long-term debt to equity ratio was approximately 1% in 2025 (2024: 0%).

On 13 October 2025, the Company successfully raised approximately HK\$59.3 million through Rights issue at HK\$1.66 per rights share. The Company will use the proceed to (i) approximately HK\$5.3 million for potentially applying for a license conditions to be able to deal with virtual asset; (ii) approximately HK\$35.0 million to provide margin financing; (iii) approximately HK\$15.0 million to provide money lending services; and (iv) and approximately HK\$2.3 million for enhancing the general working capital of the Group. Save for the event of this, the Group's operations, capital expenditure and other capital requirements were funded by cash generated from operations and working capital in the year 2025. The Directors are of the view that at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favourable market conditions.

Liquidity and Financial Resources

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Current assets	182,471	135,471
Trade receivables	88,217	55,134
Cash and bank balances	41,812	15,929
Current liabilities	12,062	16,500
Trade payables	6,447	12,243
Lease liabilities	1,858	—
Amount due to an associate	3,300	—
Current Ratio (times)	15.13	8.21
Gearing Ratio (times) [#]	0.01	—

[#] Long-term debts (including non-current lease liabilities) over total equity

Foreign Currency Exposure

The Company's functional and presentation currency is Hong Kong dollar ("HK\$"). During the years ended 31 December 2025 and 2024, the Group's transactions were denominated in HK\$. The Group had no material exposure to foreign currency risk. The Group has not used any derivatives to hedge against its exposure to foreign exchange risks.

Contingent Liabilities

As at 31 December 2025 and 31 December 2024, the Group did not have any material contingent liabilities.

Significant Investments

The Group did not acquire or hold any significant investment during the year 2025 (2024: nil).

Pledge of Assets

As at 31 December 2025, the Group did not pledge any of its assets (31 December 2024: nil).

Capital Commitments

As at 31 December 2025, the Group did not have any significant capital commitments (31 December 2024: nil).

Employees and Remuneration Policy

The Remuneration Committee reviews the executive Directors' compensation, which is based on the Directors' credentials, expertise, roles, and responsibilities as well as the performance and results of the Company. The Group's remuneration policies are in line with prevailing market practice. The Group's employees are remunerated according to their performance, working experience and market conditions. In 2025, the Group has hired 5 new employees (2024: 16 new employees) with 9 (2024: 5) employees left. As at 31 December 2025, the Group had 25 employees (31 December 2024: 27 employees). Apart from basic salaries, other staff benefits include discretionary bonus, provident funds and medical scheme.

Outlook

In 2025, the Hong Kong stock market experienced a modest recovery. The Hang Seng Index increased by 5,570 points, or approximately 28%, to close at 25,630 points on 31 December 2025. Market sentiment and capital-raising activities also improved, supported by eight mega IPOs, including four of the world's ten largest, the Hong Kong Stock Exchange won back the top position for IPO funds raised in 2025.

Looking ahead 2026, the performance of both Hong Kong and China stock markets looks optimistic. Despite the fact the geopolitical tensions, the military war between Iran and the US with Israel, surge of oil price and the US reciprocal tariffs effects remain intact globally, the political position of Hong Kong has marked its importance as a 'super connector' between China and the Western countries. As an international financial center without intervention for the freeflow of money with advanced infrastructure and a thriving talent pool, Hong Kong naturally becomes the preferred choice for companies to setup a regional office or to be listed on the Hong Kong Stock Exchange. The US fiscal policy of lowering interest rates and depreciating the US dollar, diverging from other US assets, along with China's economic reforms and its enterprises going global, are driving forces for the Hong Kong stock market. As China begins to implement the 15th Five-Year Plan, emphasizing technological self-reliance as a strategic priority, it is anticipated that new technology reform and a list of initial public offerings (IPOs) will continue to grow steadily with potential increases in market liquidity.

In parallel with the overall market, the Group will continue to strengthen its business mix and execution. The Group will continue to manage our lending portfolios, balancing risk and return. The company will also seek to improve its market positioning and maintain a healthy financial position. The Group deployed approximately HK\$50.0 million of the net proceeds from the placing to expand its margin financing and money lending services. This additional capital will increase the company's revenue by building on the strong growth in interest income from margin financing and money lending services. The company will adopt a cautious approach when exploring new businesses or services, while focusing on diversifying its offerings.

