

PineStone 鼎石

Pinestone Capital Limited

鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8097)

**ANNOUNCEMENT OF UNAUDITED FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of Pinestone Capital Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

The board of directors (the “**Board**”) of the Company is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the three months ended 31 March 2016, together with the comparative unaudited figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2016

		Three months ended	
		31 March	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3	8,331	7,471
Other income	4	2	25
Employee benefit expenses		(1,130)	(956)
Depreciation		(22)	(51)
Other operating expenses		(1,088)	(3,711)
Finance costs	6	(372)	(10)
Profit before income tax	5	5,721	2,768
Income tax expense	7	(1,074)	(1,013)
Profit for the period		4,647	1,755
Other comprehensive income for the period		–	–
Total comprehensive income for the period		4,647	1,755
		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	9	0.10	(Restated) 0.05

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Three months ended 31 March 2015					
(unaudited)					
At 1 January 2015	1,000	–	–	30,059	31,059
Profit for the period	–	–	–	1,755	1,755
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	1,755	1,755
At 31 March 2015	<u>1,000</u>	<u>–</u>	<u>–</u>	<u>31,814</u>	<u>32,814</u>
Three months ended 31 March 2016					
(unaudited)					
At 1 January 2016	4,800	156,820	(4,866)	15,469	172,223
Profit for the period	–	–	–	4,647	4,647
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	4,647	4,647
At 31 March 2016	<u>4,800</u>	<u>156,820</u>	<u>(4,866)</u>	<u>20,116</u>	<u>176,870</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Pinestone Capital Limited (the “**Company**”) was incorporated as an exempted company in the Cayman Islands on 14 January 2015. The shares of the Company were listed on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 June 2015 (the “**Listing**”). The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit 1506, 15th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong.

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

The Company’s parent is HCC & Co Limited (“**HCC & Co**”), a limited liability company incorporated in the British Virgin Islands. In the opinion of the directors, HCC & Co is also the ultimate parent of the Company.

The condensed consolidated financial information are unaudited, but have been reviewed by the Audit Committee of the Company. The unaudited condensed consolidated results were approved and authorised for issue by the directors on 6 May 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except for the adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are effective for the Group’s financial year beginning 1 January 2016, the accounting policies applied in preparing these unaudited condensed consolidated financial statements for the three months ended 31 March 2016 are consistent with those of the annual financial statements for the year ended 31 December 2015 as described in those annual financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

The unaudited condensed consolidated financial statements are prepared under the historical cost basis.

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

3. REVENUE

The Group is principally engaged in provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. Revenue from the Group's principal activities recognised during the period is as follows:

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Commission income from securities brokerage services	616	2,149
Interest income from securities-backed lending services	7,441	5,284
Handling fee	–	37
Income from placing and underwriting services	273	–
Others	1	1
	<u>8,331</u>	<u>7,471</u>

4. OTHER INCOME

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	<u>2</u>	<u>25</u>

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Auditor's remuneration	150	46
Listing expenses	–	3,008
Operating lease charges in respect of building	<u>367</u>	<u>341</u>

6. FINANCE COSTS

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on borrowings	<u>372</u>	<u>10</u>

7. INCOME TAX EXPENSE

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

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong Profits Tax – Tax for the period	<u>1,074</u>	<u>1,013</u>

The Group is subject to Hong Kong profits tax which is calculated at 16.5% (31 March 2015:16.5%) of the estimated assessable profit for the period.

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2016 (31 March 2015: Nil).

9. EARNINGS PER SHARE

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

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company	<u>4,647</u>	<u>1,755</u>
	Number of shares (thousands)	
Number of shares		(Restated)
Weighted average number of ordinary shares in issue during the period	<u>4,800,000</u>	<u>3,600,000</u>

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three months ended 31 March 2015 of 3,600,000,000 share represents the number of shares of the Company in issue immediately after the capitalisation issue but excluding any shares issued pursuant to the placing, adjusted for the second share subdivision which took place on 15 March 2016 as if it had occurred on 1 January 2015. The effect of the first share subdivision which took place on 22 May 2015 is also reflected in this weighted average number of ordinary shares as if it had occurred on 1 January 2015.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three months ended 31 March 2016 includes the weighted average number of ordinary shares issued pursuant to the placing adjusted for the effect for the second share subdivision of 1,200,000,000, in addition to the aforementioned 3,600,000,000 shares used for the calculation of basic earnings per share for the three months ended 31 March 2015.

