

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Pinestone Capital Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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

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)

**PROPOSED SHARE SUBDIVISION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A notice convening the EGM to be held at Unit 1506, 15th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong at 11:00 a.m. on 14 March, 2016 (or any adjournment thereof) is set out on pages 10 to 11 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.pinestone.com.hk.

24 February 2016

CHARACTERISTICS OF GEM

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.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	1
DEFINITIONS	3
LETTER FROM THE BOARD	5
NOTICE OF EGM	10

EXPECTED TIMETABLE

The expected timetable relating to the Share Subdivision and the associated trading arrangement are as follows:

Event	2016 (Hong Kong time)
Latest time for lodging form of proxy for the EGM (not less than 48 hours prior to the time of the EGM)	11:00 a.m. on Saturday, 12 March
Expected date of the EGM to approve the Share Subdivision	11:00 a.m. on Monday, 14 March
Publication of poll results of the EGM	Monday, 14 March
The following events are conditional on the fulfilment of the conditions for the implementation of the Share Subdivision as set out in the section headed “Conditions of the Share Subdivision” in the “Letter from the Board”.	
Effective date of the Share Subdivision	Tuesday, 15 March
First day of free exchange of Existing Share Certificates in green for New Share Certificates in blue for Subdivided Shares	Tuesday, 15 March
Dealing in the Subdivided Shares commences	9:00 a.m. on Tuesday, 15 March
Original counter for trading in the existing Shares in board lots of 5,000 Shares temporarily closes	9:00 a.m. on Tuesday, 15 March
Temporary counter for trading in the Subdivided Shares in board lots of 50,000 Subdivided Shares (in the form of Existing Share Certificate in green) opens	9:00 a.m. on Tuesday, 15 March
Original counter for trading in the Subdivided Shares in board lots of 5,000 Subdivided Shares (in the form of New Share Certificate in blue) re-opens	9:00 a.m. on Thursday, 31 March
Parallel trading in the existing Shares and the Subdivided Shares (in form of Existing Share Certificate in green and New Share Certificate in blue) commences	9:00 a.m. on Thursday, 31 March

EXPECTED TIMETABLE

Temporary counter for trading in the Subdivided Shares in board lots of
50,000 Subdivided Shares (in the form of Existing
Share Certificate in green) closes 4:00 p.m. on Thursday,
21 April

Parallel trading in the existing Shares and the Subdivided Shares
(in the form of Existing Share Certificate in green and the New
Share Certificate in blue) ends 4:00 p.m. on Thursday,
21 April

Last day for free exchange of Existing Share Certificates
in green for New Share Certificates in blue Monday, 25 April

Further announcement will be made by the Company for changes, if any, in the
expected timetable for implementation of the Share Subdivision and the associated
trading arrangements listed above.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the Board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are generally open for the transaction of normal business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Pinestone Capital Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Subdivision
“Existing Share Certificate(s)”	existing form of certificate(s) of the Shares
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	The Rule Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 February 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“New Share Certificate(s)”	form of certificate(s) of the Subdivided Shares
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch registrar and transfer office
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Subdivision”	the proposed subdivision of each Share into ten (10) Subdivided Shares as described in this circular
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company upon the Share Subdivision becoming effective
“%”	per cent.

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)

Executive Directors:

Mr. Cheung Yan Leung Henry (*Chairman*)

Mr. Cheung Jonathan

Independent non-executive Directors:

Mr. Yeung King Wah

Mr. Lai Tze Leung George

Mr. So Stephen Hon Cheung

Registered office:

Clifton House

75 Fort Street

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal place of business in Hong Kong:

Unit 1506, 15th Floor

Wheelock House

20 Pedder Street

Central, Hong Kong

24 February 2016

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE SUBDIVISION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated 2 February 2016 in which it was announced that, amongst other things, the Board proposed to subdivide each of the existing issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company into ten (10) Subdivided Shares of HK\$0.001 each.

The purpose of this circular is to provide you with the relevant information regarding the Share Subdivision and to give you notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Share Subdivision.

LETTER FROM THE BOARD

PROPOSED SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be subdivided into ten (10) Subdivided Shares of HK\$0.001 each. The Share Subdivision will become effective on 15 March 2016, subject to the fulfilment of all the conditions set out under the section headed “Conditions of Share Subdivision” below.

The Shares are currently traded in board lots of 5,000 Shares. Upon the Share Subdivision becoming effective, the board lot size for trading on the Stock Exchange will remain unchanged with 5,000 Subdivided Shares for each board lot. As it is expected that no odd lot of the Shares will be created as a result of the Share Subdivision, no odd lot arrangement to match the sales and purchases of odd lots will be made.

Conditions of Share Subdivision

The Share Subdivision is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the Share Subdivision; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

Assuming all the conditions are fulfilled, the Share Subdivision will become effective on the Business Day following the passing of the ordinary resolution at the EGM, which is expected to be held on 14 March 2016.

Effect of Share Subdivision

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares of HK\$0.01 each, of which 480,000,000 Shares are in issue and fully paid or credited as fully paid. Upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$500,000,000 divided into 500,000,000,000 Subdivided Shares of HK\$0.001 each, of which 4,800,000,000 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares are repurchased or issued prior to the Share Subdivision becoming effective.

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

Upon the Share Subdivision becoming effective, the Subdivided Shares will rank pari passu in all respects with each other and the Share Subdivision will not result in any change in the rights of the Shareholders.