The Company will continue to pursue strategic growth initiatives by exploring opportunities in the virtual asset and distressed asset industry, including the potential uplift of its virtual asset service provider licence, and by expanding into the receivables collection and distressed asset disposal sector in the PRC through the proposed acquisition of target companies principally engaged in such business.

At the same time, the Company will focus on enhancing operational efficiency and strengthening client relationships through customer-centric service and innovative solutions, with the aim of reinforcing its market position and supporting sustainable long-term growth.

Sufficiency of Public float

Based on the information that is publicly available and within the knowledge of the Directors of the Company, the Company has maintained sufficient public float of 25% issued shares under the Listing Rules 8.08 as at the latest practicable date and prior to the issue of this announcement.

Corporate Governance Code

Good corporate governance practices improve transparency of the Company, optimize the Company's performance, and help to enhance stakeholders' confidence and support. The board of directors (the "**Board**") of the Company is committed to achieve good corporate governance practices and procedures. During the year under review, the Company has complied with the code provisions prescribed in the establishment and implementation of the Corporate Governance Code ("**CG Code**"), set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), to ensure that the decision making processes and business operations are regulated in a proper manner. The Company will continuously review its corporate governance practices as to enhance its corporate governance standards, comply with the increasingly complicated regulatory requirements, and meet with the rising expectations of the shareholders and prospective investors. CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be assigned for the same person. In the Company, Mr. Lu Weixing and Mr. Lee Chun Tung have acted as co-chairmen and Mr. Wang Han has acted as chief executive. The Board currently consists of ten members including three executive Directors, three non-executive Directors and four independent non-executive Directors. The independent non-executive Directors, all of whom are independent of the Group's businesses, are highly experienced professionals with substantial experience in areas such as management, legal, accounting and finance. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise to oversee, advise and safeguard the interests of various stakeholders of the Company.

Review of this Final Results Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement. There was no change in the Company's independent external auditors in any of preceding three years.

Annual General Meeting

The annual general meeting ("**AGM**") for the financial year 2025 of the Company will be held at 2:00 p.m. on Friday, 5 June 2026 at Room 1608, 16/F, Nan Fung Tower, 88 Connaught Road Central, Hong Kong and a notice of AGM will be published and despatched in due course.

Closure of Register of Members to Ascertain Shareholders' Entitlement to Attend and Vote at the Annual General Meeting

The register of members of the Company for the annual general meeting will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the annual general meeting to be held on Friday, 5 June 2026, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 1 June 2026.

Competing Interest

The Directors are not aware of any business that they themselves are currently conducting or is being conducted by connected or related parties during the year.

Purchase, Sale or Redemption of the Listed Shares of the Company

During the year ended 31 December 2025, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company. As at 31 December 2025, the Company did not hold any treasury shares.

Events After the Reporting Period

The Directors are not aware of any significant event requiring disclosure in this announcement that has taken place subsequent to 31 December 2025 and up to the date of this announcement.

Annual Results

The Audit Committee has been established with written terms of reference in compliance with 3.21 of the Listing Rules and code provision D.3 of the Corporate Governance Code. The Audit Committee currently comprises a total of three members, all of whom are independent non-executive Directors. Mr. Cheng Man Pan is a fellow member of the Association of Chartered Certified Accountants. The other members are Mr. Lau Kelly and Mr. Wong Chun Peng Stewart respectively. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to D.3.3 of the Code on Corporate Governance Practices, the Audit Committee has reviewed the annual results and the consolidated accounts of the Group for the year ended 31 December 2025 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

Publication of Final Results and Annual Report

A copy of this announcement will be found on Pinestone Capital Limited's website (www.pinestone.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2025 will be made available on the respective websites of Pinestone Capital Limited and the Stock Exchange in due course.

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

Hong Kong, 27 March 2026

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, Mr. Lu Weixing and Mr. Lu Lin as non-executive Directors; and Mr. Lau Kelly, Mr. Wong Chun Peng Stewart, Mr. Cheng Man Pan and Ms. Jiang Tiancui as independent non-executive Directors.