
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our history

Our history can be traced back to March 2012 when Mr. Jonathan Cheung, using his personal financial resources, acquired PSL in Hong Kong. PSL obtained a licence to carry out Type 1 (dealing in securities) regulated activity under the SFO on 13 September 2012 and commenced its business operations in December 2012 after being admitted as an Exchange Participant to provide brokerage, margin financing as well as placing and underwriting services to individual and corporate clients, who are primarily interested in investing in securities of small- to medium-sized listed companies. For further details relating to the business of PSL, please refer to the section headed "Business" of this document.

Prior to acquiring PSL, Mr. Jonathan Cheung worked at a Swiss-based multinational investment bank and at an asset management firm where he developed a sound understanding of the financial industry. Through working with various personnel in the financial sector, Mr. Jonathan Cheung familiarised himself with different aspects of the financial industry and accumulated experience while establishing a network of relationships. He also garnered management experience and understanding of corporate governance through assuming executive and non-executive directorships at listed companies on the Stock Exchange between July 2011 to October 2013.

Mr. Jonathan Cheung, having identified the growing investment interest in small- to medium-sized listed companies which he believed was not addressed adequately by traditional financial institutions at the time, acquired PSL in March 2012 to set up a financial service provider to cater for such specific investment appetites. He subsequently invited Mr. Henry Cheung, his father, to be a director of PSL in December 2012 with a view to leverage on Mr. Henry Cheung's know-how and personal network in the financial and business sectors. Following the development of our business, as evidenced by our loan book exceeding HK\$50.0 million by March 2013, Mr. Henry Cheung, being confident in the growth potential of our Group, injected capital and became a shareholder of PSL via PGL in May 2013. For further details relating to the experience and backgrounds of Mr. Jonathan Cheung and Mr. Henry Cheung, please refer to the section headed "Directors, senior management and employees" of this document.

At the inception of our business operations, we provided brokerage, margin financing as well as placing and underwriting services. In order to provide a one-stop securities-backed lending service, we commenced our money lending service upon receiving our Money Lenders Licence on 14 February 2013. By July 2014, our loan book had exceeded HK\$100.0 million.

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The following table summarises our Group's key milestones since its establishment:

Our milestones

March 2012	Acquired PSL with the intention of providing brokerage, margin financing as well as placing and underwriting services within the scope of the Type 1 (dealing in securities) licence under the SFO
August 2012	Established PCGL with the intention of providing money lending services in Hong Kong
September 2012	PSL successfully obtained licence to conduct Type 1 (dealing in securities) regulated activity under the SFO
November 2012	PSL obtained Stock Exchange Trading Right and became an Exchange Participant with effect from 3 December 2012
January 2013	Acted as a placing agent for the first time in relation to the issuance of new shares
February 2013	Acted as a participating dealer for an exchange traded fund; PCGL obtained a Money Lenders Licence to carry out money lending activities in Hong Kong
March 2013	Our loan book exceeded HK\$50.0 million for the first time
April 2014	Completed the first block trade transaction
July 2014	Our loan book exceeded HK\$100.0 million for the first time

OUR CORPORATE DEVELOPMENT

As at the Latest Practicable Date, our Group had established a number of investment holding companies and operating subsidiaries to carry on our business. The corporate development of our principal operating subsidiaries which was material to the performance of our Group during the Track Record Period is set out below.

Pinestone Investment Group Limited

On 9 March 2012, PIGL was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each and one share was allotted and issued at par to Mr. Jonathan Cheung. PIGL was incorporated as an investment holding company for the purpose of holding the interest in PSL. On 25 September 2012, Mr. Jonathan Cheung transferred his entire shareholding interests in PIGL to PGL at a consideration of US\$1.00, being the nominal value of the shares of PIGL immediately prior to the transfer. Upon completion of the transfer, PIGL was wholly-owned by PGL.

As part of the Reorganisation, PGL transferred its interest in PIGL to our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section.

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Pinestone Securities Limited

PSL was one of our principal operating subsidiaries which commenced business operations in December 2012. On 4 January 2010, PSL was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and one share was allotted and issued to Acota Services Limited, which was subsequently transferred to Expert Intelligence Limited, both being Independent Third Parties, on the same date. For the purpose of carrying out Type 1 (dealing in securities) regulated activity under the SFO, PIGL acquired PSL which was an inactive company prior to such acquisition. On 16 March 2012, the entire issued share capital of PSL held by Expert Intelligence Limited was transferred to PIGL at a consideration of HK\$1.00, being the nominal value of the shares of PSL immediately prior to the completion of the transfer. Upon the completion of the transfer, PSL was wholly-owned by PIGL. On 18 July 2012, 9 January 2013, 22 February 2013, 23 July 2014 and 14 January 2015, 9,999,999 shares, 30,000,000 shares, 20,000,000 shares, 30,000,000 shares and 9,000,000 shares, respectively, were allotted and issued at par to PIGL.

