

PINE CAPITAL GROUP LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 196800320E

RESPONSE TO QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) IN CONNECTION WITH THE RESIGNATION OF (I) MR. GAN WAH KWANG @ GUAN WAH KWANG AS LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR AND (II) MR. DAVID SARKIS AS EXECUTIVE DIRECTOR

Capitalised terms used but not defined herein shall have the same meanings ascribed to them in the Company’s announcements made on 28 February 2020 and 2 March 2020 (the “Previous Announcements”), unless otherwise defined herein or the context requires otherwise.

The board of directors (the “**Board**”) of Pine Capital Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to set out the responses to the queries raised by the Singapore Exchange Regulation (“**SGX RegCo**”) to:

(a) The Board of the Company; and

(b) The Company’s sponsor, Asian Corporate Advisors Pte. Ltd. (“**Sponsor**”),

in connection with the resignation of (I) Mr. Gan Wah Kwang @ Guan Wah Kwang (“**Mr. Gan**”) as Independent Non-Executive Director (Lead) and (II) Mr. David Sarkis (“**Mr. Sarkis**”) as Executive Director (“**ED**”).

Query 1: Other than the reasons stated in the SGXNET announcements, did Mr. Gan and Mr. Sarkis share on any concerns on the Company?

Company’s Response:

No, both Mr. Gan and Mr. Sarkis did not share on any concerns on the Company.

In addition, based on the Sponsor’s cessation interviews with both Mr. Gan and Mr. Sarkis, the responses from both Mr. Gan and Mr. Sarkis respectively, were consistent with the template announcement for their respective cessation as directors as announced on 28 February 2020 and 2 March 2020. Notwithstanding, the Board has been made aware and noted the Sponsor’s concerns as set out in the responses to Query #2, #5 and #6 below.

Query 2: Does the Sponsor have any concerns on the resignations?

Sponsor’s Response:

The Sponsor had noted the Board’s responses for query # 3 and #4. The Sponsor’s response for this query should be read together with the response to query #5.

Notwithstanding, Sponsor have made aware their concerns to the Board (past and present) over the course of the past months, pertaining to the Company (not only in regards to the recent resignations of Mr. Gan and Mr. Sarkis). Such concerns raised by the Sponsor include *inter-alia*:

- (a) The multiple resignations of Directors and key executives of the Company over the period of the past 12 months or more. There is a need to strengthen the management team and Board to ensure continuity which will in turn enhance the ability to meet operational, business and compliance requirements given the Company's current state of affairs.
- (b) Suspension of trading for shares of the Company arising from, *inter-alia* an unclear state of affairs of the Company (as announced on 21 March 2019). The most pressing issue for the Company and its Directors which was conveyed to the Company is the need to request for an extension of time from the SGX-ST for submission of a resumption plan. The Board is cognisant of the dateline and is in discussions with the Sponsor and will make such updates or announcements at a later date.
- (c) The finalisation and conclusion of the findings or report ("**IR Report**") of the independent reviewer ("**Independent Reviewer**"), whose appointment was announced on 15 July 2019. This would also include measures and controls to be implemented or actions to be taken. The Sponsor notes that as at the date of this announcement, the Independent Reviewer has finished the draft IR Report and parties are in discussion with the SGX-ST.
- (d) The Monetary Authority of Singapore's ("**MAS**") Direction Letter on 13 May 2019 (the "**Direction Letter**"). As at the date of this announcement, as confirmed by the Board of ACPAM and the Board of the Company, MAS have not lifted its Direction Letter to ACPAM.
- (e) The disclaimer of opinion issued by the auditors of the Company on 9 July 2019 due to the (i) MAS Direction Letter; and (ii) ongoing review of the Company by the Independent Reviewer.
- (f) The requisition for a shareholders' meeting as announced on 8 February 2019, and the results of the annual general meeting dated 30 July 2019, wherein most of the resolutions *inter-alia* those relating to the re-election of majority of the Board then were not passed by the shareholders.
- (g) The need for actions and viable plans for resumption of trading as well as addressing concerns on the Group's deteriorating financial performance, condition and position, viable business plans (given the MAS Direction Letter and the Group's existing business) and going concern.
- (h) Ongoing litigations and proceedings as announced.
- (i) Corporate governance matters pertaining to, *inter-alia*:
 - (i) The Board is not entirely in compliance with the Code of Corporate Governance 2018 in terms of *inter-alia* the composition of the Audit Committee and Remuneration Committee. Whilst the Board had undertaken that it shall use its best endeavours to find identify suitable board member candidates to fill the positions within two (2) months from 28 February 2020, this has to be done as soon as possible given the state of affairs. The Board notes the concern on adequacy, succession and continuity for the Board and also management.
 - (ii) Given *inter-alia* the sequence and timing of various appointments and resignations of directors as well as the resignations of Mr. Gan (who has prior experience as CFO and director of Singapore listed company) and Mr. Sarkis (who has prior experience working in financial institutions and at a Hong Kong SFC license holder), the balance and mix of skills

