PACIFIC STAR DEVELOPMENT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198203779D)

APPLICATION FOR EXTENSION OF TIME TO SUBMIT RESUMPTION PROPOSAL

1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of Pacific Star Development Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that on 23 December 2021, the Company has submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") for an application for an extension of time of nine (9) months (the "**Extension**"), from 24 December 2021 to 30 September 2022, for the Company to submit its resumption of trading proposal (the "**RTP**") to SGX RegCo.

2. BACKGROUND

2.1. The shares of the Company that are listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") have been suspended since 24 March 2020. On that same day, the Company had announced a voluntary suspension request and the basis of the Board for such request (the "**Suspension Announcement**"). The Suspension Announcement referred to, amongst others, (i) the resignation of Mr Glen Chan Fook Kheong (the previous Chief Executive Officer and Managing Director of the Company) ("**Mr Chan**") and his bankruptcy order; and (ii) the S$70,000,000 loan facility entered into on 24 December 2018 (together with an additional S$2,000,000 facility increment as announced on 30 June 2021, referred to as the "**Loan Facility**") by a subsidiary of the Group. In view of Mr Chan's resignation and his bankruptcy order, it was surmised that the event would constitute a change of control and be a basis for the lenders of the Loan Facility (the "**Lenders**") to immediately require the mandatory prepayment of the loan and the interest accrued. Accordingly, the Company sought a waiver of the abovementioned change of control from the Lenders. At the time, the Lenders were not in a position to grant such waiver but remained supportive of the Group.

2.2. In the Suspension Announcement, the Board was of the view that there was material uncertainty in relation to the continued trading of the Company's shares on the SGX-ST. In order to prevent any irregular movement in the Company's share price, the Company decided to request for a voluntary trading suspension. Such suspension is ongoing till date.

2.3. On 14 October 2021, the Company announced:

(a) the entry into a definitive amendment and restatement agreement relating to the Loan Facility (the "**Amended Agreement**"). The Amended Agreement, amongst others, extended the tenure of the Loan Facility which was due on 28 December 2020 to 5 October 2023 and provided waivers for various breaches of the Loan Facility, including the change in control as mentioned in Paragraph 2.1 above. The aforementioned restructuring of the Loan Facility shall be referred to as the "**Loan Facility Restructuring**"; and

(b) the entry into a definitive agreement relating to a S$30,000,000 loan facility (the "**Additional Financing**") granted by the Lenders to the Group's principal subsidiary, Pearl Discovery Sdn. Bhd. ("**PDD**") (the "**Additional Financing Agreement**");

The Amended Agreement and the Additional Financing Agreement are collectively referred to as the "**Definitive Agreements**".

2.4. The Loan Facility Restructuring and the Additional Financing are inter-dependent and inter-related transactions with another transaction, namely the restructuring of an existing bank loan facility granted by a Malaysia bank (the "**Bank**") to PDD (the "**Bank Loan Restructuring**"). In totality, the (i) Loan Facility Restructuring, (ii) Additional Financing, and (iii) Bank Loan Restructuring are referred to as the "**Package Deal**", with the key thrust being to provide near-term and short-term financial support for PDD.

2.5. PDD is the property development company of Puteri Cove Residences and Quayside ("**PCR**"), a mixed-use property development comprising condominium units, serviced suites, SOHO and a lifestyle retail centre, located in Iskandar Puteri, Malaysia. PCR is the key asset of PDD and thereby of the Group. As may be inferred from the abovementioned details, the focus has been to extend the Group's (and PDD's) runway to monetise the unsold PCR units (the "**Unsold Units**") in an orderly manner. Therefore, in other words, the long-term survival and viability of the Group would depend on the Group's ability to sell and therefore monetise PCR.

2.6. On 15 October 2021, the Company announced that it had submitted an extension of time request for one (1) month for the submission of its RTP, i.e., from 24 November 2021 to 24 December 2021 (the "**Previous RTP Extension**"). The Previous RTP Extension was made in conjunction with the request for a 2-month extension of time to hold the annual general meeting (the "**AGM**") for the financial year ended 30 June 2021 ("**FY2021**") and the Board's rationale for doing so is stated under paragraph 3.1(e) of the announcement for the Previous RTP Extension, "*The Board is of the view that it is not meaningful to submit the Resumption Proposal before the Auditors issue an independent opinion with regard to the Company's and the Group's abilities to continue as going concerns*". Subsequently, on 17 December 2021, the Company published its FY2021 annual report in which the auditors had issued a disclaimer opinion regarding the use of going concern assumptions in the preparation of the Company's and the Group's FY2021 financial statements. As part of the notes to the audited financial statement for FY2021, the Company has disclosed the Board's assessment and basis that the financial statements should be prepared on a going concern basis under note 2.1 of and the disclaimer of opinion announcement dated 16 December 2021.

