PINE CAPITAL GROUP LIMITED
Company Registration No. 196800320E
(Incorporated in the Republic of Singapore)
(the "**Company**", together with its subsidiaries, the "**Group**")

PROPOSED ALLOTMENT AND ISSUANCE BY THE COMPANY OF 775,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY PURSUANT TO A SETTLEMENT AGREEMENT ENTERED INTO BY THE COMPANY

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*Capitalised terms used herein shall have the definitions ascribed to them in the announcements made on 13 September 2017, 22 September 2017, 12 June 2018, 13 June 2018 and 22 June 2018 (the "**Previous Announcements**") unless otherwise stated or the context otherwise requires.*

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of the Company refers to the Previous Announcements.

The Board wishes to announce that the Company has on 5 September 2018 Settlement Agreement entered into a settlement agreement (the "**Settlement Agreement**") with the Vendor, Jessie Sun May Gze, pursuant to which the Company has agreed to allot and issue new ordinary shares in the capital of the Company to the Vendor for the partial satisfaction of the Deferred Balance ("**Proposed Settlement**").

Pursuant to the Settlement Agreement, the Company has agreed to allot and issue 775,000,000 new ordinary shares ("**Settlement Shares**") in the Company to the Vendor at an issue price of S$0.0009 per Settlement Share ("**Issue Price**"), deemed as fully paid, which shall constitute full and final settlement of the sum of S$697,500 ("**Settled Deferred Balance**") which forms part of the Deferred Balance. As announced by the Company on 12 June 2018, the Deferred Balance is S$1,024,221.

Further, the Vendor has expressly waived the Interest in connection with the Settled Deferred Balance ("**Waived Interest**") in consideration for the Settlement Shares issue and the right of the Vendor to receive the Waived Interest shall be extinguished upon completion of the allotment and issuance of the Settlement Shares ("**Interest Waiver**").

2. ISSUE PRICE

The Issue Price of S$0.0009, equivalent to a discount of 10% to S$0.001, being the volume weighted average price for trades done on the Shares on the SGX-ST on 3 September 2018, the last full market day prior to the trading halt being implemented and before the Settlement Agreement was signed.

3. SHARE ISSUE MANDATE

The Settlement Shares are intended to be issued pursuant to the authority given to the Directors under the general mandate obtained at the annual general meeting of the Company held on 27 July 2018 (the "**Share Issue Mandate**").

Pursuant to the Share Issue Mandate, the Directors are authorised and empowered to, *inter alia*, issue Shares in the Company not exceeding 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata

basis to all existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company. Pursuant to such thresholds, as the Company's total and issued share capital as at the date of the Share Issue Mandate was 4,457,794,948 Shares, the Company is authorised to issue up to 2,228,897,474 Shares other than on a pro-rata basis.

As of the date of this announcement, the Company has not issued any Shares under the Share Issue Mandate. The proposed issue and allotment of the Settlement Shares to the Vendor will be done within the limits of the Share Issue Mandate.

4. MORE INFORMATION ON PROPOSED SETTLEMENT

4.1. Background Information

The Company had on 13 September 2017 entered into a Share Purchase Agreement with the Vendor to acquire 100% of the issued and paid up share capital of BSDCN Pte. Ltd. (the "**Proposed Acquisition**") for a total consideration of S$6,024,221 to be paid in two tranches.

The Proposed Acquisition was completed on 21 September 2017 following the payment of the Tranche 1 Consideration (i.e. S$3,500,000). As announced by the Company on 12 June 2018, the Company had entered into a Supplemental Agreement with the Vendor in relation to the payment of Tranche 2 Consideration (i.e. S$2,524,221). Pursuant to the Supplemental Agreement, the Company made payment for the sum of S$1,500,000 on the date of the Supplemental Agreement and had agreed to pay the Deferred Balance on a date to be decided by the Company which in any event shall not be later than 21 September 2019. Further, an interest rate of 10% per annum, shall accrue on the outstanding amount of the Deferred Balance commencing from the date of the Supplemental Agreement until the date of full repayment of the Deferred Balance. As at the date of this announcement, the Deferred Balance of the Consideration (i.e. S$1,024,221), and the Interest, remains owing to the Vendor.

Pursuant to the Settlement Agreement, in particular the Interest Waiver, the Settlement Shares will be allotted and issued to the Vendor at the Issue Price, which shall constitute full and final settlement of the Settled Deferred Balance, and the right of the Vendor to receive the Waived Interest shall be extinguished upon completion of such allotment and issuance.

