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

LATEST DEVELOPMENTS ON SUBSIDIARY – ADVANCE CAPITAL PARTNERS ASSET MANAGEMENT PRIVATE LIMITED

The board of directors (the "**Board**") of Pine Capital Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to provide an update to its shareholders on the latest developments on the affairs of the Company's 51%-owned subsidiary, Advance Capital Partners Asset Management Private Limited ("**ACPAM**").

Year to date, the Board of the Company has been reconstituted three times – on or about 5 March 2019[1], 20 March 2019[2] and 20 June 2019[3], and at the annual general meeting of the Company on 30 July 2019, resolutions for the re-appointment of a majority of the Board of the Company were defeated by majority vote[4].

Year to date, the Board of ACPAM has changed in tandem with the changes in the Board of the Company – on or about 10 May 2019[5] and 12 August 2019[6].

Following the reconstitution of the Board of ACPAM on 12 August 2019, the Board of the Company and ACPAM have concerned themselves with three main issues pertaining to the affairs of ACPAM as further elaborated herein in this announcement.

Engagement with MAS on the affairs of ACPAM

1. ACPAM had received a direction letter from the Monetary Authority of Singapore ("**MAS**") dated 13 May 2019 (the "**MAS Direction Letter**").[7] ACPAM had written to MAS on several occasions between 6 April 2019 and 3 May 2019 providing updates regarding the resolutions passed at the Extraordinary General Meeting ("**EGM**") of ACPAM dated 5 April 2019[8] and the legal proceedings arising therefrom[9].

2. Under the MAS Direction Letter, MAS has *inter alia* directed that ACPAM shall suspend all fund raising activities and all subscription activities, and shall not enter into any new investments or draw down on any commitments on behalf of any fund or segregated mandate that is managed by ACPAM until such date as MAS may specify in writing upon MAS being satisfied, among other things, that ACPAM is able to satisfactorily carry out its fund management functions (the "**MAS Directive**").

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1 As announced by the Company on 5 March 2019.
2 As announced by the Company on 20 March 2019.
3 As announced by the Company on 20 June 2019.
4 As announced by the Company on 30 July 2019.
5 As announced by the Company on 10 May 2019.
6 As announced by the Company on 20 August 2019.
7 As announced by the Company on 28 May 2019.
8 As announced by the Company on 10 May 2019.
9 As announced by the Company on 21 May 2019.

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3. ACPAM has since August 2019 suspended all fund management activities consistent with the restrictions imposed by MAS on its operations pursuant to the MAS Direction Letter[10]. The MAS Direction Letter continues to remain in force and ACPAM continues to be in compliance of the MAS Direction Letter.

4. On 28 August 2019, the Board of ACPAM further wrote to MAS providing updates regarding the resolutions passed at the EGM of ACPAM on 12 August 2019, which saw the reconstitution of the Board of ACPAM to its present Board. In the same letter, the Board of ACPAM has kept MAS apprised on the various options it is considering in regards to the affairs and future of ACPAM. The Board of ACPAM will continue to keep MAS apprised once a decision is made.

5. To further recap, as at August 2019, ACPAM's base capital had fallen below the stipulated base capital of S$250,000,000 as required of a Registered Fund Management Company ("**RFMC**") pursuant to Regulation 7D of Second Schedule of the Securities and Futures (Licensing and Conduct of Business) Regulation.[11] The Board of ACPAM had on 25 September 2019 and 11 October 2019 wrote to MAS informing MAS of ACPAM's base capital deficiency based on the draft management accounts of ACPAM for the month of August 2019.

6. As at the date of this announcement, ACPAM continues to be in breach of the minimum base capital requirement. The Board of ACPAM will be reviewing this position once the ongoing legal proceedings has been resolved, before making a decision on the future of ACPAM.

7. Given the base capital deficiency and ACPAM's suspension of all fund management activities, the Board of ACPAM had in their letter to MAS on 11 October 2019 requested for MAS to temporarily suspend ACPAM's RFMC license until such further date[12].

8. MAS in their responses dated 17 October 2019 and 21 October 2019 to ACPAM's request for temporary suspension of ACPAM's RFMC license had indicated that as a RFMC, ACPAM does not hold a Capital Markets Services license, but operates under an exemption from it. Therefore while ACPAM's fund management activities are suspended, it is still subject to meeting all requirements of a RFMC, including the maintenance of the minimum base capital. MAS had on 23 October 2019[13] further reiterated their responses dated 17 October 2019 and 21 October 2019.

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10 As announced by the Company on 15 October 2019.
11 Ibid.
12 Ibid.
13 Reference is made to the disclosure in the Company's announcement dated 23 October 2019 that MAS had on 23 October 2019 responded to ACPAM's request for temporary suspension of ACPAM's RFMC license. To clarify, MAS had responded to ACPAM's request on 17 October 2019 and 21 October 2019 and had on 23 October 2019 further reiterated their responses dated 17 October 2019 and 21 October 2019.

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Transfer of Shares to ACPAM

9. On 15 August 2019, the Company announced that ACPAM was in the midst of its recovery efforts for the return of a substantial number of shares (the "**Secured Shares**") quoted on a recognised stock exchange from Advance Opportunities Fund ("**AOF**"). This statement is inaccurate for reasons elaborated below in paragraph 21. For completeness, the inaccuracy was brought to the attention of the Board on or about February 2020.