2.7. Over the course of the past several months (and in fact, for almost the whole of calendar year 2021), the management team of the Group (the "**Management**") has been working intensively on the Package Deal in order to place PDD, and therefore the Group, towards a viable operating position in order to submit its trading resumption proposal. Throughout the extensive process of the negotiation, drafting, review and finalisation of the Definitive Agreements, following by the voluminous work involved in the fulfilment of the conditions precedent in respect thereof, followed by the administrative work for the successful drawdown of funds under the Additional Financing, this took up till November 2021 to achieve.

2.8. Immediately after the completion of the Loan Facility Restructuring and the Additional Financing transactions, the Management worked on (i) preparing and releasing the unaudited results announcement for the first quarter ended 30 September 2021 ("**1QFY2022**") by 14 November 2021; and (ii) completing of the Company's and Group's audit as well as drafting, reviewing, finalising and releasing the annual report and audited financial statements by 16 December 2021. Both timelines for the abovementioned deliverables were met.

2.9. In respect of Management's preparation of the RTP, and as disclosed in the financial results for 1QFY2022 and the Company's annual report for FY2021, the long-term viability of the Group hinges on achieving bulk sales and/or en-bloc sale(s) of PCR units ("**Significant Sales Efforts**"). In this regard, Management had been in various stages of discussions with various parties in relation to the abovementioned Significant Sales Efforts. The main delay and impediment in the Significant Sales Efforts from reaching fruition lay in the disruptions wrought by the ongoing COVID-19 pandemic and the recently-emerged Omicron variant.

2.10. Notwithstanding the above, in recent months, Management has commenced serious discussions with a credible third party (the "**Counterparty**") for a significant bulk sale of the Unsold Units which would be a potential inflection point for the Group's long-term prospects and viability (the "**Potential Transaction**"). In view of the slew of transactions and deliverables handled by Management over the past year with its limited manpower and resources, more time is required to discuss, structure and implement the Potential Transaction with the Counterparty. Due to commercial sensitivities and confidentiality considerations, the Company is not in a position to disclose the identity of the Counterparty to the public. However, in due course, if and when the Potential Transaction is realised and/or signed, the relevant disclosures will be made accordingly.

2.11. Therefore, in view of the above, the Company has applied to SGX RegCo on 23 December 2021 to seek approval for the Extension.

3. RATIONALE FOR SEEKING THE EXTENSION

3.1 The Company wishes to request for the Extension due to the following reasons:

(a) As mentioned before, Management is working with limited manpower and resources whilst also attending to the various transactions over the past year and the day-to-day operations of the Group. Management had been in various stages of discussions with various parties in relation to the Significant Sales Efforts. The main delay and impediment in the Significant Sales Efforts against reaching fruition lay in the disruptions wrought by the ongoing COVID-19 pandemic and the recently-emerged Omicron variant. Therefore, Management requires more time to work on the terms of the Significant Sales Efforts to develop it into a substantive and meaningful state for presentation as part of the RTP; and

(b) Allowing more time to work on the Significant Sales Efforts as well as the RTP would be in the best interests of the shareholders of the Company, especially the minority shareholders of the Company. With the Significant Sales Efforts, and subject to the fruition thereof, it may be possible to work out a viable long-term benefit, value and/or exit for the Company's minority shareholders. If the Company is delisted at this point in time, this will be a missed opportunity for the Company's shareholders, particularly the minority shareholders of the Company, to be able to explore a viable long-term benefit, value and/or exit.

4. INDICATIVE TIMELINE

4.1 Due to the fact that the Potential Transaction is still at a preliminary stage, the following is an indicative timeline for reference:

Milestones	**Estimated Timeline**
Signing of term sheet for the Significant Sales Effort	By 30 June 2022
Signing of definitive documentation relating to the Significant Sales Effort	By 15 August 2022
Submission of RTP	By 30 September 2022

4.2 The Company would provide an update on the outcome of the application for the Extension in due course.

ON BEHALF OF THE BOARD

Ying Wei Hsein
Executive Chairman
24 December 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST 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 David Yeong, SAC Capital Private Limited, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542. Telephone number: +65 6232 3210.