LETTER FROM THE BOARD

Expected effective date of the Share Subdivision

Subject to the above conditions being fulfilled, the Share Subdivision is expected to become effective on 15 March 2016.

Exchange of share certificates

Upon the Share Subdivision becoming effective, the Shareholders may, during the period from 15 March 2016 to 25 April 2016 (both dates inclusive), submit their Existing Share Certificate(s) to the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for the New Share Certificate(s) free of charge. Thereafter, Existing Share Certificate(s) will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each New Share Certificate issued or each Existing Share Certificate submitted for cancellation, whichever the number of certificates issued or cancelled is higher. It is expected that New Share Certificate(s) will be available for collection within 10 Business Days after the submission of the Existing Share Certificate(s) for exchange. Existing Share Certificate(s) will continue to be good evidence of legal title and may be exchanged for New Share Certificate(s) at any time at the expense of the Shareholders. The New Share Certificate(s) will be blue in colour so as to be distinguished from the Existing Share Certificate(s) which are green in colour.

LISTING AND DEALINGS

An application has been made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subdivided Shares.

Subject to the granting of the listing of, and permission to deal in, the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date 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.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought on any other stock exchanges other than the Stock Exchange.

LETTER FROM THE BOARD

TRADING ARRANGEMENT

Subject to the Share Subdivision being effective, dealings in the Subdivided Shares are expected to commence on Tuesday, 15 March 2016. Parallel trading in the Shares and Subdivided Shares (in the form of Existing Share Certificates and New Share Certificates) will be operated from Thursday, 31 March 2016 to Thursday, 21 April 2016 (both days inclusive). Full details of the expected timetable and trading arrangement of the Subdivided Shares are set out on pages 1 to 2 of this circular.

REASONS FOR THE SHARE SUBDIVISION

Upon the proposed Share Subdivision becoming effective, the nominal value of each Share will decrease and the total number of Shares in issue will increase. The Share Subdivision will result in downward adjustment to the trading price per Share and in turn, the market value per board lot of Shares, which the Board believes will enhance the appeal of the Shares to investors. Based on the closing price of HK\$6.80 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the market value per board lot of 5,000 Shares is HK\$34,000. The estimated market value per board lot will theoretically be reduced to HK\$3,400 immediately upon the Share Subdivision becoming effective. The Board believes that the increase in number of shares of the Company together with the reduction in the trading price as a result of the Share Subdivision may improve the trading liquidity of the Company's Subdivided Shares. Therefore, the Board considers that the Share Subdivision will enable the Company to attract more investors and broaden its Shareholders base.

Save for the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders. The Board considers that the Share Subdivision to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EGM

A notice convening the EGM to be held on 14 March 2016 at 11:00 a.m. at Unit 1506, 15th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong for the purpose of considering, and if thought fit, approving the Share Subdivision and the transactions contemplated thereunder is set out on pages 10 to 11 of this circular.

The ordinary resolution put to vote at the EGM will be decided by way of poll. None of the Shareholders will be required to abstain from voting at the EGM.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

LETTER FROM THE BOARD

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the instrument appointing the proxy shall be deemed to be revoked.

GENERAL

The Company is incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the business of (i) securities brokerage; (ii) securities-backed lending; and (iii) placing and underwriting.

RECOMMENDATION

The Directors are of the opinion that the Share Subdivision is in the interests of the Company and the Shareholders as a whole, and accordingly the Board recommends you to vote in favour of the relevant ordinary resolution to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Altus Capital Limited (“**Altus**”), as at the Latest Practicable Date, except for (i) Altus’s 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.

COMPETITION AND CONFLICT OF INTERESTS

To the best knowledge of the Directors, none of the Directors or the controlling Shareholders, nor any of their respective close associates, had any interest as at the Latest Practicable Date that competes or may compete with the business of the Group, which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

Yours faithfully,
By Order of the Board
Pinestone Capital Limited
Cheung Yan Leung Henry
Chairman

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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Pinestone Capital Limited (the “Company”) will be held at Unit 1506, 15th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong at 11:00 a.m. on Monday, 14 March 2016 (or any adjournment thereof) for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the Subdivided Shares (as defined below), the Share Subdivision (as defined below) be approved in the following manner:

- (a) each of the existing issued and unissued shares of the Company of HK\$0.01 each in the share capital of the Company be and is hereby subdivided (the “**Share Subdivision**”) into ten (10) subdivided shares of HK\$0.001 each (the “**Subdivided Shares**”) and the Share Subdivision shall take effect on the next business day immediately following the day on which this resolution is passed;
- (b) all of the Subdivided Shares will rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of shares contained in the memorandum and articles of association of the Company; and
- (c) any one of the directors or company secretary of the Company be and is hereby authorised to do all such acts, deed and things and to effect all necessary actions as he or she may consider necessary or desirable in order to effect, implement and complete any and all of the matters set out in this resolution.”

By Order of the Board
Pinestone Capital Limited
Cheung Yan Leung Henry
Chairman

Hong Kong, 24 February 2016

NOTICE OF EGM

Registered office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:

Unit 1506, 15th Floor
Wheelock House
20 Pedder Street
Central, Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, at the office of the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should you so wish.
3. In the case of joint holders of shares, any one such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. The voting on the resolution at the EGM will be conducted by way of a poll.
5. As at the date of this notice of EGM, the executive Directors are Mr. Cheung Yan Leung Henry and Mr. Cheung Jonathan, and the independent non-executive Directors are Mr. Yeung King Wah, Mr. Lai Tze Leung George and Mr. So Stephen Hon Cheung.