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**Cinese International  
Development Limited**  
**富盈國際發展有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**ANNOUNCEMENT**

**(1) TERMINATION AND/OR LAPSE OF THE SALE AND  
PURCHASE AGREEMENT; AND  
(2) CESSATION OF THE POSSIBLE UNCONDITIONAL MANDATORY  
CASH OFFER BY  
CCB INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF  
CINESE INTERNATIONAL DEVELOPMENT LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
PINESTONE CAPITAL LIMITED  
(OTHER THAN THOSE OWNED AND/OR AGREED TO BE ACQUIRED  
BY CINESE INTERNATIONAL DEVELOPMENT LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)**

References are made to (i) the joint announcement issued by Pinestone Capital Limited (stock code: 00804, the “**Company**”) and Cinese International Development Limited (the “**Offeror**” or the “**Purchaser**”) dated 30 September 2021 in relation to the Sale and Purchase Agreement and the Share Offer (the “**Rule 3.5 Joint Announcement**”); (ii) the joint announcement issued by the Company and the Offeror dated 21 October 2021 in relation to the delay in despatch of the Composite Document; (iii) the joint announcements dated 22 November 2021, 22 December 2021, 24 January 2022, 24 February 2022, 24 March 2022, 25 April 2022 and 25 May 2022, respectively, in relation to the update on the Share Offer; (iv) the announcement issued by the Company dated 21 March 2022 in relation to the appointment of the Independent Financial Adviser; and (v) the announcement issued by the Company dated 2 June 2022 in relation to the declaration of the Special Dividends. Unless the context otherwise required, terms used in this announcement shall have the same meanings as those defined in the Rule 3.5 Joint Announcement.

## **BREACH OF THE UNDERTAKINGS UNDER THE SALE AND PURCHASE AGREEMENT BY THE VENDORS**

Pursuant to Clause 5.2 of the Sale and Purchase Agreement, as from the date thereof and pending Completion, the Vendors shall jointly and severally procure that the Purchaser (and its agents and advisers) is or are granted reasonable access to the respective books, accounts, records and documents (including without limitation computer records) of each of the Company and its subsidiaries (the “**Subsidiaries**”) set out in schedule 1 to the Sale and Purchase Agreement (each a “**Group Company**” and collectively, the “**Group Companies**” and the word the “**Group**” shall be construed accordingly) so that the Purchaser may review the businesses and operations of the Group Companies during such period and the Vendors shall, offer all such reasonable assistance on a timely basis and cooperate with the Purchaser as it may reasonably request for such purpose (the “**Clause 5.2 Duty**”).

Following the conditions set out in paragraph (C) and (I) under the section headed “THE SALE AND PURCHASE AGREEMENT – Closing Conditions of the Sale and Purchase Agreement” of the Rule 3.5 Joint Announcement being satisfied (which are, the approval in writing from the SFC allowing the change of substantial shareholders of Pinestone Securities as a result of Completion in accordance with the requirements under the SFO being obtained on 16 May 2022 and the Special Dividends being declared on 2 June 2022), since 10 June 2022, the Offeror, on the basis of the Clause 5.2 Duty, requested the Vendors and the Company to provide certain updated financial and operational information of the Group up to 30 April 2022 and/or to date (the “**First Batch Requests**”). In the first reply from the Company on 17 June 2022 (the “**First Reply**”), certain key information was omitted or intentionally withheld. Thereafter, there were repeated omissions of information in the Company’s reply on 23 June 2022 (the “**Second Reply**”) to the Purchaser’s follow up queries on 22 June 2022 (the “**Second Batch Requests**”) and the Company’s last reply on 28 June 2022 (the “**Third Reply**”, together with the First Reply and Second Reply, the “**Replies**”) to the Purchaser’s follow up queries made on 27 and 28 June 2022 (the “**Third Batch Requests**”). The Replies persistently failed to disclose sufficient information as requested by the Purchaser, which necessitated the Purchaser making further batches of queries on 29 and 30 June 2022 (the “**Fourth Batch Requests**”, together with the First Batch Requests, Second Batch Requests and Third Batch Requests, the “**Requests**”), to which no response was received on or before the Long Stop Date.

Specifically, based on the information provided to the Purchaser in June 2022, it came to the Purchaser’s attention for the first time that, the Vendors had, in breach of their undertaking specified in clause 5.3(J) of the Sale and Purchase Agreement (the “**Clause 5.3(J) Undertaking**”), allowed the Group to compromise its trade receivables and loan receivables due from seven of its customers, each of which exceeds HK\$1,000,000 without notifying the Purchaser. No meaningful information, such as breakdown of receivables balance and impairment loss by debtors, was provided in the First Reply due to the omission of the Vendors to observe its obligation under the Clause 5.2 Duty, and the Vendors’ breach of the Clause 5.3(J) Undertaking was only first disclosed to the Purchaser in the Second Reply.

Based on the Purchaser's review of the information provided by the Company during the due diligence performed before the Sale and Purchase Agreement, the published information by the Company on the website of the Stock Exchange, and further information provided in June 2022 as a whole, the Purchaser still has queries in relation to each of the abovementioned seven customers, such as for loans granted to three out of these seven customers of the Group where provisions of over 30% of the same has been made before such loans are due. These seven customers represented the majority of the customers of the Group, which contributed a significant portion of revenue of the Group, and of which the trade and loan receivables represented a significant portion of the Group's assets. The Purchaser sent its outstanding queries to the Company in the Fourth Batch Requests, to which no response from the Vendors and the Company was received on or before the Long Stop Date.