As part of the Reorganisation, PGL transferred its interest in PIGL to our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section.

Pinestone Capital Group Limited

PCGL was one of our principal operating subsidiaries which commenced business in or around February 2013. On 30 August 2012, PCGL was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and one share was allotted and issued at par to PGL. PCGL was incorporated for the purpose of carrying out money lending business in Hong Kong. On 9 June 2014, 999,999 shares were allotted and issued at par to PGL. Immediately prior to the Reorganisation, PCGL was wholly-owned by PGL.

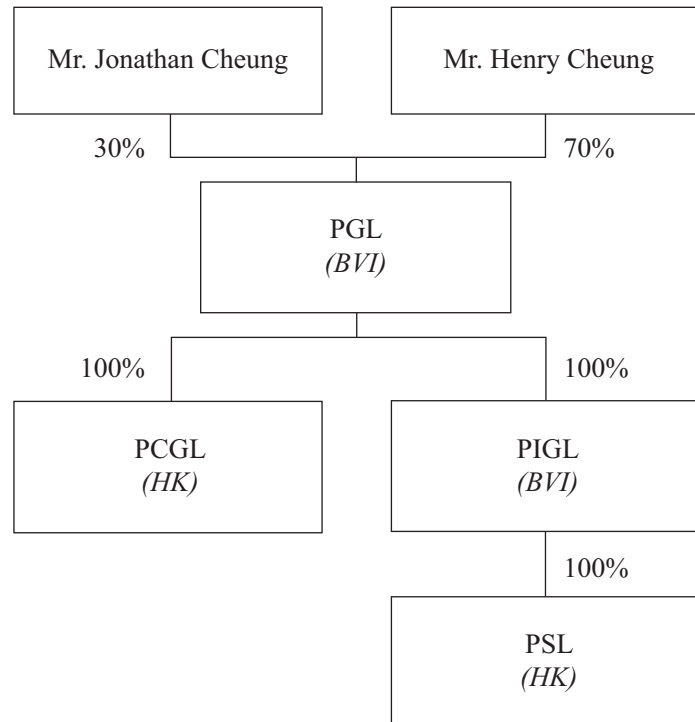
As part of the Reorganisation, PGL transferred its interest in PCGL to PIL. For further details, please refer to the paragraph headed "Reorganisation" in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

In January 2015, we commenced the Reorganisation for the Listing pursuant to which our Company became the holding company of our Group.

The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganisation:



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Incorporation of holding companies by Mr. Jonathan Cheung and Mr. Henry Cheung to hold their respective interests in our Company

Snail Capital Limited

On 12 January 2015, SCL was incorporated in the BVI to act as the holding company for the interest of Mr. Jonathan Cheung in our Company. The authorised share capital of US\$50,000 was divided into 50,000 shares with a par value of US\$1.00 each and one share was allotted and issued at par to Mr. Jonathan Cheung on 12 January 2015. Mr. Jonathan Cheung is the sole shareholder of SCL.

HCC & Co Limited

On 12 January 2015, HCC was incorporated in the BVI to act as the holding company for the interest of Mr. Henry Cheung in our Company. The authorised share capital of US\$50,000 was divided into 50,000 shares with a par value of US\$1.00 each and one share was allotted and issued at par to Mr. Henry Cheung on 12 January 2015. Mr. Henry Cheung is the sole shareholder of HCC.

Incorporation of our Company to acquire and hold interest in our Group

In preparation for the Listing, our Company was incorporated in the Cayman Islands on 14 January 2015 as an exempted company with limited liability as a holding company of our Group and as the issuer in the [REDACTED]. The initial authorised share capital of our Company was HK\$380,000 which was divided into 3,800,000 ordinary shares of HK\$0.10 each. On the date of incorporation, (i) the fully-paid subscriber share was transferred to HCC; (ii) 30 shares were allotted and issued at par to SCL; and (iii) 69 shares were allotted and issued at par to HCC. Upon completion of the above transfer and allotments, the issued share capital of our Company was held as to 30.0% by SCL and 70.0% by HCC. On [●], our Company sub-divided all its issued and unissued shares with par value of HK\$0.10 each into 10 Shares of HK\$0.01 each. Please refer to the paragraph headed "Further information about our Group" in Appendix IV to this document for details.

Incorporation of holding company to hold the interests of Pinestone Capital Group Limited

Pinestone International Limited

On 19 January 2015, PIL was incorporated in the BVI to act as an intermediary holding company to hold the interest in PCGL. The authorised share capital of US\$50,000 was divided into 50,000 shares with a par value of US\$1.00 each and one share was allotted and issued at par to our Company on 19 January 2015. Our Company is the sole shareholder of PIL.

