
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Goldstone Capital Group Limited, you should at once hand the Prospectus Documents, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "22. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in the "Letter from the Board" of this Prospectus.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

金石資本集團有限公司
GOLDSTONE CAPITAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1160)

RIGHTS ISSUE
ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company



Capitalised terms used in this cover page have the same meanings as defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional documents, the applicable laws in Hong Kong and Bermuda and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed "LETTER FROM THE BOARD – RIGHTS ISSUE – Conditions of the Rights Issue" in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Tuesday, 19 March 2024). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 1 March 2024 to Friday, 8 March 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 1 March 2024 to Friday, 8 March 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 13 March 2024. The procedure for acceptance and payment or transfer is set out on pages 17 of this Prospectus.

28 February 2024

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date
	2024
First day of dealing in nil-paid Rights Shares	Friday, 1 March
Latest time for splitting of the PAL	4:00 p.m. on Tuesday, 5 March
Last day of dealing in nil-paid Rights Shares	Friday, 8 March
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Wednesday, 13 March
Latest time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 13 March
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Friday, 15 March
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	Monday, 18 March

EXPECTED TIMETABLE

Event	Date
	2024
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on Tuesday, 19 March
Latest time for Termination.	4:00 p.m. on Tuesday, 19 March
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements).	Monday, 25 March
Despatch of refund cheques, if any, if the Rights Issue is terminated, on or before	Tuesday, 26 March
Despatch of share certificates of fully-paid Rights Shares.	Tuesday, 26 March
Expected first day of dealings in fully-paid Rights Shares	Wednesday, 27 March
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Wednesday, 27 March
Payment of Net Gain to relevant No Action Shareholders (if any).	Thursday, 11 April
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Friday, 26 April

All times and dates in this prospectus refer to Hong Kong local times and dates.

EXPECTED TIMETABLE

Dates or deadlines specified in the expected timetable above or in other parts of this prospectus are indicative only and may be extended or amended by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 13 March 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 13 March 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 13 March 2024, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the meanings as set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Business Day(s)”	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 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Goldstone Capital Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on Stock Exchange (stock code: 1160)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this prospectus
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Last Trading Day”	31 January 2024 being the last trading day of the Shares on the Stock Exchange prior to the publication of the announcement of the Company dated 1 February 2024
“Latest Lodging Time”	4:00 p.m. on Thursday, 8 February 2024 or such other date as the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	20 February 2024, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 13 March 2024 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Tuesday, 19 March 2024 or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements
“Net Proceeds”	the net proceeds of the Rights Issue, after deducting all relevant expenses
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising in corporate finance) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 1 February 2024 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be Monday, 18 March 2024, and ending at 4:00 p.m. on Tuesday, 19 March 2024 or such later date as the Company and the Placing Agent may agree in writing
“Placing Shares”	all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“PRC”	the People’s Republic of China, and for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	28 February 2024, being the date of despatch of the Prospectus Documents

DEFINITIONS

“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Tuesday, 20 February 2024 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited, the Company’s branch share registrar and transfer office in Hong Kong, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	new Shares proposed to be allotted and issued pursuant to the Rights Issue, being up to 118,635,625 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.11 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“United States”	the United States of America

DEFINITIONS

“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or transferees of nil-paid Rights Shares
“%”	per cent

LETTER FROM THE BOARD

金石資本集團有限公司
GOLDSTONE CAPITAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1160)

Non-executive Directors:

Mr. Huang Bin (*Chairman*)
Mr. Chen Huaiyuan
Mr. Lam King
Mr. Xu Lin

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Hung Hoi Ming Raymond
Mr. Ning Fong
Ms. Wan Yuk Ling

Principal place of business in Hong Kong:

Room 1801A, 18/F
Bank of America Tower
12 Harcourt Road
Admiralty
Hong Kong

28 February 2024

*To the Qualifying Shareholders and
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE
ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE**

INTRODUCTION

References are made to the announcements of the Company dated 1 February 2024 and 20 February 2024 in relation to the Rights Issue and the Placing. The Board proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.11 per Rights Share to raise up to approximately HK\$13.05 million by issuing 118,635,625 Rights Shares to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.11 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	237,271,250 Shares
Number of Rights Shares	:	Up to 118,635,625 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$11,863,562.5 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 355,906,875 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	Up to approximately HK\$13.05 million (assuming no change in the number of Shares in issue on or before the Record Date)

Assuming no change in the share capital of the Company on or before the Record Date, 118,635,625 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

LETTER FROM THE BOARD

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules.

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up their entitlement under the Rights Issue nor any undertaking from any Shareholders that they will undertake to subscribe for the Rights Shares.

Despite the Rights Issue is conducted on a non-underwritten basis, any Rights Shares not subscribed by the Qualifying Shareholders (i.e. the Unsubscribed Rights Shares), including the NQS Unsold Rights Shares (if any) will be placed by the Placing Agent on the market to independent places on a best effort basis.

Subscription Price

The Subscription Price is HK\$0.11 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 60.71% to the closing price of HK\$0.28 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 69.86% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 69.86% to the average of the closing prices of approximately HK\$0.365 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 69.86% to the average of the closing prices of approximately HK\$0.365 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 60.71% to the theoretical ex-rights price of approximately HK\$0.28 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately 57.14% to the unaudited net asset value per Share of approximately HK\$0.07 (based on the latest published unaudited net asset value of the Company of approximately HK\$17,507,000 as at 30 September 2023 as disclosed in the interim report of the Company for the six months ended 30 September 2023 and 237,271,250 Shares in issue as at the Latest Practicable Date).

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.28 per Share, HK\$0.365 per Share and 23.29%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.1. The estimated Net Proceeds (assuming no change in the number of Shares in issue on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$11.9 million.

The Subscription Price and the subscription rate (i.e. one (1) Rights Share for every two (2) Shares held on the Record Date) was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong and the impact of COVID-19 pandemic; (iii) the latest business performance and financial position of the Company; and (iv) the reasons for and benefits of Rights Issue as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Prospectus.

