ANNUAL REPORT 2021

CORPORATE PROFILE

Pacific Star Development Limited ("**PSDL**" or the "**Company**" and together with its subsidiaries, the "**Group**") is a premier, award-winning ASEAN property developer with a track record in the development and investment of prime integrated mixed-use and residential developments in key gateway cities across ASEAN.

With over a decade in real estate investment management experience as well as a solid background in development management, the Group counts among its past investments the highly successful mixed-use project, Pavilion, in Kuala Lumpur within its portfolio of properties. Its current property portfolio comprises the award-winning mixed-use project, Puteri Cove Residences and Quayside, in Iskandar Puteri, Malaysia, where the residences have been sold to more than 26 different nationalities worldwide.

For more information, please visit www.pacificstar-dev.com.

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

This Annual Report 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 Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "**Board**") of Pacific Star Development Limited ("**PSDL**" or the "**Company**", and together with its subsidiaries, the "**Group**"), it is my pleasure to present to you PSDL's Annual Report for the financial year ended 30 June 2021 ("**FY2021**").

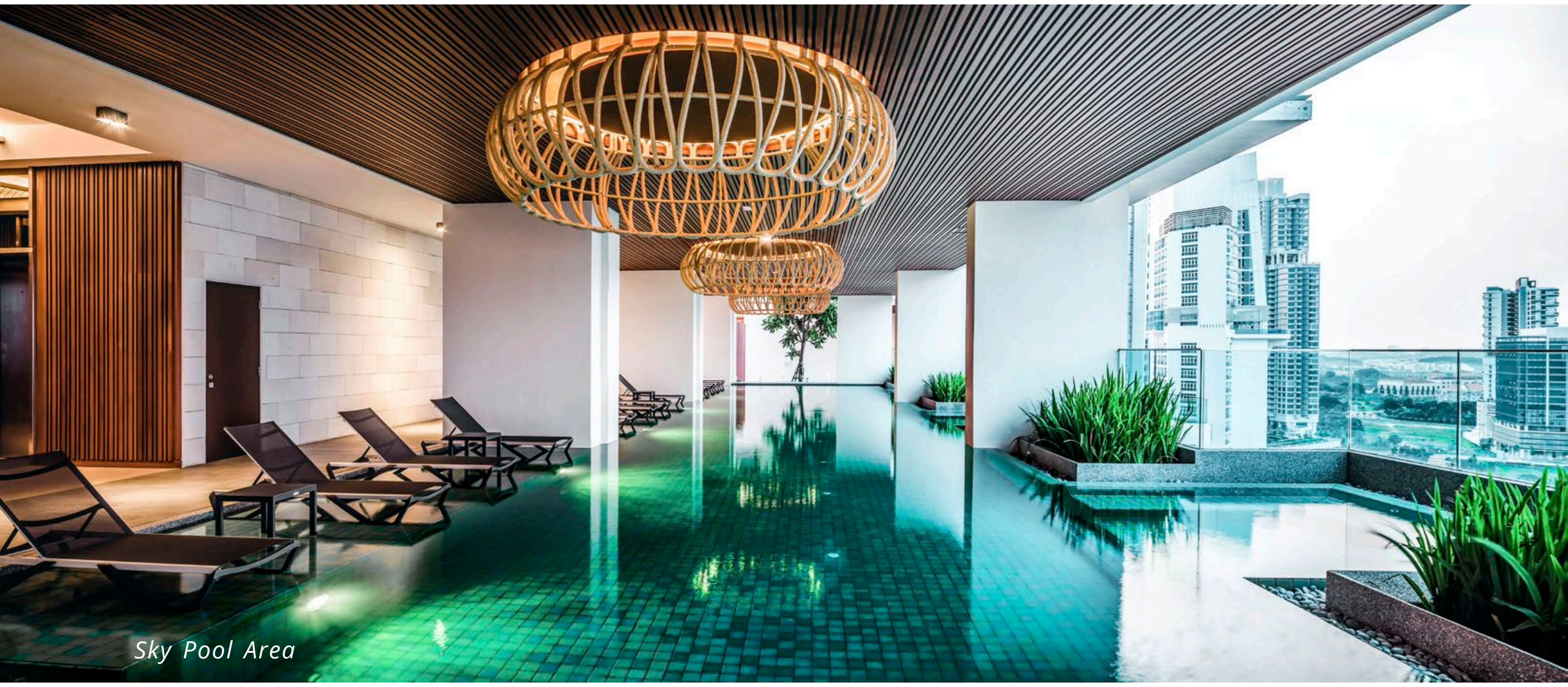
FY2021 – A RAY OF HOPE IN THE HARSH ECONOMIC WINTER

This is the second year that the Company is presenting to you PSDL's Annual Report under the dark clouds cast by COVID-19. The prolonged pandemic has severely impacted the Group's performance in respect of our Puteri Cove Residences and Quayside ("**PCR**") project at Iskandar Puteri, Johor Bahru, Malaysia. PCR's target market mainly pertains to foreigners, and the border controls imposed by countries across the region have made it impossible for our potential buyers to physically view units in PCR, limiting successful sales. This was made worse by the full-movement control orders within Malaysia. Although the Group, in collaboration with our agents, has adopted video conferencing and other innovative methods to sell PCR units, the impact and results are never the same as compared to physical viewings.

