PACIFIC STAR DEVELOPMENT LIMITED

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

EXTENSION OF TIME APPLICATION FOR:
(I) 15 MONTHS TO SUBMIT THE COMPANY'S RESUMPTION OF TRADING PROPOSAL;
(II) 2 MONTHS TO HOLD THE COMPANY'S ANNUAL GENERAL MEETING ("AGM") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 ("FY2022"); AND
(III) 2 MONTHS TO SUBMIT THE COMPANY'S SUSTAINABILITY REPORT FOR FY2022.

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 27 September 2022, the Company has submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") for an application for the following extensions of time:

(i) 15 months (the "**Extension**"), from 30 September 2022 to 31 December 2023, for the Company to submit its resumption of trading proposal (the "**RTP**") to SGX RegCo;

(ii) 2 months, from 31 October 2022 to 30 December 2022, for the Company to hold its AGM for FY2022; and

(iii) 2 months, from 30 November 2022 to 31 January 2023, for the Company to submit its sustainability report,

collectively, the "**Extensions**".

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 wholly-owned subsidiary of the Group known as Twin Prosperity Group Ltd. 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**").

2.4. PDD, a company incorporated in Malaysia, is the sole principal subsidiary of the Company. PDD is also 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. The Group's focus over the past few years has been to extend its and PDD's runway to monetise the unsold units in PCR (the "**Unsold Units**") in an orderly manner. Therefore, the long-term survival and viability of the Group would depend on the Group's ability to maintain PDD's operations and therefore to be able to sell and monetise the Unsold Units.

2.5. The Loan Facility Restructuring and the Additional Financing were 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**"). Such Bank Loan Restructuring was announced by the Company on 30 June 2021. 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. The Package Deal had been key to enabling PDD and the Group to continue operations into the financial year ended 30 June 2022. However, it was not meant to support the long-term viability of the Group. The most crucial factor for the Group's long-term viability is to monetise the Unsold Units and to embark on substantive operations post-sale of the Unsold Units.

2.6. On 24 March 2021, the Company had obtained SGX RegCo's approval for an 8-month extension of time for the submission of its RTP to 24 November 2021 (the "**First RTP Extension**"). 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 "**Second RTP Extension**"). The Second RTP Extension was made in conjunction with a 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 was stated under paragraph 3.1(e) of the announcement for the Second 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 had disclosed the Board's assessment and basis that the financial statements should be prepared on a going concern basis under note 2.1 which was also reproduced in the disclaimer of opinion announcement dated 16 December 2021.

2.7. Over the course of calendar year 2021, the management team of the Group (the "**Management**") had been working intensively on the Package Deal in order to place PDD, and therefore the Group, towards a viable operating position. The Package Deal was concluded in late 2021. Subsequently, on 23 December 2021, the Company announced that it had submitted a third extension of time request for nine (9) months for the submission of its RTP, i.e., from 24 December 2021 to 30 September 2022 (the "**Third RTP Extension**"). The background and basis for the Third RTP Extension were set out in the Company's announcement on the Third RTP Extension. For ease of reference, the following have been extracted from Paragraph 2.9 and Paragraph 2.10 of the announcement on the Third RTP Extension:

(a) "*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.*"

(b) "*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.*"

2.8. Currently, the Additional Financing (including an upsize obtained from the Lenders as announced on 4 April 2022) has been fully drawn down. PDD is continuing to subsist on sales proceeds from retail sales of PCR units in recent months. However, it is highlighted that in Malaysia, the population had only begun progressing to the COVID-19 endemic phase from 1 May 2022 onwards. Barely five months have passed since such progression. It will still take time for the business and buyer sentiment to improve for PDD to sell any substantive number of Unsold Units. Hence, the key factor would be to achieve a bulk sale of the Unsold Units. This therefore gels with PDD's Significant Sales Efforts and to see the Potential Transaction to fruition. In the meantime, PDD is working to obtain further interim financing in order to extend its operations runway (the "**Interim Financing**").