and experience of the Board as a whole to meet *inter-alia* the operational, business and compliance requirements given the Company's current state of affairs would be further affected. The Board notes the Sponsor's concern and will expedite their search for suitable candidates (which they have embarked on prior to the resignations of Mr. Gan and Mr. Sarkis).

- (iii) Currently, PCGL has, *inter-alia*, no internal audit function and the finance function is outsourced to third party. The Company has noted the Sponsor's suggestion to concurrently strengthen its internal control, finance and compliance and such measures should not be subject to resumption of trading of the Company's shares. The Board noted that it has to be done as soon as possible and was working on it prior to the respective resignations of Mr. Gan and Mr. Sarkis.

There is a need to resolve the issues as they are significant and may have an impact on the Group's business operations. These are matters that the Board has to address together with issues of the Group's business operation and going concern. The issues are known to the Board prior to Mr. Gan and Mr. Sarkis resignations and have been outstanding for a while.

The Board notes the Sponsor's concern that as Mr. Sarkis was "leading" these few months in the liaising for the IR report, announcements (including results), as well as, based on Sponsor's understanding, discussions with prospective investors, his resignation may leave a gap. Remaining Directors will have to take a lead on the matters. There will be a challenge *inter-alia* given the other Directors recent appointment, the need for Director's training as prescribed by the SGX-ST and also the issue of business viability, going concern and resumption which was discussed at length over a number of months.

The most pressing issue for the Company and its Directors which was conveyed to the Company, is the need to request for an extension of time for submission of resumption plan. The Board is cognisant of the dateline and is in discussions with the Sponsor and will make such updates or announcements at a later date.

Query 3: Is there any impact on the Company's operations?

Company's Response (including responses to the queries raised by the Sponsor):

The Board of the Company is of the view that there is low or zero impact on the Company's operations. The Board is aware of the importance of business continuity and is currently working together with Mr. Gan and Mr. Sarkis to ensure proper handover.

The Board of the Company takes cognisance of the Company's non-compliance with the Code of Corporate Governance 2018 following the resignation of Mr. Gan as Independent Non-Executive Director ("INED"), particularly in relation to the composition of the Audit Committee and Remuneration Committee. As such, the Board is currently taking the relevant measures to identify suitable board member candidates to fill the positions.

Whilst the Board is currently looking for suitable board member candidates, the day-to-day operations of the Company and its subsidiaries are not affected.

The day-to-day operations of the Company are overseen by the Board of the Company comprising of Mr. Lee Sin Ann (ED), Mr. Chin Hon Siang (INED) and Mr. Chan Wai Leung (Lead INED).

The day-to-day operations of Pine Capital (Shanghai) Group Limited (“**PCG Shanghai**”) is managed by Mr. Tan Poh Kwok Nicoll, the General Manager of PCG Shanghai, whose appointment was announced by the Company on SGXNET on 31 October 2019.

The day-to-day operations of ACPAM are overseen by the Board of ACPAM and continuously keeps the Board of the Company apprised on the affairs of the ACPAM. As announced on 14 October 2019, 14 February 2020, 24 February 2020 and 4 March 2020, the Board of ACPAM is pursuing legal action against the former CEO and director of ACPAM, Mr. Adam Wang¹. Once the ongoing legal proceedings has been resolved, the Board of ACPAM will work with MAS on the next course of action. The Company will make further announcement(s) to keep shareholders duly informed, as and when there any material updates or developments in due course.

Please see the Sponsor’s comments above in Query 2.

Query 4: Who will be driving the operations of the Company going forward?