Upon completion of the Proposed Settlement, the sum of S$326,721 ("**Outstanding Consideration**") out of Tranche 2 Consideration will remain outstanding. Pursuant to the Settlement Agreement, while the Company has until the Repayment Deadline (i.e. 21 September 2019) to make payment of the Outstanding Consideration and the accrued Interest in connection therewith, the Vendor has agreed to waive any Interest accrued in relation to the Outstanding Consideration in the event that the Company makes payment of the Outstanding Consideration within 7 days from the date of completion of the Settlement.

The Vendor has confirmed to the Company that she is not a person to whom the Company is prohibited from issuing Shares to as provided for by Rule 812 of the Listing Manual Section B: Rules of Catalist. As at the date of this announcement, the Vendor holds 8,000,000 Shares in the Company ("**Vendor's Existing Shares**") representing approximately 0.18% of its existing issued and paid up share capital.

To the best knowledge of the Board, save as disclosed herein, the Vendor does not have any material connections (including business relationship) with the Company or any of its Directors or substantial Shareholders.

4.2. **Allotment and Issuance of Settlement Shares**

The allotment and issuance of 775,000,000 Settlement Shares to the Vendor represents approximately 17.38% of the existing issued and paid-up share capital of the Company (i.e. 4,457,794,948 Shares) as at the date of this announcement and approximately 14.81% of the enlarged issued and paid-up share capital of the Company (i.e. 5,232,794,948 Shares) after taking into consideration the Proposed Settlement. Upon the allotment and issuance of the Settlement Shares, taking into consideration the Vendor's Existing Shares, the Vendor will hold an aggregate of approximately 14.96% of the enlarged issued and paid-up share capital of the Company.

4.3. **Ranking of Settlement Shares**

The Settlement Shares, when issued and fully paid, will rank *pari passu* in all respects with and shall carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the Proposed Settlement.

4.4. **Condition Precedent to the Proposed Settlement**

The Proposed Settlement is conditional upon the approval by the SGX-ST of an application made by the Company for the listing and quotation of the Settlement Shares on the official list of the SGX-ST.

5. APPLICATION TO THE SGX-ST

The Company will be making an application to the SGX-ST through its continuing sponsor for the listing of and quotation for the Settlement Shares on the Catalist of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

6. FINANCIAL EFFECTS OF THE PROPOSED SETTLEMENT

As at the date of this announcement, the number of issued and paid-up share capital of the Company is 4,457,794,948 Shares. Upon completion of the Proposed Settlement, the Company will have an enlarged share capital of 5,232,794,948 Shares.

For illustrative purposes only, based on the audited full year results of the Company for the financial year ended 31 March 2018 ("**FY2018**"), the *pro forma* financial effects of the Proposed Settlement are calculated based on the following assumptions:

(a) for the purpose of computing the Loss per Share ("**LPS**") of the Group after the completion of the Proposed Settlement, it is assumed that the Proposed Settlement was completed on 1 April 2017; and

(b) for the purpose of computing the net tangible assets ("**NTA**") per Share, it is assumed that the Proposed Settlement was completed on 31 March 2018.

(i) **NTA per Share**

	Before allotment of Settlement Shares	After allotment of Settlement Shares
NTA after adjustment of proceeds from Rights and Warrants issue completed on 7 May 2018(S$'000)	2,154[(1)]	2,852[(2)]
Number of Shares	4,457,794,948	5,232,794,948
NTA Per Share (Singapore cents)	0.0483	0.0545

[(1)] Adjusted with the net proceeds raised from the Rights and Warrants Issue which was completed on 7 May 2018. NTA per share is calculated based on 4,457,794,948 ordinary shares of the Company after taking into account the issuance of 787,210,747 Rights Shares pursuant to the Rights and Warrants Issue.

[(2)] Adjusted with the reduction in liability subsequent to the allotment of settlement shares, which shall constitute full and final settlement of the sum of S$697,500.

(ii) **LPS**

	Before allotment of Settlement Shares	After allotment of Settlement Shares
Consolidated loss of the Group after taxation for FY 2018 (S$'000)	(2,055)	(2,055)
Weighted average number of Shares	4,195,391,366	4,970,391,366
LPS (Singapore cents) [(3)]	(0.0490)	(0.0413)

[(3)] The EPS or LPS is calculated by dividing the net loss after tax attributable to owners of the Company by the ordinary shares of the Company after completion of the Rights and Warrants Issue as announced on 7 May 2018.

7. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save in their respective roles as directors and/or shareholders of the Company, none of the Directors nor the substantial shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Settlement as set out above.

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Settlement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

9. TRADING CAUTION

Shareholders should note that there is no certainty or assurance as at the date of this announcement that the Conditions Precedent will be fulfilled (or waived, as the case may be) or that the Proposed Settlement will be completed. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Tan Choon Wee
Interim CEO and Executive Chairman

5 September 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Sponsor has not independently verified the contents of this announcement, including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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