In determining the Subscription Price, which represents a discount of approximately 69.86% to the closing price of HK\$0.365 per Share on the Last Trading Day, the Directors have considered, among other things as mentioned above, (i) market price of the Shares traded on the Stock Exchange from 31 January 2023 to the Last Trading Day, representing approximately twelve months prior to and including the Last Trading Day (the “**Relevant 12-months Period**”) and (ii) the Hang Seng Index from 1 November 2023 to 1 February 2024, representing

LETTER FROM THE BOARD

approximately three months prior to the Last Trading Day (the “**Relevant 3-months Period**”), as benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant 12-months Period, the Shares were traded on the Stock Exchange with closing price ranges between the lowest closing price of HK\$0.28 per Share on 16 June 2023, 19 June 2023, 20 June 2023, 21 June 2023, 23 June 2023 and 26 June 2023 and the highest closing price of HK\$0.81 per Share on 23 March 2023. In general, the daily closing price per Share during the Relevant 12-months Period demonstrates a downward trend. During the Relevant 3-months Period, Hang Seng Index ranges between the lowest closing point of 14,961.18 on 22 January 2024 and the highest closing point of 18,079.0 on 15 November 2023. In general, Hang Seng Index during the Relevant 3-months period demonstrates a downward trend.

The Directors consider, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; (iii) the Subscription Price which represents discount to the recent closing price of the Shares can attract Shareholders to subscribe and participate in the Rights Issue; (iv) the Subscription Price is similar with the subscription price accepted by other placing agents based on the discussion between other placing agents and the Company; and (v) the proceeds from the Rights Issue can fulfil the funding needs of the Company.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only and the Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company, and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

LETTER FROM THE BOARD

Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, sought legal advice regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders.

Based on the register of members of the Company as at the Record Date, there are 2 Overseas Shareholders with registered address located in the PRC, which are interested in an aggregate of 200,000 Shares, representing approximately 0.08% of the Company's issued share capital as at the Record Date. Other than the 2 Overseas Shareholders with registered address located in the PRC, there are no other Overseas Shareholders based on the register of members of the Company as at the Record Date.

Taking into account the advice provided by the Company's legal adviser in the PRC, the Directors are of the view that the relevant PRC legal restrictions and requirements of the regulatory body or stock exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered address located in the PRC from the Rights Issue. Therefore, such Overseas Shareholders are not Non-Qualifying Shareholders and the Rights Issue will be extended to such Overseas Shareholders.

It is the responsibility of the Qualifying Shareholders including the Overseas Shareholders wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith.

The Company will send the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL to them. Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form during the period from 9:00 a.m. on Friday, 1 March 2024 to 4:00 p.m. on Friday, 8 March 2024 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the placing arrangement together with the Unsubscribed Rights Shares. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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It is the responsibility of each Overseas Shareholder who wishes to take part in the Rights Issue to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territories and jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements to the Rights Shares" below.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Odd lots matching services

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, the Placing Agent has been appointed as designated broker by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact the Placing Agent at (852) 2844-9876 or by facsimile at (852) 2526-0618 during the period from 9:00 a.m. on Wednesday, 27 March 2024 to 4:00 p.m. on Friday, 26 April 2024 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, by not later than 4:00 p.m. on Wednesday, 13 March 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to **“GOLDSTONE CAPITAL GROUP LIMITED”** and crossed **“ACCOUNT PAYEE ONLY”**. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 13 March 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Tuesday, 5 March 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier’s orders will be presented for payment following receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

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If the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 26 March 2024.

No receipt will be issued in respect of any application monies received.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk to their registered addresses on Tuesday, 26 March 2024. Each Shareholder (except HKSCC Nominees Limited) will receive one share certificate for all allotted Rights Shares. If the Rights Issue does not become unconditional, refund cheques (without interest) are expected to be posted on or before Tuesday, 26 March 2024 by ordinary post, at the respective Shareholders’ own risk, to their registered addresses.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

According to Rule 7.21(1)(a) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the No Action Shareholders. Accordingly, on 1 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 19 March 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

The Rights Shares, in both their nil-paid and fully-paid forms, will be traded in the board lots of 100,000 Shares. No part of the securities of the Company is listed or dealt in or on which

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listing or permission to dealing is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with section 342C of the Companies (WUMP) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only, by not later than the Prospectus Posting Date;
- (iii) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by not later than the business day prior to the first day of their dealings;

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- (iv) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda; and
- (v) the Placing Agreement not being terminated.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the above conditions are not fulfilled on or before the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled.

Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares

Details of the Placing Agreement are summarised as follows:

- Date : 1 February 2024 (after trading hours)
- Issuer : The Company
- Placing Agent : Gransing Securities Co., Limited

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

- Placing Period : A period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be Monday, 18 March 2024, and ending at 4:00 p.m. on Tuesday, 19 March 2024 or such later date as the Company and the Placing Agent may agree in writing.
- Commission and expense : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

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- Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.
- Placees : The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be (i) Independent Third Party(ies) and (ii) who shall each be a professional investor as defined in Schedule 1 of the SFO and the subscription size of each placee shall be at least HK\$500,000.
- For the avoidance of doubt, no placee shall become a substantial shareholder of the Company. The Company will continue to comply with the public float requirements under Rule 8.08 of the Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
- Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue.
- Conditions of the Placing Agreement : The Placing is conditional upon the fulfilment of the following conditions:
- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Placing Shares;

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- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above condition precedents have not been fulfilled or waived (where applicable) on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The terms of the Placing Agreement, including the commission payable, was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Company, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to independent placees on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Company will continue to comply with the public float requirements, being not less than 25% of the total issued share capital of the Company under Rule 8.08 of the Listing Rules, at all times and take appropriate steps/measures to ensure sufficient public float of the Shares (if necessary), including but not limited to the engagement of a placing agent to procure subscribers (who are Independent Third Parties) to subscribe for the Unsubscribed Rights Shares in order to

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restore the minimum public float requirement of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. The Placing Agent and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The principal activity of the Company is investment holding and the Company is principally engaged in investments in securities listed on recognised stock exchanges and unlisted investments with potential for earning growth and capital appreciation. The objective of the Company is to achieve earnings in the form of short to medium term capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises incorporated or established and/or conducting business in Hong Kong and PRC.

As disclosed in the interim report of the Company for the six months ended 30 September 2023, the Company has approximately HK\$21.7 million cash and cash equivalents as at 30 September 2023. However, approximately HK\$17.2 million of the cash and cash equivalents (the “**Unutilised Proceeds**”) is intended for investing in listed and unlisted enterprises established in Hong Kong and the PRC with potential for earnings growth and capital appreciation and is expected to be fully utilised by 31 March 2024 as disclosed in the annual report of the Company for the year ended 31 March 2023.

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The Company has delayed its investment plan in 2023 due to the economic environment and market fluctuation. The Company considered the current worsened external environment and interest rate hikes continued to pose immense pressure on Hong Kong's stock market. Following the trend of interest rate hikes in the United States, capital and business markets faced massive challenges, so as the investment opportunities. However, there may be a change as more analysts considered the interest rate hike cycle is nearing the peak and it is anticipated that it will start to lower the interest rate in March 2024 at the earliest. It will alleviate the pressure on the stock market. It is also noted that despite the challenges from property developers continued to affect market confidence in China, China central government has implemented stimulus measures to restore the industry confidence and it is anticipated the economy will start to have a turnaround and create investment opportunities.