2.9. At the time of seeking the Third RTP Extension, it was not possible to estimate the extent of the following matters:

(a) The Omicron variant, which was a variant of concern at the time, ended up becoming the dominant strain globally and causing subsequent COVID-19 waves in the region. In essence, this resulted in travel restrictions and safety valves tightened for a few more months than initially anticipated. For Malaysia, this led to the continued shutting of borders until 1 April 2022 when Malaysia finally allowed quarantine-free travel between Singapore and Malaysia. This impacted the timeline for the Potential Transaction;

(b) As a result of the events described in the preceding paragraph, the Potential Transaction has consequentially delayed. This has given the rise to the need for PDD to work on and obtain the Interim Financing, which in itself requires time and management resources; and

(c) The uncertainties involved due to the protracted COVID-19 pandemic on business sentiment, particularly its effects on the Malaysia Iskandar Puteri's property market, as well as the ongoing concern of the Russo-Ukraine war, global inflationary pressure, supply chain shocks and overall macroeconomic uncertainty resulted in delays in the overall Potential Transaction timeline.

2.10. Overall, the above matters make it impossible for Management, which is already working with a lean team, to meet the 30 September 2022 timeline to submit the RTP. However, as at the current time, Management has worked on and managed to meet certain intermediate pre-requisites for the Interim Financing.

2.11. Even with the conclusion of the Potential Transaction, Management will need to work on additional corporate actions (for example, sourcing for new/additional projects) for the future business operations of the Group in order to prepare a meaningful RTP. Whilst this is doable, in face of ongoing market uncertainties, the sourcing of new projects will entail more challenges and more extensive due diligence.

2.12. In parallel, noting the front-end work needed for Management to work on the definitive documentation for the Interim Financing and the Potential Transaction, the Company is also seeking an extension of time for the holding of the Company's AGM for FY2022 and the publishing of its sustainability report for FY2022.

2.13. Therefore, in view of the above, the Company has applied to SGX RegCo to seek approval for the Extensions.

3. RATIONALE FOR SEEKING THE EXTENSIONS

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

(a) in respect of the Company's submission of the RTP submission, the reasons are set out above in Paragraph 2. The Board is also of the view that it is not meaningful to submit the RTP until the Group is able to conclude the Potential Transaction and the other corporate actions described in Paragraph 2.11 above;

(b) in respect of the holding of the Company's AGM for FY2022 and the publishing of its sustainability report for FY2022:

(i) Management needs more time to complete the annual report and sustainability report for FY2022. The Company is currently operating with a very lean management team due to the need to control staff costs in light of the Group's tight cash position. The Management is concurrently working on the transactional work for the Interim Financing and Potential Transaction. In totality, these factors have affected the timelines for the preparation of the FY2022 financial statements, annual report and sustainability report; and

(ii) In addition, the audit of the Group's financials for FY2022 is still not completed. There are a number of audit matters which are dependent on the progress and status of the Interim Financing and the Potential Transaction.

3.2 The Company is concurrently requesting for an extension of time with the Accounting and Corporate Regulatory Authority in relation to the holding of its AGM and submission of its annual return pursuant to Sections 175 and 197 of the Companies Act 1967 of Singapore respectively.

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 in respect of RTP Submission	**Estimated Timeline**
Completion of all legal documentation, formalities and conditions precedent of the Potential Transaction	By 31 May 2023
Corporate actions to be taken subsequent to conclusion of the Potential Transaction	By 30 November 2023
Submission of RTP	By 31 December 2023

4.2 The indicative timeline for the FY2022 AGM and FY2022 sustainability report is:

Milestones in respect of FY2022 AGM and sustainability report	**Estimated Timeline**
Release of FY2022 annual report and notice of AGM	By 15 December 2022
Date of AGM	By 30 December 2022
Release of FY2021 sustainability report	By 31 January 2022

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

5. CAUTIONARY STATEMENT

5.1 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. It should be noted that there is no assurance that the Interim Financing and/or Potential Transaction would be completed. Persons who are in doubt as to the action they should take should consult that stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

ON BEHALF OF THE BOARD

Ying Wei Hsein
Executive Chairman
28 September 2022

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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