Diluted earnings per share is the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in providing bespoke services encompassing securities brokerage, securities-backed lending, placing and underwriting businesses. Since the Company's successful Listing by way of placing (the "**Placing**"), there has been no significant change in the business operations of the Group.

During the period under review, we recognised commission income from our securities brokerage services, interest income from our securities-backed lending services and income from placing and underwriting services.

Securities Brokerage

Our securities brokerage business continued to be affected by the lackluster performance of the overall stock market, in particular sluggish trading activities for the first three months ended 31 March 2016. Total transaction values were HK\$251 million for the three months ended 31 March 2016, compared to approximately HK\$895 million recorded for the corresponding period last year. Commission income from securities brokerage services decreased to approximately HK\$0.6 million for the three months ended 31 March 2016 from approximately HK\$2.2 million during the corresponding period in 2015, representing a decrease of approximately 71%. We will continue to strengthen our client relationships, offer quality and custom-made services to alleviate the impact of adverse stock market sentiment.

Securities-backed Lending Services

Among other businesses, our securities-backed lending services continued to shine for the first three months ended 31 March 2016.

(a) Margin Financing Services

Interest income from margin financing services increased to HK\$7.2 million for the three months ended 31 March 2016 from HK\$5.3 million for the three months ended 31 March 2015. Our loan portfolio reached HK\$169 million as at 31 March 2016, representing an increase of 36% from HK\$124 million as at 31 March 2015. We recorded an average month-end margin finance loan balance of approximately HK\$173 million in the first quarter of 2016, compared to approximately HK\$120 million in the corresponding period last year. Interest rates charged by the Group were ranged from approximately 12% to 20% during the three months ended 31 March 2016 which were at the same range to the corresponding period ended 31 March 2015.

(b) Money Lending Business

During the three months ended 31 March 2016, the Group has deployed approximately HK\$22 million to the money lending business and received interest income of approximately HK\$0.3 million.

Placing and Underwriting Business

As mentioned in the Company's prospectus dated 29 May 2015 (the "**Prospectus**"), commission income derived from our placing and underwriting services is subject to the number of placing exercises we are involved in and/or the amount of funds the customers intend to raise. During the three months ended 31 March 2016, the Group received placing fees of approximately HK\$0.3 million compared to nil for the corresponding period in 2015.

Net Profit for the period

The Group's consolidated net profit for the three months ended 31 March 2016 was approximately HK\$4.6 million (31 March 2015: HK\$1.8 million), representing an increase of 165% or HK\$2.9 million. Such growth was due to the increase in securities-backed lending business of approximately HK\$2.2 million and the absence of listing expenses of approximately HK\$3.0 million recognised in the corresponding period in 2015.

DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the three months ended 31 March 2016.

OUTLOOK

The Group has continued to grow as compared to corresponding period in 2015 despite generally weaker recent market sentiment and investors' appetite. The Group will continue to focus on developing our businesses while carefully monitoring risk and credit exposure. Going forward, the Group will continue to grow our business by strengthening our financial position, further developing existing services, and exploring strategic opportunities to build a solid foundation for long-term development.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly generated from (i) commission income from securities brokerage services; (ii) interest income from securities-backed lending services and (iii) income from placing and underwriting services.

	Three months ended	
	31 March	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Commission income from securities brokerage services	616	2,149
Interest income from securities-backed lending services	7,441	5,284
Handling fee	–	37
Income from placing and underwriting services	273	–
Others	1	1
	<u>8,331</u>	<u>7,471</u>

Total revenues for the three months ended 31 March 2016 were approximately HK\$8.3 million (31 March 2015: HK\$7.5 million), representing an increase of approximately 12% or HK\$0.9 million, from the correspondingly period in 2015. This growth was mainly attributable to an increase in income from the margin financing services which recorded an approximate increase of 36% to HK\$7.2 million in 2016 from 2015's HK\$5.3 million for the first three months ended 31 March. Further to enhance our interest income, the Group had deployed HK\$22 million of loan principal under our money lending business during the period ended 31 March 2016 and derived interest income amounting to HK\$0.3 million for the current period (31 March 2015: nil).

Commission income from the underwriting and placing services was in line with the overall stock market sentiment. This section recorded revenues of HK\$0.3 million for the three months ended 31 March 2016 compared to nil during the corresponding period in 2015.