It is the Company's strategy to invest the Unutilised Proceeds in sectors including but not limited to healthcare & pharmaceutical sector, bio-technology sector, telecommunication sector and energy sector. Under the recent market sentiment, the Board is seeking investment opportunities such as undervalued listed and unlisted securities, distressed assets, non-performing assets and non-performing asset management companies for medium term capital appreciation purpose. The Board is of the view that (i) some of the assets in the market are undervalued due to the recent market sentiment; and (ii) the stock market and the economy will start to have a turnaround, and hence create potential investment opportunities. The Board has identified some potential investment opportunities from the abovementioned categories and has obtained, reviewed and analysed their business operation, strategies and financial information. The Company has also closely monitor their business development and the development of the relevant industry including but not limited to policies and regulations in relation to the industry. As such, the Directors are of the view that the Unutilised Proceeds should be apply to Company's future investment and business development as stated in the announcement of the Company dated 6 January 2022 and the Unutilised Proceeds is expected to be fully utilised by 31 March 2024. As at the Latest Practicable Date, none of the Unutilised Proceeds has been utilised.

The Company has incurred general and administrative expenses of approximately HK\$10.3 million for the year ended 31 March 2023 as disclosed in the annual report of the Company for the year ended 31 March 2023. Having considered the above, the Company intends to apply the Net Proceeds as the general working capital of the Company as follows:

- approximately HK\$5.0 million for staff costs (including Directors' emoluments);
- approximately HK\$1.8 million for auditing, legal and other professional fees;
- approximately HK\$1.2 million for investment management fee;
- approximately HK\$1.1 million for expenses relating to short-term leases; and
- approximately HK\$2.8 million for other general and administrative expenses.

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If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above.

The maximum Net Proceeds, is estimated to be approximately HK\$11.9 million (assuming no change in the number of Shares in issue on or before the Record Date). The estimated net subscription price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK\$0.1.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the Net Proceeds cannot be ascertained at this point.

The Board has considered various ways of fund raising and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Company's long-term growth by long term financing, preferably in the form of equity which will not increase the Company's finance costs.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Company and subject the Company to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner as collateral may be required. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

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CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent:

Assuming no further change in the number of issued Shares of the Company on or before completion of the Rights Issue other than the allotment and issue of the Rights Shares:

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Everbright Goldstone International Group Limited	88,129,080	37.14	132,193,620	37.14	88,129,080	24.76
Treasure Isle Global Limited (Note 1)	25,954,878	10.94	38,932,317	10.94	25,954,878	7.29
Gold Pond International Limited (Note 2)	23,600,000	9.95	35,400,000	9.95	23,600,000	6.63
DT Capital Limited	21,500,000	9.06	32,250,000	9.06	21,500,000	6.04
Other public shareholders	78,087,292	32.91	117,130,938	32.91	78,087,292	21.94
Independent places	–	–	–	–	118,635,625	33.33
Total (Note 3)	237,271,250	100.00	355,906,875	100.00	355,906,875	100.00

Notes:

- (1) Treasure Isle Global Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Mr. Li Bohan and 50% by Mr. Zhang Jianming. Each of Mr. Li Bohan and Mr. Zhang Jianming is deemed to be interested in the 25,954,878 Shares held by Treasure Isle Global Limited under Part XV of the SFO.
- (2) Gold Pond International Limited is beneficially owned as to 100% by Sunwah Tongfang Limited. Sunwah Tongfang Limited is beneficially owned as to 100% by Ms. Luo Yan.
- (3) The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.

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FUND RAISING EXERCISE IN THE PAST TWELVE MONTHS

The Company has not conducted the any equity fund raising activities during the twelve months immediately preceding the date of this Prospectus.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the Latest Practicable Date and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Latest Practicable Date, the Rights Issue is not subject to Shareholders' approval under the Listing Rules.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this prospectus, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at Latest Practicable Date, save for the Rights Issue, the Placing, the Company did not have any plan and had not entered into any negotiation, agreement, arrangement or undertaking to conduct any other corporate action or arrangement that may affect the trading of the Company's shares in the next 12 months.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Dealings in the nil-paid Rights Shares are expected to take place from Friday, 1 March 2024 to Friday, 8 March 2024 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed "Conditions of the Rights Issue" in this Prospectus) are not fulfilled on or before the Latest Time for Termination, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

LETTER FROM THE BOARD

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this Prospectus. In the event that any inconsistency between English and Chinese version of this Prospectus, the English version will prevail.

By Order of the Board
Goldstone Capital Group Limited
Huang Bin
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 March 2021, 2022 and 2023 and the six months ended 30 September 2023, were disclosed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.irasia.com/listco/hk/goldstone>). Set out below are links to the relevant financial reports of the Company:

- (i) The annual report of the Company for the year ended 31 March 2023 published on 21 July 2023 (pages 62 to 101):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0721/2023072100518.pdf>

- (ii) The annual report of the Company for the year ended 31 March 2022 published on 26 July 2022 (pages 56 to 97):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0726/2022072600393.pdf>

- (iii) The annual report of the Company for the year ended 31 March 2021 published on 28 July 2021 (pages 57 to 101):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800788.pdf>

- (iv) The interim report of the Company for the six months ended 30 September 2023 published on 7 December 2023 (pages 4 to 19):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1207/2023120700358.pdf>

INDEBTEDNESS OF THE GROUP

As at the close of business on 31 January 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

(a) Borrowings

The Group had unsecured and unguaranteed loans from a Shareholder of approximately HK\$4,028,000.

Save as aforesaid and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 31 January 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this prospectus, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

2. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing cash and bank balances, available facilities and the estimated net proceeds from the Rights Issue and the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there had been no material adverse change in the financial or trading position of the Group since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up).

4. FINANCIAL AND TRADING PROSPECT

For the year ended 31 March 2023, the Company recorded a loss for the year of approximately HK\$10,172,000, representing an increase in loss for the year of approximately HK\$4,137,000 as compared with the year ended 31 March 2022 mainly due to a significant decrease in recognition of net investment gain, a decrease in other income, and an increase in general and administrative expenses incurred for the year ended 31 March 2023. Net investment gain of approximately HK\$48,000 was recognised for the year ended 31 March 2023. The net investment gain was mainly derived from recognition of fair value change on financial assets at fair value through profit or loss. The general and administrative expenses amounted to approximately HK\$10,332,000, representing an increase of approximately HK\$2,742,000 as compared to the preceding year, which was mainly due to higher staff costs, rental expense and printing expense incurred.