Company’s Response (including responses to the queries raised by the Sponsor):

At present, the operations of the Company is driven by the current Board of the Company comprising of Mr. Lee Sin Ann (ED), Mr Chin Hon Siang (INED) and Mr. Chan Wai Leung (Lead INED).

Apart from the Board, the Company currently has two full-time staff who are supported by external professional service providers.

The details and the roles of the two full-time staff of the Company are as follows:

- (a) Ms. Suehaily Bte. Senan @ Emiel Shamir is employed as a Senior Officer General Affair. In general, Ms. Suehaily handles the corporate affairs of the Company and liaises with the outsourced corporate secretarial company of the Company and the Company’s Sponsor on announcements.
- (b) Ms. Linda Teo Lin Ling is employed as a Business Administrator and works with the outsourced accounting firm of the Company, Ardent Business Advisory Pte. Ltd. on all finance related matters in addition to daily administrative duties.

The Company currently outsources its corporate secretarial related matters to Tricor Evatthpuse Corporate Services whilst all accounting related matters are outsourced to Ardent Business Advisory Pte.Ltd. All legal related matters are handled by Zico Insights Law LLC and Solitaire LLP.

At present, Mr. Tan Poh Kwok Nicoll who is the General Manager of PCG Shanghai is managing the operations of PCG Shanghai. Whilst, Mr. Lee Sin Ann who is the sole director of both Pinnacle Asia Pacific Pte.Ltd. and Pine Ventures Management Pte. Ltd. is handling all affairs related to both Pinnacle Asia Pacific Pte. Ltd. and Pine Ventures Management Pte. Ltd.

The day-to-day operations of ACPAM are overseen by the Board of ACPAM.

The Board notes that there are no substantial matters raised in the draft IR Report with regards to the alleged wrongdoings by the previous management of the Company’s 51% owned subsidiary, Advance

¹ This is a more accurate representation as opposed to the disclosure made on this matter in the Company’s announcement dated 14 February 2020 that “*Management is currently working to resolve the existing disputes with the ex-directors of ACPAM, Mr. Adam Wang*”.

Capital Partners Asset Management Private Limited (“**ACPAM**”), albeit there are areas of possible improvement. Furthermore, the Board notes the recommendations set out in the IR Report, which include *inter-alia* measures and controls to be implemented or actions to be taken by the Company. On this same vein, the Board is also on a constant lookout to grow the existing team, however this is subjected to the current financial position of the Company.

Notwithstanding the Board notes the Sponsor concerns on *inter-alia* whether the Company continues to have sufficient systems, procedures, controls and resources to comply with the Catalist Rules (as stipulated in Rule 226(1)(c)) or the ability to continue as a going concern as summarised in the response to query #5.

Query 5: There are 9 resignations in the Board over the past 12 months. Does the Sponsor have any concerns in the Company’s corporate governance?

Sponsor’s Response:

Please see the response for query #2.

In addition, given the resignations, there is uncertainty as to whether: (a) there is continuity or whether the Company continues to have sufficient systems, procedures, controls and resources to comply with the Catalist Rules (as stipulated in Rule 226(1)(c)); (b) will be able to continue as a going concern; (c) the Company’s internal control (including financial, operational, compliance and information technology controls) and risk management systems is adequate and effective; and (d) the Company continues to be able to meet the requirements under the Catalist Rules (including, *inter-alia*, announcement) as well as be in compliance with Code of Corporate Governance 2018.

Query 6: The Company’s current AC is made of up 2 Independent Directors and 1 Executive Director (ID Chan Wai Leung, ID Chin Hon Siang, ED Lee Sin Ann). According to the Code of Corporate Governance 2018 (“**Code**”), a Company’s AC should be made up of independent directors. This was also stated in the Company’s FY2019 Annual Report (pg 38).

Pursuant to Listing Rules 710 and 704(7), please explain the Company’s non-compliance with the Code after the resignation of Mr. Gan and whether the Company will appoint another ID to fill the vacancy within 2 months (from 28 Feb 2020).

Company’s Response:

Please see the Company’s Response to Query 3 above.

The Company shall use its best endeavours to find identify suitable board member candidates to fill the positions within two (2) months from 28 February 2020. Please see the Sponsor’s comments above.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors 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 or circumstances about the abovementioned responses, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this 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 that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**BY ORDER OF THE BOARD
PINE CAPITAL GROUP LIMITED**

Lee Sin Ann
Executive Director

13 March 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's 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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