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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)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

On 22 November 2024, the Company entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company to build and operate the digital asset business in virtual real estate aspect.

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be HK\$25,000,000. The Company will contribute HK\$10,000,000 and the Joint Venture Partner will contribute the remaining HK\$15,000,000 towards the registered capital of the Joint Venture Company. The Joint Venture Company will be owned as to 40% by the Company and as to 60% by the Joint Venture Partner upon its establishment.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Company's investment in the Joint Venture Company is more than 5% but less than 25%, the transactions contemplated under the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

On 22 November 2024, the Company entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company. The principal terms of the Joint Venture Agreement are set out below.

Subject matter

The Joint Venture Company will be a limited liability company to be established in accordance with the laws of the Hong Kong and the provisions of the Joint Venture Agreement.

Purpose of the Joint Venture Company

The Joint Venture Company will focus on building and operating the digital asset business in virtual real estate and decentralized finance aspect.

Capital contribution

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be HK\$25,000,000. The capital to be contributed by the parties to the Joint Venture Company and the shareholding of the Joint Venture Company upon its establishment will be as follows:

Shareholders	Capital contribution (HK\$)	Shareholding percentage
The Company	10,000,000	40%
Joint Venture Partner	15,000,000	60%
Total	25,000,000	100%

The registered share capital of HK\$16 million shall be injected into the Joint Venture Company in cash as to 40% by the Company and 60% by the Joint Venture Partner within 3 months after the establishment of the Joint Venture Company. The remaining registered share capital should be paid in instalments by each shareholder of the Joint Venture Company in proportion to their subscribed registered share capital based on the funding needs of the Joint Venture Company and applicable laws and regulations.

The amount of capital contribution was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the Joint Venture Company for setting up its operations.

The Group intends to finance its investment in the Joint Venture Company from its internal resources.

Management of the Joint Venture Company

The Joint Venture Company will not have a board of directors. The Joint Venture Partner is entitled to nominate one director of the Joint Venture Company who will be responsible for the management and operation of the Joint Venture Company.

The Joint Venture Company will not have a supervisory committee. The Company is entitled to nominate one supervisor of the Joint Venture Company.

Certain material corporate matters, including (i) amendments of the articles of association of the Joint Venture Company; (ii) the increase or reduction of the registered capital of the Joint Venture Company; (iii) the transfer of equity interests in the Joint Venture Company; (iv) the merger, division, dissolution, liquidation or change of the company form of the Joint Venture Company; (v) issuance of corporate bonds; (vi) provision of any form of guarantee internally and/or externally; or (vii) external investment and financing, will require resolutions of two-thirds of the shareholders of the Joint Venture Company.

As the Group will not hold the majority of the equity interests in the Joint Venture Company nor will it be responsible for its management, the Joint Venture Company will not become a subsidiary of the Company and its financial statements will not be consolidated into the financial statements of the Company.

Information on the parties

The Company

The Company is an investment holding company and the Group is principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services.

Joint Venture Partner

The Joint Venture Partner is a limited liability company established in Hong Kong and is an investment holding company. It is an indirect wholly-owned subsidiary of FEG Holdings Corporation Limited (formerly known as “Kwong Luen Engineering Holdings Limited”), a company incorporated in Caymen Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1413).

To the best of the Directors’ knowledge, information and belief and after making reasonable enquires, the Joint Venture Partner and its ultimate beneficial owners are not connected persons of the Company.

Reasons and benefits

The Company has decided to enter into the Joint Venture Agreement as part of its strategy to diversify its investment portfolio and capitalize on emerging opportunities in the digital asset sector, particularly in virtual real estate.

The Company believes that the formation of the Joint Venture Company presents a timely opportunity to benefit from potential investment gains driven by the anticipated boost in the digital economy. By establishing the Joint Venture Company, the Company aims to capture potential investment gains from the digital asset sector and position itself to benefit from long-term growth in the digital economy, which could lead to substantial value creation for shareholders.

The terms of the Joint Venture Agreement were negotiated after arm’s length negotiations and on normal commercial terms. The Directors are of the view that the terms of the Joint Venture Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Pinestone Capital Limited (鼎石資本有限公司), a company incorporated in the Caymans Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 804);
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Joint Venture Agreement”	the Joint Venture Agreement dated 22 November 2024 entered into between the Company and the Joint Venture Partner in relation to the formation and management of the Joint Venture Company;
“Joint Venture Company”	the joint venture company to be established pursuant to the terms of the Joint Venture Agreement;

“Joint Venture Partner”	Kwong Luen Information Technology Limited, a limited liability company established in Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

On behalf of the Board
Pinestone Capital Limited
Lee Chun Tung
Executive Director

Hong Kong, 22 November 2024

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