For the six months ended 30 September 2023, the Company recorded a loss of approximately HK\$4,749,000, representing a decrease in loss of approximately HK\$357,000 as compared with the six months ended 30 September 2022 mainly due to the recognition of net investment gain and a decrease in general and administrative expenses. Net investment gain of approximately HK\$32,000 was recognised for the six months ended 30 September 2023 while net investment loss of approximately HK\$7,000 was recognised for the corresponding period of 2022. The general and administrative expenses for the six months ended 30 September 2023 amounted to approximately HK\$4,799,000, representing a decrease by approximately HK\$400,000 as compared with that for the corresponding period of 2022, which was mainly due to lower legal and professional fees and investment management fee.

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The principal activity of the Company is investment holding and the Company is principally engaged in investments in securities listed on recognised stock exchanges and unlisted investments with potential for earning growth and capital appreciation. The objective of the Company is to achieve earnings in the form of short to medium term capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises incorporated or established and/or conducting business in Hong Kong and PRC.

The Company has delayed its investment plan in 2023 due to the economic environment and market fluctuation. The Company considered the current worsened external environment and interest rate hikes continued to pose immense pressure on Hong Kong's stock market. Following the trend of interest rate hikes in the United States, capital and business markets faced massive challenges, so as the investment opportunities. However, there may be a change as more analysts considered the interest rate hike cycle is nearing the peak and it is anticipated that it will start to lower the interest rate in March 2024 at the earliest. It will alleviate the pressure on the stock market. It is also noted that despite the challenges from property developers continued to affect market confidence in China, China central government has implemented stimulus measures to restore the industry confidence and it is anticipated the economy will start to have a turnaround and create investment opportunities.

It is the Company's strategy to invest in sectors including but not limited to healthcare & pharmaceutical sector, bio-technology sector, telecommunication sector and energy sector. Under the recent market sentiment, the Board is seeking investment opportunities such as undervalued listed and unlisted securities, distressed assets, non-performing assets and non-performing asset management companies for medium term capital appreciation purpose. The Board is of the view that (i) some of the assets in the market are undervalued due to the recent market sentiment; and (ii) the stock market and the economy will start to have a turnaround, and hence create potential investment opportunities.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS OF THE COMPANY

The following is the unaudited pro forma statement of adjusted net tangible assets of Goldstone Capital Group Limited (the “**Company**”) (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the proposed rights issue of up to 118,635,625 new shares of the Company (“**Rights Shares**”) at the subscription price of HK\$0.11 each and on the basis of one new share for every two shares of the Company (“**Shares**”) held by the qualifying shareholders (hereinafter collectively referred to as the “**Rights Issue**”) on the unaudited net tangible assets of the Company as at 30 September 2023 as if the Rights Issue had taken place on 30 September 2023.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited net tangible assets of the Company as at 30 September 2023, as extracted from condensed interim financial information for the six months ended 30 September 2023 set out in the published interim report of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Company had the Rights Issue been completed as at 30 September 2023 or at any future date.

Unaudited net tangible assets of the Company as at 30 September 2023 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted net tangible assets of the Company upon completion of the Rights Issue HK\$'000	Unaudited net tangible assets of the Company per Share as at 30 September 2023 <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted net tangible assets of the Company per Share as at 30 September 2023 <i>(Note 4)</i> HK\$
Based on 118,635,625 Rights Shares to be issued at subscription price of HK\$0.11 per Rights Share	17,507	11,885	29,392	0.07
<u>17,507</u>	<u>11,885</u>	<u>29,392</u>	<u>0.07</u>	<u>0.08</u>

Notes:

1. The amount of unaudited net tangible assets of the Company as at 30 September 2023 is based on the unaudited net assets of the Company of approximately HK\$17,507,000 as extracted from the published interim report of the Company for the six months ended 30 September 2023.
2. The estimated net proceeds from the Rights Issue are based on 118,635,625 Rights Shares to be issued on the basis of one (1) Rights Share for every two (2) existing Shares at the subscription price of HK\$0.11 per Rights Share, after deduction of the estimated professional fees and other related expenses of approximately HK\$1,165,000 to be incurred by the Company.
3. The unaudited net tangible assets of the Company per Share as at 30 September 2023 is calculated based on the net tangible assets of the Company as at 30 September 2023 of approximately HK\$17,507,000 divided by 237,271,250 shares of the Company which represent shares in issue as at 30 September 2023 before completion of the Rights Issue.
4. The unaudited pro forma adjusted net tangible assets of the Company per Share is arrived at after adjustments referred to in the preceding paragraphs and 355,906,875 shares in issue upon completion of Rights Issue at 30 September 2023, which comprises (i) 237,271,250 shares in issue as at 30 September 2023 before the Rights Issue and (ii) 118,635,625 Rights Shares to be issued under the Rights Issue.
5. No adjustments have been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Company entered into subsequent to 30 September 2023.

B. ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, in respect of unaudited pro forma financial information of Goldstone Capital Group Limited for the purpose of incorporation in this prospectus.



國富浩華 (香港) 會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF GOLDSTONE CAPITAL GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Goldstone Capital Group Limited (the “**Company**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Company as at 30 September 2023, and related notes as set out in Part A of Appendix II to the prospectus dated 28 February 2024 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Part A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one rights share for every two existing shares (the “**proposed rights issue**”) on the Company’s financial position as at 30 September 2023 as if the proposed rights issue had taken place at 30 September 2023. As part of this process, information about the Company’s financial position at 30 September 2023 has been extracted by the Directors from the Company’s unaudited condensed financial statements for the six months ended 30 September 2023, on which no audit or review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the

compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgement, having regard to the reporting accountant’s understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 February 2024

Yau Hok Hung
Practising Certificate Number P04911

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital in the Company (i) as at the Latest Practicable Date; and (ii) immediately following the allotment and issue of the Rights Shares, assuming that the Rights Shares are fully subscribed or placed and there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, will be as follows:

i. As at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares of HK\$0.10 each	<u>100,000,000.00</u>
<i>Issued and fully-paid:</i>		
<u>237,271,250</u>	Shares of HK\$0.10 each	<u>23,727,125.00</u>

ii. Immediately following the allotment and issue of the Rights Shares, assuming that the Rights Shares are fully subscribed or placed and there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue:

