PINE CAPITAL GROUP LIMITED

(formerly known as "OLS Enterprise Ltd.")
Company Registration Number: 196800320E
(Incorporated in the Republic of Singapore)

MEMORANDUM OF UNDERSTANDING WITH THE PROVINCIAL COUNCIL OF THE EASTERN PROVINCE OF SRI LANKA OF GOVERNORS' SECRETARIAT, LOWER ROAD, ORR'S HILL TRINCOMALEE IN THE REPUBLIC OF SRI LANKA

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1. Introduction

The Board of Directors ("**Board**") of Pine Capital Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 19 December 2018 signed a memorandum of understanding ("**MOU**") with the Provincial Council of the Eastern Province of Sri Lanka ("**Council**"), setting out their intention to invest in and develop an extent of land in the Eastern Province, Sri Lanka.

2. Background and Rationale for the MOU and the Projects Contemplated Therein

The Company together with its business partners have developed a broad plan to invest in and develop an extent of land in the Eastern Province, Sri Lanka. The plan envisions an integrated hospitality and lifestyle township comprising, *inter alia*, luxury resorts, hotels, serviced apartments, international fashion design institute and convention centre to cater for fashion/ lifestyle events. This township project called "Project Beacon" is expected to contribute exponentially to the economy of the Eastern Province of Sri Lanka, with significant spill-over effects to the wider Sri Lankan economy. The economic multipliers will come through new economic drivers in the hospitality, tourism, fashion and garment sectors. The employment that these create will increase tourism receipts and contribute to heighten Sri Lanka's prominence as an international address of the global citizenry etc. The total investment amount in Project Beacon is conservatively expected to be at least US$3 billion.

The Board considers that the MOU, in line with the Group's business strategy, expansion plan and the Group's diversification of its core business to include project management, will offer a good opportunity for the Group to broaden its business, revenue base and generate direct cashflow to the Company in the future. The Board also considers the transaction contemplated by the MOU beneficial to the Company and its shareholders as a whole.

3. Salient terms of the MOU

3.1 Parties Key Obligations

(i) The Council shall facilitate the process with concurrence of the Cabinet of Ministers and through the BOI approval procedures to promote and accommodate the project within the identified location which would be hereinafter referred to as the "Project Site";

(ii) All land surveys and procedures associated with Project Beacon shall be the responsibility of the Company and the alienation of the land requirement will be assisted by the Council and costs shall be borne by the Company;

(iii) All relevant agency approvals including environmental impact assessments, forest department clearance, wild life department clearance, archaeological clearance and all other relevant government agency clearances and permissions shall be obtained by the Company with the assistance of the Council;

(iv) The project investment shall be the sole responsibility of the Company; and

(v) The Council shall not bear or commit to any financial expenses/obligations in discharge of the covenants in the MOU.

3.2 Consequential Actions to be taken by the Company

The Company shall incorporate a project development company in Singapore with its primary scope of business being project development and management.

3.3 Mutual Covenants

The MOU shall be the basis for the parties to negotiate a formal agreement within six months of the date of the MOU. The parties may extend the negotiation period by such duration to be mutually agreed.

Unless earlier terminated, the MOU shall remain effective for a period of six months from the date hereof. The parties may extend the term of the MOU at any time prior to the expiry of the MOU by serving written notice to the other party 30 days prior to the expiry of the MOU.

Notwithstanding anything in the MOU, either Party may terminate the MOU by notifying the other Party of its intention to terminate the MOU by notice in writing at least 30 days prior to its intention to do so.

4. Interests of Directors and Substantial Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the MOU or the transactions contemplated therein.

5. Further Updates

The Company will make the appropriate announcements as and when there are any material developments regarding the MOU or the transactions contemplated therein in compliance with the relevant provisions of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

6. Trade with Caution

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD
PINE CAPITAL GROUP LIMITED

Tan Choon Wee
Interim CEO and Executive Chairman
19 December 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 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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