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Acquisition of the principal operating subsidiaries

As the following companies are the principal operating subsidiaries of our Group, these companies have been acquired by our Group as part of the Reorganisation:

(i) Acquisition of Pinestone Capital Group Limited

On [●] 2015, PIL acquired 100% interest in PCGL from PGL, at a consideration of HK\$[9,354,759], which was determined with reference to the net asset value of PCGL as at 31 December 2014. The consideration for acquisition was satisfied by the creation of a non-interest bearing loan in the amount of HK\$[9,354,759] owing by PIL to PGL (“**PIL Loan**”) as evidenced by a promissory note dated [●] issued by PIL to PGL (“**PIL Promissory Note**”). Upon completion of the acquisition, PCGL becomes a wholly-owned subsidiary of PIL.

On [●], by a deed of assignment, PGL assigned all its rights and interests in the PIL Loan to SCL.

On [●], by a deed of novation, our Company assumed all the liabilities of PIL under the PIL Loan, such that the PIL Loan was owed by our Company to SCL.

On [●], the PIL Loan was settled by our Company by the allotment and issue of 30 new shares to SCL. On [●], we have notified the Registrar of Money Lenders regarding the change of shareholder on [●].

(ii) Acquisition of Pinestone Investment Group Limited

On [●] 2015, our Company acquired (i) 100% interest in PIGL from PGL, at a consideration of HK\$[121,148,150], which was determined with reference to the net asset value of PIGL as at 31 December 2014; and (ii) the outstanding non-interest bearing loan in an amount of HK\$99,441,091 due from PIGL to PGL, at a consideration equivalent to the face value of the loan. The consideration for the acquisition of 100% interest in PIGL and the loan due from PIGL to PGL was satisfied by the creation of a non-interest bearing loan in the amount of HK\$[121,148,150] owing by our Company to PGL (“**PIGL Loan**”) as evidenced by a promissory note dated [●] issued by our Company to PGL (“**PIGL Promissory Note**”). Upon completion of the acquisition, PIGL becomes a wholly-owned subsidiary of our Company. On [●], we obtained the approval from the SFC regarding the change of substantial shareholder of PSL disclosed above.

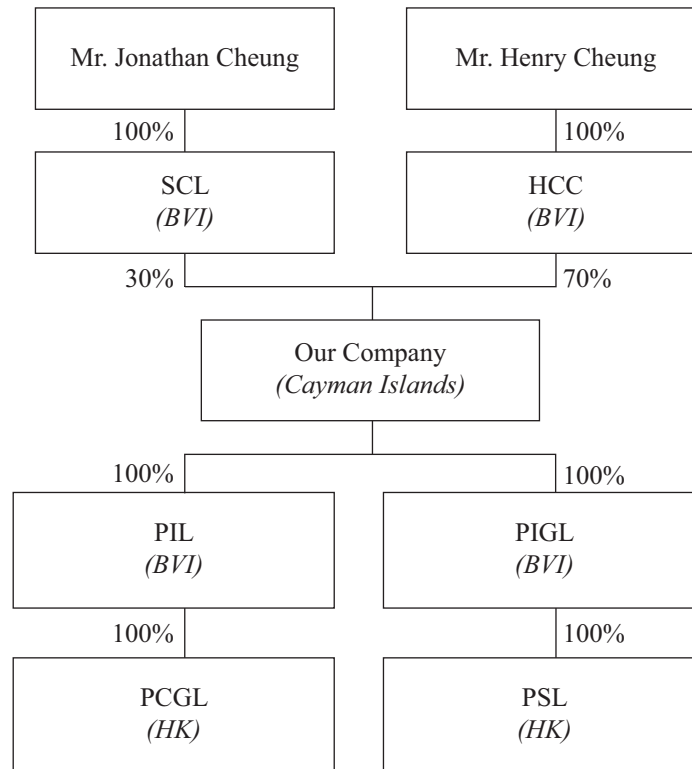
On [●], by a deed of assignment, PGL assigned all its rights and interests in the PIGL Loan to HCC.

On [●], the PIGL Loan was settled by our Company by the allotment and issue of 70 new shares to HCC.

[The abovementioned acquisitions and disposals have been properly and legally completed and settled.]

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The following is the shareholding structure immediately after completion of the Reorganisation:



Capitalisation Issue

On [●], our Company (i) sub-divided all its issued and unissued shares with par value of HK\$0.10 each into 10 Shares of HK\$0.01 each; and (ii) increased its authorised share capital to HK\$500,000,000 through the creation of 49,962,000,000 additional Shares. Conditional upon the share premium account of our Company being credited as a result of the [REDACTED], the Directors will be authorised to capitalise the amount of HK\$[REDACTED] from the share premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for the allotment and issue to the then shareholders of our Company, being SCL and HCC, on a pro rata basis.

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CORPORATE STRUCTURE

The following chart sets forth the corporate structure of our Group immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account the Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme):