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares of HK\$0.10 each	<u>100,000,000.00</u>
<i>Issued and fully-paid:</i>		
237,271,250	Shares of HK\$0.10 each	23,727,125.00
<u>118,635,625</u>	Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>11,863,562.50</u>
<u>355,906,875</u>	Shares of HK\$0.10 each in issue immediately after completion of the Rights Issue	<u>35,590,687.50</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no options outstanding under any share option scheme of the Company or any other outstanding debt securities, derivatives, options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of associated corporation	Name of director/chief executive	Capacity/ Nature of interest	Long/short position	Number of ordinary shares in the associated corporation	Approximate percentage of the issued share capital in the associated corporation
Everbright Goldstone International Group Limited	Wang Biao	Interest of a controlled corporation	Long position	1	20%

Other than as disclosed above, none of the Company's Directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of the SFO as at the Latest Practicable Date.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors of the Company, the following person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company:

Name of substantial Shareholder	Capacity/Nature of interest	Long/short position	Number of shares	Approximate percentage of existing shareholding <i>(Note 3)</i>
Everbright Goldstone International Group Limited	Beneficial owner	Long position	88,129,080	37.14%
Treasure Isle Global Limited	Beneficial owner	Long position	25,954,878 <i>(Note 1)</i>	10.94%
Li Bohan ("Mr. Li")	Interest of a controlled corporation	Long position	25,954,878 <i>(Note 1)</i>	10.94%
Zhang Jianming ("Mr. Zhang")	Interest of a controlled corporation	Long position	25,954,878 <i>(Note 1)</i>	10.94%
Gold Pond International Limited ("GPIL")	Beneficial owner	Long position	23,600,000 <i>(Note 2)</i>	9.95%
Sunwah Tongfang Limited (formerly known as Radiant Goldstone Holdings Limited)	Interest of a controlled corporation	Long position	23,600,000 <i>(Note 2)</i>	9.95%
Luo Yan ("Ms. Luo")	Interest of a controlled corporation	Long position	23,600,000 <i>(Note 2)</i>	9.95%
DT Capital Limited	Beneficial owner	Long position	21,500,000	9.06%

Notes:

1. Treasure Isle Global Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang. Each of Mr. Li and Mr. Zhang is deemed to be interested in the 25,954,878 Shares held by Treasure Isle Global Limited under Part XV of the SFO.
2. GPIL is beneficially owned as to 100% by Sunwah Tongfang Limited. Sunwah Tongfang Limited is beneficially owned as to 100% by Ms. Luo.
3. The percentage of shareholding is calculated on the basis of 237,271,250 shares in the Company in issue as at the Latest Practicable Date.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group after the date falling two years immediately preceding the date of the announcement of the Company dated 1 February 2024 up to and including the Latest Practicable Date:

- (i) the Placing Agreement;
- (ii) the underwriting agreement entered into between the Company and the Gransing Securities Co., Limited on 6 January 2022 in relation to the underwriting arrangement in respect of the underwriting of up to 21,900,000 shares in consideration of a underwriting commission in an amount equal to 3.5% of the gross proceeds from shares being underwritten, subscribed for or procured subscription for by Gransing Securities Co., Limited. No consideration was paid as no Share was underwritten, subscribed for or procured subscription for by Gransing Securities Co., Limited upon completion. For further details, please refer to the announcements of the Company dated 6 January 2022, 26 January 2022 and 16 February 2022; and
- (iii) the placing agreement dated 6 January 2022 entered into between the Company and Gransing Securities Co., Limited in relation to the placing of unsubscribed rights Shares and unsold Shares in consideration of a placing commission in an amount of approximately HK\$1.49 million. For further details, please refer to the announcements of the Company dated 6 January 2022, 26 January 2022 and 16 February 2022.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion, letter or advice contained in this Prospectus:

Name	Qualification
Crowe (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the

Group since 31 March 2023, being the date to which the latest published audited accounts of the Company were made up.

10. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Board of Directors:	<i>Non-Executive Directors</i> Mr. Huang Bin (<i>Chairman</i>) Mr. Chen Huaiyuan Mr. Lam King Mr. Xu Lin
	<i>Independent Non-Executive Directors</i> Mr. Hung Hoi Ming Raymond Mr. Ning Fong Ms. Wan Yuk Ling
Registered office:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business in Hong Kong:	Room 1801A, 18/F Bank of America Tower 12 Harcourt Road, Admiralty Hong Kong
Authorised representatives:	Mr. Lam King Mr. Leung Chung Man
Company secretary:	Mr. Leung Chung Man
Auditors and reporting accountants:	Crowe (HK) CPA Limited 9/F., Leighton Centre 77 Leighton Road Causeway Bay, Hong Kong
Legal adviser to the Company as to Hong Kong laws:	David Fong & Co. Unit A, 12th Floor China Overseas Building 139 Hennessy Road Wanchai Hong Kong

Placing Agent:	Gransing Securities Co., Limited Unit 4103, 41/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal banker:	OCBC Bank (Hong Kong) Limited 161 Queen's Road Central Hong Kong
Hong Kong branch share registrar and transfer office:	Union Registrars Limited Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King's Road, North Point Hong Kong
Principal share registrar and transfer office in Bermuda:	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Stock Code:	1160
Company Website:	https://www.irasia.com/listco/hk/goldstone

11. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and placing all Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.2 million, which are payable by the Company.

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Non-Executive Director

Mr. Huang Bin (Chairman) ("Mr. Huang")

Mr. Huang, aged 58, was appointed as a non-executive Director on 11 October 2022. He also serves as the chairman of the Board, the chairman of the Nomination Committee, and a member of the Remuneration Committee. He has extensive professional experience in

