

PACIFIC STAR DEVELOPMENT LIMITED

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

SHARE REPURCHASE OF 49% SHAREHOLDING IN THE ISSUED AND PAID-UP SHARE CAPITAL OF TWIN PROSPERITY GROUP LTD FROM MAX TREASURE CO., LTD

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**” or “**Directors**”) of Pacific Star Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s 51%-owned subsidiary, Twin Prosperity Group Ltd (“**TPG**”) has entered into a share repurchase agreement (the “**SRA**”) with Max Treasure Co., Ltd (“**Max Treasure**”), a joint venture partner that has co-invested in Puteri Cove Residences (defined below), to repurchase 49 (i.e. 49%) ordinary shares and 2 (i.e. 100%) of Class A preference shares (collectively, the “**Repurchase Shares**”) for an aggregate consideration of S\$11,000,000 (the “**Share Repurchase Consideration**”).
- 1.2. In addition, in connection with and subject to the repurchase of the Repurchase Shares, TPG shall repay to Max Treasure the outstanding shareholder’s loan that was provided by Max Treasures to TPG (the “**MT Loan**”) of S\$15,000,000 (the “**MT Loan Repayment Sum**” together with the Share Repurchase Consideration, are collectively referred to as the “**Transaction Amounts**”). The repurchase of the Repurchase Shares together with the repayment of the MT Loan are collectively referred to as the “**Transaction**”.
- 1.3. Following the completion of the Transaction:
 - (i) the Repurchase Shares in TPG will be cancelled; and
 - (ii) Max Treasure will cease to have any interest in TPG and TPG shall become a wholly-owned indirect subsidiary of the Company.
- 1.4. This announcement is made pursuant to Rule 1010 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and should be read with the Company’s other announcement released on the date hereof titled “\$70 Million Loan Facility Agreement” (the “**Loan Facility Announcement**”).

2. INFORMATION ON TPG

- 2.1. TPG is a joint venture between PSD Singapore Pte Ltd (“**PSDS**”), a wholly-owned subsidiary of the Company, and Max Treasure. The share capital of TPG currently consists of 100 ordinary shares and 2 Class A preference shares. The ordinary shares contain voting rights and the Class A preference shares do not contain any voting rights.
- 2.2. TPG is currently the holding company of Pearl Discovery Development Sdn Bhd, the development company of the Group’s property development project known as "Puteri Cove Residences and Quayside" (“**Puteri Cove Residences**”), a mixed-use property development comprising of condominium units, serviced suites, SOHO and a lifestyle retail centre, located in Iskandar Puteri, Malaysia.
- 2.3. Based on the audited financial statements of the Group for the financial period from 1 January 2017 to 30 June 2018 (“**FY2018**”), the net asset value of TPG and its subsidiaries were approximately S\$58,900,000 as at 30 June 2018. The value of the non-controlling interest of TPG’s net assets attributable to the Repurchase Shares (the “**Non-Controlling Asset**”

Interest”) as at 30 June 2018 was approximately S\$29,400,000.

3. RATIONALE FOR THE TRANSACTION

The Group wishes to carry out the Transaction for the following reasons:

- (i) to consolidate control and ownership of Puteri Cove Residences. Such consolidated ownership of the project may expand potential options for the Group in future in terms of seeking financing and growing the Group’s business footprint; and
- (ii) the Group is seeking external financing (the “**Loan Facility**”) to fund the Group’s working capital for its ongoing business operations as well as to provide funding for its property development project in Bangkok known as “The Posh Twelve”. The terms of the Loan Facility requires the Group to have full ownership and control of Puteri Cove Residences. For further details on the Loan Facility, please refer to the Loan Facility Announcement.

4. MATERIAL CONDITIONS TO THE TRANSACTION

- 4.1. The SRA sets out that TPG’s obligation to repurchase the Repurchase Shares and shall be conditional on TPG securing third party financing for the Share Repurchase Consideration, failing which, the obligations of both TPG and Max Treasure under the SRA shall terminate with immediate effect.
- 4.2. The approval of PSDS, Max Treasure and the directors of TPG for the repayment of the MT Loan is conditional on the completion of the repurchase of the Repurchase Shares.