Employee Benefits Expenses

For the three months ended 31 March 2016, the Group recorded approximately HK\$1.1 million employee benefit expenses, representing an increase of approximately 18% from HK\$1.0 million for the corresponding period in 2015. Employee benefit expenses include staff salaries, allowances and benefits, directors' emoluments and contribution to defined contribution. Such increase is in line with the increase of emoluments for the directors since the Listing, the increase in the number of staffs and general salaries increments. In particular, the number of staff had increased to 16 from 11 when compared to the corresponding period last year.

Other Operating Expenses

At approximately HK\$1.1 million, other operating expenses represented 42% of the total expenses for the three months ended 31 March 2016 (31 March 2015: HK\$3.7 million). The decrease in other operating expenses is due to the one-off listing expense of HK\$3.0 million had been recorded in the corresponding period last year but no such expense was incurred during current period. Excluding such one-off expense for illustration purpose, other operating expenses amounted to HK\$1.1 million in 2016, representing an increase of 55%, compared to 2015's HK\$0.7 million. The increase was attributable to higher administrative expenses and ongoing compliance fees since the Company was listed.

Profit for the period

The Group achieved a 104% increase in profit before tax to HK\$5.7 million for the three months ended 31 March 2016 from HK\$2.8 million in the corresponding period in 2015. The Group's consolidated net profit for the three months ended 31 March 2016 was approximately HK\$4.6 million (31 March 2015: HK\$1.8 million), representing an increase of 165% or HK\$2.8 million. Such growth was due to the increase in revenues of securities-backed lending services of approximately HK\$2.2 million and the absence of one-off listing expenses of approximately HK\$3.0 million recognised in the corresponding period in 2015.

Capital structure

The Group has outstanding tax loans of approximately HK\$4,875,000 from a bank; corporate loan of HK\$10,000,000 from a financial institution and a 5% coupon Bonds in principal amount of HK\$10,000,000 as at 31 March 2016 (31 December 2015: tax loan HK\$6,675,000, corporate loan HK\$10,000,000 and 5% coupon bond of HK\$10,000,000). During the period under review, the Group's operations, capital expenditure and other capital requirements were funded by: internal resources, credit facilities of banks, corporate loan, bond issuance as well as net proceeds raised from the Placing.

The Directors are of the view that as of this date, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate opportunities arise.

CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have any material contingent liabilities.

The Company has provided corporate guarantees to both Pinestone Securities Limited and Pinestone Capital Group Limited.

Nature of Loan	Pinestone Securities Limited	Pinestone Capital Group Limited
Tax Loan	HK\$4,636,000	HK\$239,000
Corporate Loan	<u>Nil</u>	<u>HK\$10,000,000</u>

Use of Proceeds from the Placing

As stated in the prospectus, we intended to use HK\$36 million among the proceeds for securities-backed lending service and approximately HK\$5.0 million for money lending. Balance of net proceeds of approximately HK\$4.0 million are used as general working capital. As of the date of this announcement, all the proceeds had all been deployed for the above mentioned purposes.

Use of Proceeds from the Issuance of 5% Corporate Bonds

The total amount of HK\$10 million has been deployed for the securities-backed lending services.

SIGNIFICANT INVESTMENTS

The Group did not acquire or holds any significant investment during the period under review.

PLEDGE OF ASSETS

As at 31 March 2016, there was no pledge of assets of the Group.

CAPITAL COMMITMENTS

As at 31 March 2016, the Group did not have any capital commitments.

SECOND-SHARE SUBDIVISION

On 2 February, 2016 the Board proposed that each of the existing issued and unissued shares of the Company of HK\$0.01 each to be subdivided into ten shares (“**Shares**”) of HK\$0.001 each (the “**Second Share Subdivision**”). The Second Share Subdivision was approved by the shareholders at the extraordinary general meeting of the Company held on 14 March 2016 (“**2016 EGM**”) and became effective on 15 March 2016. Upon the Second Share Subdivision becoming effective, the board lot size remains unchanged and the shares have been trading in board lots of 5,000 Shares. Details of the Second Share Subdivision are set out in the Company’s announcement, circular and poll result announcement of the 2016 EGM dated 2 February, 2016, 24 February 2016 and 14 March 2016 respectively. It is expected that the increase in the total number of shares of the Company coupled with the reduction of the overall trading amount per lot would help improve the liquidity and broaden the shareholder’s base of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANIES AND ITS ASSOCIATED CORPORATIONS

The directors and chief executives of the Company who held office as at 31 March 2016 had the following interests in the shares of the Company, its subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)) at that date as recorded in the register of directors’ and chief executives’ interests and short positions required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”):

Long positions in the shares of the Company:

Name of Directors	Number of the shares interested and nature of interests			Approximate percentage of the total issued share capital of the Company
	Personal	Corporate	Total	
Henry Cheung (<i>Note 1, 3</i>)	–	2,520,000,000	2,520,000,000	52.5%
Jonathan Cheung (<i>Note 2, 4</i>)	–	1,080,000,000	1,080,000,000	22.5%

Notes:

- The interests disclosed includes 2,520,000,000 shares of the Company beneficially held by HCC & Co. Limited (“HCC & Co”). HCC & Co is wholly owned by Mr. Cheung Yan Leung Henry.
- The interests disclosed includes 1,080,000,000 shares of the Company beneficially held by Snail Capital Limited (“SCL”). Snail is wholly owned by Mr. Jonathan Cheung.
- The Second Share Subdivision became effective on 15 March 2016. HCC & Co currently owns 2,520,000,000 shares in the Company. Mr. Henry Cheung owns 52.5% of the issued shares of the Company.
- The Second Share Subdivision became effective on 15 March 2016. SCL currently owns 1,080,000,000 shares in the Company. Mr. Jonathan Cheung owns 22.5% of the issued shares of the Company.

Save as disclosed above, as at 31 March 2016, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests in shares and underlying shares" above and "Share Option Scheme" below, at no time during the period for the three ended 31 March 2016 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2016, substantial shareholders (not being the Directors or chief executives of the Company) had interests or short positions 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 Securities and Futures Ordinance ("SFO"), or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the shares of the Company:

Name of Shareholders	Capacity and nature of interests	Notes	Total	Approximate percentage of the total issued share capital of the Company
HCC & Co	Directly Beneficially owned	1	2,520,000,000	52.5%
SCL	Directly Beneficially owned	2	<u>1,080,000,000</u>	<u>22.5%</u>

Notes:

1. HCC & Co is 100% owned by Mr. Cheung Yan Leung Henry, who is the beneficial owner of 2,520,000,000 shares in the Company. Mr. Henry Cheung holds 52.5% of the issued shares of the Company. He does not have short position in the shares of the Company.
2. SCL is 100% owned by Mr. Jonathan Cheung, who is the beneficial owner of 1,080,000,000 shares in the Company. Mr. Jonathan Cheung holds 22.5% of the issued shares of the Company. He does not have short position in the shares of the Company.

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 31 March 2016, 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 which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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

During the first three months ended 31 March 2016, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 22 May 2015. Unless otherwise cancelled or amended, the share option scheme will remain in force for a period of 10 years. The share option scheme is a share incentive scheme and is established to recognize and acknowledge the contributions that the eligible participants had or may have made to the Group. The board of directors may, at its absolute discretion, offer any eligible person options to subscribe for shares in the Company subject to the terms and conditions as stipulated in the Share Option scheme. There is no outstanding option and no option has been granted under the Share Option Scheme since its adoption.

CORPORATE GOVERNANCE

Pursuant to the GEM Listing rules 17.22, and 17.24, the Company has complied with and does not have advances to any entity nor advances to affiliated companies. In addition, our major shareholders do not have pledging of the shares of the Company.

Throughout the three months ended 31 March 2016, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rule.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the “**Required Standard of Dealing**”).

Have made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings throughout the period from the Listing Date to the date of this announcement. The Company has not been notified by any incident of non-compliance during such period.

COMPETING INTERESTS

As at 31 March 2016, none of the Directors, the substantial Shareholders and their repetitive associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

INTEREST OF COMPLIANCE ADVISER

As at the date of this announcement, Altus Capital Limited (“**Altus**”), the compliance adviser of the Company, except for (i) Altus participation as the sponsor in relation to the Company’s listing on GEM, and (ii) the compliance adviser agreement entered into between the Company and Altus dated 16 February 2015, neither Altus nor its directors, employees or associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Yeung King Wah. The other members are Mr. Lai Tze Leung George and Mr. So Stephen Hon Cheung respectively. The primary duty of the Audit Committee is to review and supervise the Company’s financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to C.3.3 of the Code on Corporate Governance Practices, the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the three months ended 31 March 2016 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Cheung Yan Leung Henry

Mr. Jonathan Cheung

Independent Non-executive Directors:

Mr. Yeung King Wah

Mr. Lai Tze Leung George

Mr. So Stephen Hon Cheung

By Order of the Board of
PINESTONE CAPITAL LIMITED
Cheung Yan Leung Henry
Chairman

Hong Kong, 6 May 2016

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at <http://www.pinestone.com.hk>.