fund and asset management as well as investment banking and direct investments. Mr. Huang previously joined CITIC Securities and established CITIC Merchant Enterprise through cooperation, which is driven by specific projects and supported by market-oriented operation to identify a unique business model that integrates investment businesses with comprehensive financing services, thereby providing international corporate clients with comprehensive solutions. After years of experience in working abroad and as a visiting scholar, such as Crédit Agricole Corporate and Investment Bank in France, Yaxin Finance in Hong Kong and subsidiaries of Scotia Capital in Canada, Mr. Huang joined the Chinese General Chamber of Commerce and served as director. Meanwhile he served as executive vice chairman of the GBA Entrepreneurs Union and in charge of technology and financial sector as well. In order to give further play to the regional advantage of “Leveraging Hong Kong’s Advantages, Meeting the Country’s Needs”, Mr. Huang organised Mainland government-owned enterprises and Mainland local state-owned enterprises in Hong Kong to cooperate and promote the development of “Guangdong-Hongkong-Macau Bay Area” based on Hong Kong. Besides implementing the transformation of technological innovation and achievement, these funds focus on introducing advanced technologies, and incubating industries. From 19 March 2020 to 2 December 2021, Mr. Huang was the chairman and a non-executive director of Lamtex Holdings Limited (in liquidation), a company previous listed on the Main Board of the Stock Exchange (delisted, previous stock code: 1041). From 3 September 2019 to 16 October 2020, Mr. Huang was an executive director of GTI Holdings Limited (in liquidation), a company listed on the Main Board of the Stock Exchange (delisted, previous stock code: 3344). Since January 2022, Mr. Huang has held the position as the co-chairman (as chairman from January 2022 to February 2022) and a non-executive director of China New Economy Fund Limited, a company listed on the Main Board of the Stock Exchange (stock code: 80). Since February 2022, Mr. Huang has held the position as the co-chairman and a non-executive director of China United Venture Investment Limited, a company listed on GEM of the Stock Exchange (stock code: 8159). Since August 2022, he has also held the position as a non-executive director of YNBY International Limited (formerly known as Ban Loong Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 30). Mr Huang was founder of CITIC Merchant Enterprise Management Limited and severed as general manager, simultaneously, currently he is honored chairman of the company. Mr. Huang is currently a director of CITIC International Assets Management Limited. Mr. Huang is also a founder of Goldstone Investment Management Limited (formerly known as Future Great Limited), a private company principally engaged in investment management. Mr. Huang graduated from the Department of Naval Architecture and Marine Engineering of Harbin Engineering University, and subsequently received the training from the European Economic Community Visiting Scholars Program and the business management training from Northwestern University in the United States of America.

Mr. Chen Huaiyuan (“Mr. Chen”)

Mr. Chen, aged 43, was appointed as a non-executive Director on 1 April 2022. He graduated with a Bachelor of Science degree and a Master of Arts degree from Duke University. He is also candidacy for a Doctor of Philosophy (Ph.D.) program at the

University of Pennsylvania. Mr. Chen served as an assistant researcher of the Center of Asian and Globalisation in National University of Singapore from 2012 to 2017, responsible for important international collaborative research projects, promoting research collaboration between the school and other national think tank institutions (including China, Japan and Russia). From 2018 to 2020, Mr. Chen served as an independent consultant of Shandai Ltd, providing strategic advice to small and medium sized companies and scientific research institutions. Mr. Chen served as a consultant and director of CITIC Merchant Enterprise Management Limited from 2020 to 2021, and started to serve as its chairman of the board of directors in 2022.

Mr. Lam King (“Mr. Lam”)

Mr. Lam, aged 66, was re-designated from an independent non-executive Director to a non-executive Director (the “**Redesignation**”) on 1 August 2022 and ceased to be a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 1 August 2022. He has been a Director since 1 April 2022. He was an independent non-executive Director before the Re-designation. Mr. Lam graduated from Xiamen University in 1980. He came to Hong Kong in 1986 and had since served as department manager, deputy general manager and general manager of Fujian Enterprises (Holdings) Co. Ltd., director of Fujian Enterprises (Holdings) Co. Ltd. and general manager of the Association Department. Mr. Lam had been engaging in business management and liaison between Hong Kong and the Mainland for more than 30 years. He has also served as a member of the Election Committee for the Hong Kong Special Administrative Region (“**HKSAR**”) Legislative Council and Chief Executive, and a member of the Hong Kong National People’s Congress Election Committee. In 2015, he was awarded the Medal of Honor by the Government of the HKSAR. Mr. Lam was an independent non-executive director of China New Economy Fund Limited, a company listed on the Main Board of the Stock Exchange (stock code: 80) from 13 January 2022 to 17 July 2022.

Mr. Xu Lin (“Mr. Xu”)

Mr. Xu, aged 63, was appointed as a non-executive Director on 1 December 2022. He graduated from Xian Political College, the PRC with a degree of Bachelor of Laws and held a Postgraduate Certificate in Business Administration from The Capital University of Economics and Business in the PRC. Mr. Xu is currently the chairman of Yunnan Jinggu Forestry Co., Ltd. (“**Yunnan Jinggu**”), a company listed on the Shanghai Stock Exchange (stock code: 600265). Mr. Xu has extensive working experience and experience in policy making. He worked as a director of business development of CITIC Limited, a company listed on the Main Board of the Stock Exchange (stock code: 267), the vice-president of Kaisa Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1638) and the chairman of Kaisa Financial Group Company Limited, the senior vice-president and the president of China of Chow Tai Fook Enterprises Limited, and a general manager of Chow Tai Fook Investment Limited* (周大福投資有限公司). With the exposure to various positions, Mr. Xu has solid foundation in economic theory and rich experience in management. Mr. Xu is also the vice-chairman of Enterprise Directors

Association of Guangdong-Hong Kong-Macau Greater Bay Area and a member of the Social Development Expert Group of the Chief Executive's Policy Unit Expert Group. Since October 2020, Mr. Xu has held the position as a non-executive director of Hao Tian International Construction Investment Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1341). Since December 2020, Mr. Xu has held the position as the chairman of Yunnan Jinggu. Since December 2022, Mr. Xu has held the position as an independent non-executive director of Mei Ah Entertainment Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 391). From April 2020 to February 2021, Mr. Xu was an executive director and the executive vice chairman of DTXS Silk Road Investment Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 620). From March 2020 to July 2020, he was an independent non-executive director of Lamtex Holdings Limited (in liquidation), a company previously listed on the Main Board of the Stock Exchange (delisted, previous stock code: 1041). From October 2019 to March 2020, Mr. Xu was an executive director of Zhaobangji Properties Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1660). From March 2022 to December 2022, Mr. Xu was an independent non-executive director of China United Venture Investment Limited, a company listed on GEM of the Stock Exchange (stock code: 8159).

Independent Non-executive Directors

Mr. Hung Hoi Ming Raymond ("Mr. Hung")

Mr. Hung, aged 42, was appointed as an independent non-executive Director on 1 August 2022. He also serves as a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. He has about 18 years of experience in corporate finance, listings, restructurings, mergers and acquisitions and investment. He graduated from York University in Toronto, Canada with a bachelor degree in information technology in 2005. Mr. Hung also obtained a master degree in global finance from the Hong Kong University of Science and Technology and the New York University Stern School of Business in 2011. Mr. Hung worked at various private and listed companies. He started off as an analyst at Joy Silver Limited (formerly known as Baron Capital Limited) in November 2005 and advised on a range of matters such as mergers and acquisitions. He served as the vice president of finance in Alpine Summit Energy Partners, Inc. (formerly known as Red Pine Petroleum Ltd.) (stock code: ALPSU), whose shares have been listed on the TSX Venture Exchange since 2014, for the period from April 2013 to February 2016, during which he worked on matters such as restructurings. Mr. Hung joined China Success Finance Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3623) as an executive director from September 2017 to September 2018. Mr. Hung has been an executive director of First Seafront International Capital Limited since August 2019, where he is responsible for a number of duties, including facilitating overseas mergers for PRC enterprises. Mr. Hung was an independent non-executive director of Wai Chun Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1013) from 16 June 2022 to 22 August 2022. Mr. Hung was an independent non-executive director of Wai Chun Bio-Technology Limited, a

company listed on the Main Board of the Stock Exchange (stock code: 660) from 9 January 2023 to 9 August 2023.