5. TRANSACTION AMOUNTS AND SOURCE OF FUNDS

- 5.1. The Transaction Amounts shall be fully satisfied in cash and was arrived at after arms’ length negotiations and based on a willing-buyer willing-seller basis, having taken into account the net asset value of TPG and its subsidiaries based on the audited financial statements of the Group for FY2018.
- 5.2. The funds for the Transaction Amounts will be obtained through the Loan Facility.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

6.1. General

Chapter 10 of the Catalist Rules governs the continuing listing obligations of a company listed on the Catalist in respect of acquisitions and realisations. Under Rule 1010 of the Catalist Rules, a transaction will be classified as a “discloseable transaction” if any of the relative figures calculated on the bases set out in Rule 1006 of the Catalist Rules exceeds 5% but, in the case of an acquisition does not exceed 75%, and in the case of a disposal does not exceed 50%.

6.2. Relative Figures under Rule 1006 of the Catalist Rules

The relative figures set out below is computed on the applicable bases set out in Rule 1006 of the Catalist Rules in respect of the TPG Share Repurchase and based on the latest announced unaudited financial statements of the Group for the first quarter ended 30 September 2018 (“1Q2019”):

	Catalist Rule 1006	Relative figures
1.	Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not	NA

	applicable to an acquisition of assets.	Not applicable, as the Transaction is an acquisition.
2.	Rule 1006(b) – The net profits attributable to the assets acquired or disposed of, compared with Group’s net profits ⁽¹⁾ .	(59%) The net loss before tax attributable to the Non-Controlling Asset Interest for 1Q2019 is approximately S\$697,000. The Group reported a net loss before tax of S\$1,191,000 for 1Q2019.
3.	Rule 1006(c) – The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	55% The Transaction Amounts comprise approximately 55% of the Company’s market capitalisation of approximately S\$47.5 million ⁽²⁾ as at 17 December 2018.
4.	Rule 1006(d) – The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	NA Not applicable as no equity securities will be issued by the Company for the Transaction.
5.	Rule 1006(e) – The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	NA Not applicable as the Transaction is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

- (1) Under Rule 1002(3)(b) of the Catalist Rules, “net profits” means profit or loss before income tax, minority interests and extraordinary items.
- (2) Under Rule 1002(5) of the Catalist Rules, “market capitalisation” of the issuer is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SRA. The market capitalisation of the Company is approximately S\$47.5 million (determined by multiplying the number of shares in issue by S\$0.095, being the weighted average price of the Company’s shares transacted on 17 December 2018, being the last full market day preceding the date of SRA on which the Company’s shares were traded).

As the relative figures computed under Rules 1006(b) and 1006(c) of the Catalist Rules exceed 5% but do not exceed 75%, the Transaction should constitute a discloseable transaction, but not a major transaction, under Rule 1010 of the Catalist Rules.

7. FINANCIAL EFFECTS

The pro forma financial effects set out below have been prepared by taking into account both the Transaction as well as the Loan Facility as the funds required for the Transaction Amounts

will be obtained through the Loan Facility. These financial effects are purely for illustrative purposes only and do not reflect the actual full financial position of the Company or the Group after effecting the Transaction and the Loan Facility.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2018, being the end of the most recently completed financial year.

For the avoidance of doubt, the pro forma financial effects set out below do not take into account (i) any corporate actions announced and undertaken by the Group subsequent to 30 June 2018, and (ii) any issuance of new shares in the capital of the Company subsequent to 30 June 2018. The pro forma financial effects take into account the estimated costs and expenses of the Transaction and the Loan Facility of approximately S\$2.5 million.

(a) Net tangible assets (“NTA”) per share

Had the Transaction and the Loan Facility been effected on 30 June 2018, the Transaction and Loan Facility would have had the following financial effects on the Group’s NTA per share as at 30 June 2018:

	Before Transaction and Loan Facility	After Transaction and Loan Facility
NTA attributable to owners of the Company (S\$’000)	22,711	38,801
No. of Shares	499,660,878	499,660,878
NTA per share (cents)	4.55	7.77

(b) Earnings per share (“EPS”)

Had the Transaction and Loan Facility been effected on 1 January 2017, the Transaction and Loan Facility would have had the following financial effects on the Group’s EPS for FY2018:

	Before Transaction and Loan Facility	After Transaction and Loan Facility
Group profit/(loss) after tax (S\$’000)	11,414	25,475
Weighted average number of shares	490,488,000	490,488,000
EPS (cents)	2.33	5.19

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and/or the controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in the Transaction, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company and the Group.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SRA and the audited consolidated financial statements of the Group for FY2018 are available for inspection by the shareholders of the Company during normal business hours at the registered office of the Company at Vision Exchange, 2 Venture Drive #19-15, Singapore 608526, for a period of three months from the date of this announcement.

11. CAUTIONARY STATEMENT

The Board wishes to advise shareholders and investors to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to such shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult that stock brokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

By Order of the Board

Glen Chan
CEO and Managing Director
24 December 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by 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.

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