As abovementioned, the Vendors were under the Clause 5.2 Duty to offer all reasonable assistance on a timely basis and cooperate with the Purchaser as it may reasonably request to access to books, accounts, records and documents for the purpose of reviewing the updated businesses and operations of the Group. However, despite multiple Requests, the Vendors and the Company had withheld information reasonably requested by the Purchaser and without reasonable cause and, there remained material outstanding enquiries pending responses from and provision of documents by the Vendors and the Company before the Long Stop Date expired.

In view of the foregoing, the Clause 5.2 Duty and the 5.3(J) Undertaking were breached, and pursuant to Clause 7.1 of the Sale and Purchase Agreement, the Purchaser may in its absolute discretion without any liability on its part, by notice in writing to the Vendors, Mr. Cheung Yan Leung Henry as the First Vendor Warrantor and Mr. Cheung Jonathan as the Second Vendor Warrantor (collectively, the "**Covenantors**") terminate the Sale and Purchase Agreement if at any time prior to Completion either or all of the Vendors commit any breach in any material respect of or omits to observe any of the obligations or undertakings expressed to be assumed by the Vendors under the Sale and Purchase Agreement. On 30 June 2022, the Purchaser, pursuant to Clause 7.1 of the Sale and Purchase Agreement, gave notice to the Vendors that the Sale and Purchase Agreement is terminated.

## **NON-FULFILMENT OF THE CLOSING CONDITIONS OF THE SALE AND PURCHASE AGREEMENT**

Pursuant to the Sale and Purchase Agreement, Completion was subject to the Closing Conditions being fulfilled and remaining satisfied as at Completion. If any of the Closing Conditions was not fulfilled or waived on or before the Long Stop Date (being 5:00 p.m. on 30 June 2022), the Sale and Purchase Agreement shall lapse and be of no further effect (save for the clauses specified therein) and no party to the Sale and Purchase Agreement shall have any claim against or liability to the other parties, save for any antecedent breaches of the Sale and Purchase Agreement.

By reason of the Vendors' breach of their Clause 5.2 Duty, as at the Long Stop Date, there remained outstanding enquiries in material respect pending responses and provision of documents from the Vendors and the Company and the Purchaser was not satisfied that Closing Condition (H) under the section headed "THE SALE AND PURCHASE AGREEMENT – Closing Conditions of the Sale and Purchase Agreement" of the Rule 3.5 Joint Announcement (namely, the warranties given by the Covenantors remaining true, accurate and not misleading), including without limitation the following, had been fulfilled:

- (i) that there is no investigation or enquiry in respect of any breach of rules and codes under the SFC, Listing Rules under the Stock Exchange or any other regulatory authority concerning any of the Group Company, Responsible Officers, and the Group's directors or other employees in their capacity as a director or an employee of a Group Company has been received and remains ongoing or is ongoing, pending or threatened;
- (ii) that to the best of the Covenantors' knowledge, there are no circumstances which would likely invalidate any of licences, consents, registrations, confirmations, permissions, certificates and approvals necessary to carry on the Group's business or render any of such liable to forfeiture or modification or affect its renewal; and
- (iii) that the Group is covered by an adequate compliance program applicable to all of its Subsidiaries. Such compliance program includes written anti-corruption and anti-bribery policies and procedures that are reasonably designed to ensure compliance with the applicable laws, routine and periodic compliance trainings for the Group's directors, executives, agents, employees, affiliates or representatives, the maintenance of internal controls sufficient to prevent, detect, and deter violations of applicable anti-corruption laws, and periodic internal audits to assess the compliance program's effectiveness.

## **TERMINATION AND/OR LAPSE OF THE SALE AND PURCHASE AGREEMENT**

The Vendors notified the Purchaser on 30 June 2022 alleging the lapse of the Sale and Purchase Agreement was misguided and later on 4 July 2022 denying they have acted in breach of the Sale and Purchase Agreement and would respond more fully in due course, and suggesting proceeding to Completion on 14 July 2022.

However, given the above, the Purchaser's position is that the Sale and Purchase Agreement has been terminated and/or lapsed as of 30 June 2022 and shall have no further effect. The Purchaser reiterates that it has no intention to engage in any re-negotiation with the Vendors regarding any new completion date.

All of the Purchaser's rights under the Sale and Purchase Agreement are reserved including but not limited to demand on damages and/or costs incurred by the Purchaser.

## END OF OFFER PERIOD

For the purpose of the Takeovers Code, the offer period for the Company ended on the date of this announcement.

**Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).**

By order of the board of directors of  
**Cinese International Development Limited**  
富盈國際發展有限公司  
**Ms. Wang Miaochan**  
Director

Hong Kong, 7 July 2022

*As at the date of this announcement, Mr. Liu Xuebin, Mr. Liu Jiexuan, Ms. Liu Yanhuan and Ms. Wang Miaochan are the directors of the Offeror. In addition, as at the date of this announcement, Mr. Liu Xuebin is the director of each of Cinese International Investments Limited and Cinese International Holdings Limited as well as their respective ultimate beneficial owner; Mr. Liu Jiexuan is the director of Zheng Xuan Investment Limited and its ultimate beneficial owner; Ms. Liu Yanhuan is the director of Beaulink Investment Limited and its ultimate beneficial owner; Ms. Wang Miaochan is the director of LMTZ Investment Limited and its ultimate beneficial owner; Ms. Kou Chung Yin Mariana is the director of Fruitful Enterprise Holdings Limited and its ultimate beneficial owner; and Ms. Ng Mun Ying is the director of Hin Cheng Company Limited and its ultimate beneficial owner. The directors of (i) the Offeror, (ii) each of the corporate shareholders, direct or indirect, of the Offeror, and the ultimate beneficial owners of the Offeror as abovementioned jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*