Mr. Ning Fong (“Mr. Ning”)

Mr. Ning, aged 56, was appointed as an independent non-executive Director on 11 October 2022. He also serves as the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee. He graduated from the Guangzhou Institute of Foreign Languages, the PRC in 1990 with a degree of Bachelor of English Language and Literature. Mr. Ning obtained a Master Degree of Journalism from the School of Journalism and Communication from Jinan University in 2006 and a Master of Business Administration (MBA) from the School of Business, Sun Yat-sen University in 2011. Mr. Ning has over 30 years of experience in the media industry in Hong Kong and the PRC, including being the chief reporter of Guangzhou Information Times from 1990 to 1996, a local news reporter and assistant to the president of Wen Wei Po in Hong Kong from 1997 to 2001, and a news commentator of Phoenix Infonews Channel from 2001 to 2002. From 2003 to 2007, Mr. Ning held various positions in the group of Asia Television Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 707), including the deputy head and the head of office of the chief executive officer of Asia Television Limited, and the deputy general manager of ATV CEPA Promotion Limited. From 2008 to 2011, Mr. Ning held various positions at the group of Xin Kuai Bao (新快報), including deputy general manager of Guangdong Xin Kuai Bao (廣東新快報) and deputy general manager of Australian New Express Daily. From 2012 to 2022, Mr. Ning was the executive vice president and vice president of Hong Kong Satellite TV International Media Group.

Ms. Wan Yuk Ling (“Ms. Wan”)

Ms. Wan, aged 51, was appointed as an independent non-executive Director on 31 December 2022. She also serves as the chairman of the Audit Committee. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Ms. Wan has around 15 years of experience in investment banking, asset management and equity capital markets. From June 2020 to November 2022, Ms. Wan held the positions as the chief operating officer and a responsible officer at Theia Securities Limited (formerly known as GuanHong Securities Limited), a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”); and was primarily responsible for overseeing the operations, settlement and finance department, credit risk management of margin financing business and managing securities portfolio workflow. From October 2002 to May 2020, Ms. Wan worked at various corporations which are licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and/or Type 9 (asset management) regulated activities under the SFO.

* For identification purposes only

Company Secretary***Mr. Leung Chung Man***

Mr. Leung Chung Man has been appointed as the company secretary in February 2022. Mr. Leung graduated from University of South Australia in 2004 with a bachelor degree of commerce. He is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Leung has accumulated approximately 6 years of working experience in auditing during which he worked for an international audit firm and in various listed companies and multinational corporations in Hong Kong with over 10 years in financial reporting, internal control and financial management.

Business address of the Directors and the authorised representatives

The business address of the Directors and the authorised representatives is same as the Company's principal place of business in Hong Kong at Room 1801A, 18/F, Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong.

13. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS**Investment Objectives**

The principal investment objective of the Company is to achieve earnings in the form of short to medium term capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises incorporated or established and/or conducting business in Hong Kong and the PRC.

Investment Policies

The Company has adopted the following investment policies:

- (i) at least 70% of the Company's assets will be invested in equity securities, equity-related securities, trusts, unit trusts, mutual funds or debt instruments issued by listed or unlisted enterprises established and/or conducting business in Hong Kong and the PRC, or such other types of investments in accordance with the investment objective and policies adopted by the Company from time to time subject to the requirements of the memorandum of the Company, the bye-laws of the Company, the Listing Rules and the Investment Management Agreement. Not more than 30% of the assets of the Company may be invested outside Hong Kong and the PRC where the Directors consider that such investments would provide attractive returns to the Company;

- (ii) the Company's investments shall normally be made in forms of equity securities, equity-related securities, trusts, unit trusts, mutual funds or debt instruments in listed or unlisted companies engaged in different industries including, but not limited to, information technology, telecommunications, biological technology, manufacturing, service, property, internet-related business, financial services, entertainment business and hotel catering so as to maintain a balance in the Company's exposure to different industry sectors in order to minimise the impact on the Company in respect of any downturn in any particular sector in which the Company has investments; where it is not to the benefit of the Company to realise such investments and the market conditions are favourable, the Company may package such investments into equity and/or equity-related products to hedge against unfavourable conditions;
- (iii) the Company's investments shall normally be made in enterprises which are established in their respective fields and in which the Board believes there are potential prospects for possible growth. In particular, the Company shall seek to identify enterprises with competitive products and concepts, strong management, high level of technical expertise and research and development capabilities, large potential markets, as well as management commitment to the long-term growth;
- (iv) the Company may also invest in companies or other entities which are considered by the Board and the Investment Manager as being special or in recovery situations on a case-by-case basis, such as companies in the course of recovery situations or the shares of which are trading below their net asset values per share, which may have potential to attain growth within a short period of time and provide attractive returns to the Company;
- (v) where possible, the Company shall seek to identify investments in companies where there is a certain degree of synergy with other investee companies and where co-operation between such companies would be of mutual benefit to each other;
- (vi) the investments are intended to be held for short to medium term (i.e. less than one year to five years) capital appreciation. The actual holding period shall be dependent on the return from investment and the potential of being listed on the Stock Exchange or other internationally recognised stock exchanges. The Company may, however, realise investments where the Board believes that such realisation would be in the best interests of the Company and its shareholders as a whole or where the terms on which such realisation can be made are considered by the Board to be particularly favourable to the Company;

- (vii) the Company's investments may be in forms of interests in foreign investment enterprises or participation in unincorporated investments. In the event that the entity in which an investment is made is an unlimited company established or formed under the laws of Hong Kong or that of the PRC, the Company may invest either through a subsidiary or an intermediate holding company with limited liability. The Company shall seek to ensure that it is not unnecessarily exposed to any unlimited liability; and
- (viii) before suitable investment projects are identified, the Company may seek to protect the capital value of the Company's assets by placing the funds not deployed on deposits in HK\$ or any currency with financial institutions in Hong Kong or investing in debt securities, money market instruments, bonds, treasury securities or other instruments denominated in any currency issued by the government of Hong Kong or the United States or the European countries, or their respective agencies or international development agencies.