10. In light of this, the Board wishes to provide further clarification on this matter to the shareholders of the Company. The Board would like to further inform shareholders of the Company that the clarified events set out herein in regards to the transfer of shares of ACPAM are based solely on information provided by Mr. Tan Choon Wee ("**TCW**"), an existing director of ACPAM, who was a director of ACPAM during the period of June 2013 until April 2019 as (a) the transfer of the Secured Shares predates the existing Board of the Company; and (b) none of the Board members served as directors or executive officers of ACPAM when the transfer of the Secured Shares took place.

11. The following terms used herein have the meanings ascribed to them below:

    (a) "**Person 1**" refers to a person who have held the positions of director, CEO and head of Greater China of ACPAM prior to his dismissal in August 2019.

    (b) "**Person 2**" refers to a substantial shareholder of the Company when the transfer of the Secured Shares and 9% Secured Shares took place, by virtue of his controlling interest in Pine Partners Pte. Ltd.

Clarification and Rectification on the legal and beneficial ownership of the Secured Shares

12. On 27 July 2018, on the instructions of Person 2, Person 1 had procured Advance Capital Fund SPC ("**ACF**") to enter into an investment term sheet with a third party investor. As part of the intended investment (a) ACF would purchase from a third party investor shares quoted on a recognised stock exchange; and (b) ACF would receive collateral from the third party investor in the form of the Secured Shares.

13. Person 2 instructed Person 1 to procure the third party investor to transfer the Secured Shares to AOF rather than ACF. In the interest of expediency, Person 1 requested AOF to hold the Secured Shares on bare trust for, to be best of TCW's recollection, ACF.

14. At no point in time did ACPAM pay any money for the Secured Shares.

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Clarification and Rectification on ACPAM's recovery efforts of the Secured Shares

15. The foregoing disclosure that ACPAM is in the midst of its "*recovery efforts*" for a substantial number of Secured Shares were then led by Person 1. Since his dismissal from ACPAM, Person 1 has amended his narrative to allege that ACF (instead of ACPAM) is the rightful owner of the Secured Shares. Person 1 currently holds the sole management share of ACF. Person 1 is also currently pursuing court action for the retrieval of the Secured Shares.

16. As announced by the Company on the SGXNET on 14 October 2019, ACPAM is alleging and pursuing court action against Person 1 for transferring without authorisation the sole management share of ACF from ACPAM to himself. ACPAM is currently pursuing court action against Person 1 for the retrieval of the sole management share of ACF. Please refer to the announcements of the Company dated 14 October 2019, 14 February 2020 and 24 February 2020 for further updates on the aforementioned court action.

Current Status of the Secured Shares

17. AOF has on or around 20 September 2019 filed an interpleader to the court to determine the competing claims on the Secured Shares ("**Interpleader Application**") whereby ACPAM and ACF are named as defendants in the Interpleader Application. However, the Interpleader Application has currently been stayed pending the earlier of (i) the disposal of ACPAM's claims for the unauthorised transfer of the management share of ACF (as announced by the Company on the SGXNET on 14 October 2019, 14 February 2020 and 24 February 2020); or (ii) an earlier order of the court.

18. In light of the stay on the Interpleader Application, the court has adjourned the pre-trial conference for the Interpleader Application to 2 July 2020, with liberty to write in to bring forward the date of the pre-trial conference in the event that the stay on the Interpleader Application is lifted.

19. ACPAM is represented by Elden Law LLP in the Interpleader Application.

20. Based on information available as at the date of this announcement, the Board of ACPAM has not been able to take a position in court on the Secured Shares matter as the Interpleader Application has been stayed.

21. Notwithstanding the foregoing, as the at the date of this announcement, the Board of the Company and the Board of ACPAM **does not** intend to pursue any claim in respect of Secured Shares as ACPAM is not the beneficial owner of the Secured Shares considering that at no point in time did ACPAM pay any money for the Secured Shares.

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Alleged misappropriation of the Management Share of ACF

22. On 26 August 2019, the Board of ACPAM became aware that ACPAM was no longer the holder of ACF's sole management share which carries voting rights at any general meeting of ACF[14].

23. ACPAM had on 3 September 2019 lodged a police report with the Commercial Affairs Department of the Singapore Police Force for suspected misappropriation of the management share of ACF. To date, the Board of the Company and ACPAM has not received any updates.

24. ACPAM has also commenced legal proceedings – please refer to the announcements of the Company dated 14 October 2019, 14 February 2020 and 24 February 2020 for developments on the legal proceedings commenced by ACPAM.

25. ACPAM is represented by Elden Law LLP in this matter.

Shareholders are urged to take note that the matters referred herein have an adverse effect on the Group's operations and prospects.

The Company will continue to make announcements as and when appropriate to update shareholders once it receives further information or when material developments on these matters occur.

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 update on 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 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

David Sarkis
Executive Director

29 February 2020

[14] As announced by the Company on 14 October 2019.

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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. (the "**Sponsor**"), 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 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.

The contact person for the Sponsor is Mr Liau H.K.
Telephone number: +65 6221 0271