

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*

**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)**

**PLACING OF NEW SHARES  
UNDER GENERAL MANDATE**

**Placing Agent**

**PineStone 鼎石**

**Pinestone Securities Limited**

**THE PLACING**

On 13 May 2016 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, aggregate maximum of 110,000,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons.

An aggregate of 110,000,000 Placing Shares under the Placing represent approximately 2.29% of the existing issued share capital of the Company of 4,800,000,000 Shares as at the date of this announcement and approximately 2.24% of the then issued share capital of 4,910,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$110,000.

The Placing Price of HK\$0.55 represents a discount of approximately 15.38% to the benchmarked price of the Shares of (i) the closing price of HK\$0.65 as quoted on the GEM on the date of this Placing Agreement; and (ii) the average closing price of HK\$0.65 for the last 5 trading days prior to the date of the Placing Agreement. The Placing Price of HK\$0.55 also represents a discount of approximately 15.12% to the average closing price of HK\$0.648 per Share for the last 10 trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The aggregate gross proceeds from the Placing will be approximately HK\$60.50 million. The aggregate net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) will amount to approximately HK\$59.90 million which is intended to be used for the repayment of a corporate loan of 8% interest of HK\$10 million to reduce the financing cost of the Group, the expansion of the securities-backed lending services and for the general working capital of the Group. The net price raised per Share upon the completion of the Placing will be approximately HK\$0.545 per Share.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement.

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

### **Date**

13 May 2016 (after trading hours)

### **Issuer**

The Company

## **Placing Agent**

Pinestone Securities Limited, which is indirect wholly owned subsidiary of the Company.

The Placing Agent has conditionally agreed to place an aggregate of 110,000,000 Placing Shares on a best effort basis and will receive a placing commission of 1% on the gross proceeds of the actual number of Placing Shares being placed. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission of 1% is fair and reasonable.

## **Placees**

The Placing Agent will place the Placing Shares either by themselves or through their respective sub-placing agents, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) of the Company immediately after the Placing.

## **Number of Placing Shares**

The 110,000,000 Placing Shares under the Placing represent approximately 2.29% of the existing issued share capital of the Company of 4,800,000,000 Shares as at the date of this announcement and approximately 2.24% of the then issued share capital of 4,910,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$110,000.

## **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.55 represents a discount of approximately 15.38% to the benchmarked price of the Shares of (i) the closing price of HK\$0.65 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.65 for the last 5 trading days prior to the date of the Placing Agreement. The Placing Price of HK\$0.55 also represents a discount of approximately 15.12% to the average closing price of HK\$0.648 per Share for the last 10 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## **The Placing Shares**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 960,000,000 Shares. As such, the current General Mandate is sufficient for the issue and allotment of the Placing Shares. No separate approval of Shareholder is required for the Placing.

## **Conditions of the Placing Agreement**

Completion of the Placing Agreement is conditional upon:

- (i) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing;
- (ii) if the foregoing condition is not fulfilled on or prior to 3 June 2016 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

## **Termination of the Placing**

Under the Placing Agreement, the Placing Agent may after consultation with the Company terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 9:00 a.m. on the Completion Date upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (1) there develops, occurs or comes into force:
  - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
  - (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (c) any change in conditions of local, national or international securities markets occurs; or
  - (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
  - (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or

- (2) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement.

Upon termination of the Placing Agreement pursuant to the above paragraphs, all liabilities of the parties thereto hereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

### **Completion of the Placing**

Completion of the Placing will take place on or before the fifth Business Day after the fulfillment of the conditions set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent.

The Placing Shares represent approximately 2.29% of the existing issued share capital of the Company immediately before completion of the Placing and approximately 2.24% of the issued share capital of the Company as enlarged by the Placing.

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company was incorporated in the Cayman Islands with limited liability. The principal business activities of the Group is principally engaged in providing bespoke services encompassing securities brokerage, securities-backed lending, placing and underwriting businesses.

The aggregate gross proceeds from the Placing will be approximately HK\$60.50 million. The aggregate net proceeds from the Placing will amount to approximately HK\$59.90 million which is intended to be used for the repayment of a corporate loan of 8% interest of HK\$10 million to reduce the financing cost of the Group, the expansion of our securities-backed lending services and for the general working capital of the Group.

In view of the current stock market sentiment, the Directors (including the independent non-executive Directors) consider that the Placing represents a good opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has conducted the following fund raising activities in the past twelve months before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Approximate Net Proceeds (HK\$ million)</b>	<b>Intended use of proceeds</b>	<b>Actual Use of Proceeds</b>
12 June 2015	Placing of 120 million shares@HK\$0.50 each	45.0	Securities-backed lending services and working capital	Use as intended
14 Dec 2015	Corporate loan of 8% interest from a financial institution	10.0	Securities-backed lending services and working capital	Use as intended
22 Dec 2015	Issued 2-years 5% HK\$10 million coupon bond	10.0	Securities-backed lending services	Use as intended

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

Shareholders	As at the date this announcement		Upon completion of the Placing	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<b>Substantial</b>				
HCC & Co Limited ( <i>Note 1</i> )	2,520,000,000	52.50	2,520,000,000	51.32
Snail Capital Limited ( <i>Note 2</i> )	1,080,000,000	22.50	1,080,000,000	22.00
<b>Public</b>				
Places	–	–	110,000,000	2.24
Other public Shareholders	<u>1,200,000,000</u>	<u>25.00</u>	<u>1,200,000,000</u>	<u>24.44</u>
<b>Total</b>	<u>4,800,000,000</u>	<u>100.00</u>	<u>4,910,000,000</u>	<u>100.00</u>

*Notes:*

- (1) HCC & Co Limited is 100% owned by Mr. Cheung Yan Leung Henry, who is the beneficial owner of 2,520,000,000 shares in the Company. Mr. Cheung Yan Leung Henry is deemed to be interested in the Shares held by HCC & Co Limited for the purpose of SFO.
- (2) Snail Capital Limited is 100% wholly owned by Mr. Jonathan Cheung, who is the beneficial owner of 1,080,000,000 shares in the Company. Mr. Jonathan Cheung is deemed to be interested in the Shares held by Snail Capital Limited for the purpose of the SFO.

## GENERAL

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.



## **TERMS AND DEFINITIONS**

“AGM”	the annual general meeting of the Company held on 3 May 2016
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday and public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Pinestone Capital Limited, a limited liability company incorporated in the Cayman Islands and listed on the Growth Enterprise Market of the Stock Exchange
“Completion Date”	the date of completion of the Placing
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 110,000,000 new Shares pursuant to the terms of the Placing Agreement

“Placing Agent”	Pinestone Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 13 May 2016 in relation to the Placing
“Placing Price”	HK\$0.55 per Placing Share
“Placing Share(s)”	an aggregate of 110,000,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 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
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

## **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, 13 May 2016

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited 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.*

*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>.*