The Company may also engage in transactions in options and futures which are traded on recognised securities exchanges, futures exchanges or other over-the-counter markets. The Company has no intention to purchase or write (sell) derivative financial products with an open position and will not issue, purchase or write (sell) derivatives financial products except for hedging purposes.

Given that there are no requirements under the Listing Rules that any alterations to the investment objectives and policies of an investment company under Chapter 21 of the Listing Rules require shareholders' approval after a period of three years from the date of the listing document at the time of listing, the investment objectives and policies of the Company as stated above may be altered without Shareholders' approval and the Company has to comply with the memorandum of association of the Company and Chapter 21 of the Listing Rules at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment Restrictions

Under the memorandum of association of the Company and the Listing Rules, certain restrictions on investments are imposed on the Company:

- (i) the Company shall not either on its own or through its wholly-owned subsidiaries, or in conjunction with any connected person (as defined in the Listing Rules), take legal or effective management control of underlying investments and will not either itself or through its wholly-owned subsidiaries invest or own or control more than thirty per cent. (30%) (or such other percentage as may from time to time be specified in the Takeovers Code or other laws, regulations, rules, codes, orders or policies of other relevant jurisdictions as being the level for triggering a mandatory general offer for all the interests in

such entity or other similar action or consequence) of the voting rights in any one company or body, except in relation to wholly-owned subsidiaries of the Company for the sole purpose of holding investments of the Company; and

- (ii) the Company shall maintain a reasonable spread of investments and the value of its holding of investments issued by any one company or body other than wholly-owned subsidiaries of the Company shall not exceed twenty per cent. (20%) of the net asset value of the Company as at the date such investment is made.

The Company has to comply with the above investment restrictions at all times while it remains as an investment company under Chapter 21 of the Listing Rules, and these restrictions are also contained in the memorandum of association of the Company and any change of such is subject to Shareholders' approval. As at the Latest Practicable Date, the Company has no present intention to invest in options, warrants, commodities, futures contracts, unlisted securities or precious metals.

14. INVESTMENT PORTFOLIO

As at the Latest Practicable Date, the Company did not hold any investment.

15. DISTRIBUTION POLICY

Subject to the provisions in the bye-laws of the Company and any applicable laws, the Board has adopted the following distribution policy:

- (i) interest, dividends and other income of the Company will be used first to meet expenses;
- (ii) with the assistance of the investment manager, the Board will then assess whether it is reasonable to make provisions for future expenses and/or any possible diminution in the value of investments, and will consider the amount of cash which should be retained by the Company for further investments;
- (iii) any excess balance, after deducting expenses and provisions for diminution in the value of investments (if any) from the income received by the Company, be distributed by way of dividend to the extent permitted by law, the memorandum of association and bye-laws of the Company and the Company's investment policies and restrictions;
- (iv) dividends will only be declared and paid to the extent that they are covered by net income received from underlying investments;
- (v) distributions, if any, will be made annually after the annual accounts of the Company are approved by the Shareholders but interim distributions may be made from time to time to the Shareholders as the Board considers to be justified after taking into

account the financial position of the Company and to the extent permitted by the memorandum of association and bye-laws of the Company, the applicable laws and the Company's investment policies and restrictions; and

(vi) all distributions will be made in HK\$.

16. FOREIGN EXCHANGE POLICY

As at the Latest Practicable Date, the Company held assets and liabilities denominated in Hong Kong dollars and US dollars. The Company's cash and cash equivalents were denominated in Hong Kong dollars and US dollars. It is considered that the Company is subject to insignificant exposure of foreign exchange fluctuation. Therefore, the Company has not used financial instruments for currency exchange hedging purposes.

17. TAXATION

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

18. BORROWING POWERS

Pursuant to and in accordance with the bye-laws of the Company, the Company may exercise its borrowing power to borrow up to an aggregate principal amount representing not more than 50% of the latest available net asset value at the time the borrowing is made. In the event that the borrowing made by the Company exceeds 50% of the latest available net asset value at the time the borrowing is made, the Board must obtain prior approval of the Shareholders at a general meeting. The Company's assets may be charged and pledged as security for borrowings. Subject to the provisions of the bye-laws of the Company and of the investment management agreement, the Board may from time to time borrow for the purposes of providing liquidity or taking advantage of investment opportunities.

19. CUSTODIAN

DBS Bank Ltd. (acting through its Hong Kong Branch) (the "**Custodian**"), whose address is 18/F, The Center, 99 Queen's Road Central, Hong Kong, was appointed as the custodian in relation to the investments which the Company may from time to time deposit with the custodian on. Pursuant to the custodian agreement dated 26 November 2010 and effective since 1 December 2010, a custody fee at the rate of 0.125% per annum on value of month-end assets subject to a minimum of US\$500 per month, and a transaction fee of US\$15 per transaction are payable by the Company to the Custodian.

20. RISK FACTORS OF INVESTING IN THE COMPANY

The Company is an investment company and its funds will be invested in listed and unlisted companies in Hong Kong, the PRC and other main markets around the world. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company's income and its net asset value are likely to be adversely affected by external factors beyond the control of the Company. As a result, income of the fund and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

21. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the "**Audit Committee**") comprised three independent non-executive Directors, namely Ms. Wan Yuk Ling (the chairman of the Audit Committee) who possesses the appropriate professional qualification or accounting or related financial management expertise, Mr. Hung Hoi Ming Raymond and Mr. Ning Fong. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed "12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY" in this appendix. The primary role and function of the Audit Committee are to oversee the relationship of the Company with the external auditors, to review the Company's preliminary interim results and annual results and to monitor compliance with statutory and listing requirements.

22. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "9. EXPERT AND CONSENT" in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

23. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.irasia.com/listco/hk/goldstone>) for the period of 14 days from the date of this Prospectus:

- (i) all material contracts disclosed in the section headed "8. MATERIAL CONTRACTS" above;
- (ii) the letter from the Board, the text of which is set out on pages 10 to 29 of this Prospectus;

- (iii) the accountant's report on the unaudited pro forma financial information of the Group issued by Crowe (HK) CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (iv) the written consent referred to in the paragraph headed "9. EXPERT AND CONSENT" in this appendix; and
- (v) the Prospectus Documents.

24. LANGUAGE

In case of any inconsistency between the English and Chinese version of this Prospectus and the accompanying PAL, the English version will prevail.

25. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

26. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, there is no material foreign exchange exposure to the Company. Therefore, no financial instrument was made to hedge such exposure.