

PACIFIC STAR DEVELOPMENT LIMITED

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

EXTENSION OF TIME APPLICATION TO THE SINGAPORE EXCHANGE REGULATION PTE LTD:

- (I) 2-MONTH EXTENSION TO HOLD THE COMPANY'S ANNUAL GENERAL MEETING ("AGM") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 ("FY2020"), AND
 - (II) 1-MONTH EXTENSION TO ANNOUNCE THE COMPANY'S UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020 ("1QFY2021")
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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 2 October 2020, the Company has submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") for an application for:

- (i) 2-month extension of time from 31 October 2020 to 31 December 2020 to hold the Company's AGM for FY2020; and
- (ii) 1-month extension of time from 14 November 2020 to 14 December 2020 to announce the Company's unaudited financial results for 1QFY2021,

(collectively, the "**Extensions**").

2. BACKGROUND

2.1 The Company's shares listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") are currently suspended since 24 March 2020. The Company had also announced on the same day, a voluntary suspension request announcement and the Company's basis for the request (the "**Announcement**"). The Announcement made reference to, *inter alia*, (i) the resignation of Mr Chan Fook Kheong (the previous CEO 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 (the "**Loan Facility**") by a subsidiary of the Company. In view of Mr Chan's resignation and his bankruptcy order, it was surmised that the event would constitute a change of control and a basis for the lenders of the Loan Facility (the "**Lenders**") to immediately require the mandatory prepayment of the loan and the interests accrued. Accordingly, the Company sought a waiver of the abovementioned change of control from the Lenders but the Lenders were and are not in a position to grant such waiver but remained supportive of the Group.

2.2 In the Company's unaudited results announcement for FY2020 dated 29 August 2020, the Company had provided subsequent updates on the Loan Facility:

- (a) the management of the Company (the "**Management**") is currently in discussions with the Lenders as well as the bank which provided a loan ("the **Bank**") to Pearl Discovery Development Sdn. Bhd., ("**PDD**"), a subsidiary of the Company, in relation to the Lenders' draft term sheet to provide additional financing to PDD ("the "**Additional Financing**"). The Additional Financing, if this materialises, will enable the Group to meet its short-term obligations;
- (b) Management is also in discussions with the Lenders with regard to a draft term sheet encompassing amendments of existing contractual terms, including the extension of maturity, of the Loan Facility (due in December 2020);

- (c) the Additional Financing as well as the amendment to the existing contractual terms of the Loan Facility are commercially viewed as a package deal (the “**Package Deal**”). The significance of the Package Deal is that it will enable the Group to restructure a significant portion of its loans from current to non-current, provide additional funding to the Group for operational and working capital purposes as well as enable the Group to avoid the risks of contractual defaults and cross defaults; and
- (d) currently, discussions with regard to the Package Deal are still on-going (the “**Financing Discussions**”).

3. RATIONALE FOR SEEKING THE EXTENSIONS

3.1 The Company has submitted its request for the Extensions to SGX RegCo with the following reasons:

- (a) Due to the large number of concurrent and interdependent considerations by the Lenders, the Bank and the Group, the Financing Discussions will require more time. Without reaching a clear conclusion (whether positive or negative to the Group), it will be difficult for the Board to make an informed judgment as to the going concern considerations of the Group and the Company for the purposes of the Group’s and Company’s financial statements for FY2020. The extension of time to hold the forthcoming AGM would enable the Management to have more time to obtain a clearer indication on the direction of the Financing Discussions from the Lenders and the Bank.
- (b) The Company is currently operating with a lean management team due to the need to control staff costs in light of the Group’s tight cash position. On 17 September 2020, the Company had announced the proposed disposal of Kanokkorn Pattana Co., Ltd. (“**KNK**”), the Group’s joint venture project company for its Bangkok property development project known as the Posh Twelve (the “**KNK Transaction**”). This KNK Transaction would potentially allow the Group to recover a portion of its funding injection (including loans) made to KNK over the past several years and if successfully completed, the KNK Transaction would allow the Group to recover a significant amount of cash. The KNK Transaction is therefore crucial to the Group. Management had been working extensively on the KNK Transaction over the months of July, August and September 2020, and continues to work on various post-signing matters relating to KNK currently. Due to manpower being severely stretched, Management is not in a position to finalise the financial statements for FY2020 and to hold the AGM by the end of October 2020. The Company has hired a Group Financial Controller who has commenced his appointment on 28 September 2020. Such appointment was announced on 27 September 2020. In this light, the Company is confident of being able to meet the extended deadlines for releasing the 1QFY2021 unaudited financial results as well as that of the AGM.
- (c) In connection with the factors described in sub-paragraphs (a) and (b) above, the audit of the Group’s financials is still not completed as at the date of this announcement. There are a number of audit matters, including the going concern assessment, which are still being worked out between Management and the Company’s auditors, Ernst & Young LLP.
- (d) In connection with the factors described in sub-paragraphs (a) and (c) above, the Company will not be able to finalise on time the audited numbers for FY2020, which serve as comparatives for the 1QFY2021 results announcement due for release by 14 November 2020. Hence, the Company has requested for the extension of time to release 1QFY2021 results

4. APPLICATION TO ACCOUNTING AND CORPORATE REGULATORY AUTHORITY (“ACRA”)

4.1 The Company is concurrently requesting for an extension of time with ACRA in relation to the holding of its AGM and submission of its annual return pursuant to Sections 175 and 197 of the Companies Act (Chapter 50) of Singapore. The Company will make an announcement on the SGX-ST regarding the outcome of its application to ACRA in due course.

5. INDICATIVE TIMELINE

- 5.1 Tentatively, the Company would target to hold the AGM by 31 December 2020, to release an electronic copy of its annual report at least 14 calendar days before the AGM, and to release the 1QFY2021 financial results announcement by 14 December 2020. Shareholders should note that the above timelines are indicative only and may be subject to changes. Please refer to future announcement(s) by the Company for the exact dates of such events.
- 5.2 The Company would provide an update on the outcome of the application for the Extensions in due course.

ON BEHALF OF THE BOARD

Ying Wei Hsein
Executive Chairman
2 October 2020

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.

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