In the Chairman's statement in our Annual Report for the previous financial year ended 30 June 2020, we informed the shareholders of our plans for FY2021, which included the following:

Key targets	Outcome
• Viability of the Group.	✓ With the indulgence, support and trust from our creditors, the Malaysia bank (the "**Bank**") and the group of lenders that provided the $72 million loan facility (the "**Lenders**"), we are moving into financial year ending 30 June 2022.
• To conclude the tripartite discussions on the proposed additional financing from the Lenders as well as a restructuring of the loan provided by the Lenders (the "**Loan**") and the loan facility provided by the Bank ("**Facility A**").	✓ In June 2021, we have completed the restructuring of Facility A which facilitated and paved way for the restructuring of the Loan. The Group also obtained an additional $2 million from the Lenders to fund corporate headquarters non-listing related expenses (the "**Additional Funding"**). ✓ Subsequent to FY2021, in October 2021, the Group completed the restructuring of the Loan (including the Additional Funding) as well as the $30 million additional financing from the Lenders to our principal subsidiary, Pearl Discovery Development Sdn. Bhd. (the "**Additional Loan**").
• To solicit continued support from PCR's contractors to ensure orderly settlements of the amounts owing to them.	• The contractors have provided indulgence and continued support to the Group.
• To sell the remaining unsold units in PCR and aggressively explore new leads relating to bulk sales and en-bloc sale.	• No tangible success yet despite the management team's best efforts. We had some positive developments but still not near the targets we wanted to achieve.
• Completion of PCR Tower 3.	• In view of the strain on the Group's cash flow as well as the prolonged COVID-19 pandemic, the progress towards completion of PCR Tower 3 was slowed down.

CHAIRMAN'S STATEMENT



Sky Pool Area

FY2021 was a difficult and stressful year for the management team, but we faced the storm head-on. With the trust and confidence from our creditors, the Lenders and the Bank, we weathered the onslaught of the storm, with the belief that the rainbow will appear after the storm.

SOLDIERING ON TOWARDS SUMMER

Just when the regional countries' vaccination rates against COVID-19 began increasing steadily, the Delta variant struck hard and fast. Then, when the regional countries' vaccination rates provided comfort and confidence for the various governments to cautiously open up vaccinated travel lanes and ease border controls, Omicron reared its head in November 2021. It looks like this will be a long and drawn-out battle against COVID-19. Hence, the economic winter may be longer than expected.

Despite the positive developments in terms of the Additional Funding, the Additional Loan, completion of restructuring of the Loan (and the Additional Funding) as well as Facility A, which provided much needed short-term relief to the Group, these are temporary measures in extending the Group's runway to monetise its unsold PCR units in an orderly manner.

The recent announcement by the Singapore and Malaysia governments to re-consider the Singapore-Malaysia High Speed Rail (the "**HSR**") is an encouraging turn of events. If the HSR materialises, it might be the much needed catalyst to spur demand for PCR units.

The Group will continue to solicit support from its creditors to provide indulgences to work towards mutually acceptable schedules of repayment, while the management team continues its best efforts to monetise all the unsold PCR units in an orderly manner. All these are to be done against the backdrop of the management team's efforts to achieve a long-term solution, with the interests of all our stakeholders in mind, amidst the plethora of challenges brought on by COVID-19.

YOU MADE A DIFFERENCE

On behalf of the Board, I would like to take this opportunity to express our heartfelt appreciation to the Lenders, the Bank, as well as creditors and shareholders for their unfailing support and trust throughout the course of this difficult financial year. I also wish to extend my gratitude to my fellow Board members, my management team and our staff for their commitment and engagement.

YING WEI HSEIN
EXECUTIVE CHAIRMAN
16 December 2021

OPERATIONS & FINANCIAL REVIEW

INCOME STATEMENT

REVENUE AND GROSS PROFIT

The Group's revenue for the financial year ended 30 June 2021 ("**FY2021**") decreased by $4.05 million from $5.76 million for the financial year ended 30 June 2020 ("**FY2020**") to $1.71 million for FY2021. This was largely attributable to the reduction in Puteri Cove Residences ("**PCR**") units sold as a result of the restrictions on movement across borders in Malaysia due to the ongoing COVID-19 pandemic.

The Group achieved a gross profit of $0.70 million in FY2021 as compared to a gross loss of $3.87 million in FY2020. This was largely attributable to the reduction of $4.69 million of development properties cost adjustment.

The cost of sales for FY2020 included $4.69 million of development properties cost adjustment which pertains to the revision in the estimate of development properties cost for PCR units sold prior to FY2020 as a result of the expected commercial resolution of the final accounts relating to a contractor.

Excluding the $4.69 million of development properties costs adjustment, the Group's cost of sales decreased by $3.93 million from $4.94 million in FY2020 to $1.01 million in FY2021. This was in tandem with the reduction of PCR units recognised as revenue during FY2021.

OTHER OPERATING INCOME

Other operating income decreased by $3.83 million from $4.37 million in FY2020 to $0.54 million in FY2021. The reduction was largely attributable to a $2.22 million reduction in deemed waiver of loan from a related party, a $1.25 million reduction in interest income and $0.63 million reduction in forfeiture income which was partially offset by a $0.09 million increase in government grants, $0.06 million increase in rental income and $0.07 million increase in gain on disposal of property, plant and equipment.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by $0.34 million from $6.36 million in FY2020 to $6.02 million in FY2021. The administrative expenses in FY2021 and FY2020 included foreign exchange loss of $0.57 million and $0.14 million respectively. Excluding such foreign exchange loss, administrative expenses decreased by $0.77 million which was largely attributable to general reduction in overheads due to cost control efforts undertaken.

OTHER EXPENSES

The $4.84 million decrease in other expenses was largely due to the reduction of $5.80 million from the write-down of development properties and $0.23 million reduction in Goods and Services Tax written off which was partly offset by a $1.17 million in the net effect of cancellation of Sale and Purchase Agreements (the "**SPAs**") relating to PCR units.

FINANCE COSTS

Finance costs increased by $0.19 million from $20.35 million in FY2020 to $20.54 million in FY2021. This was largely due to a $1.38 million increase of financing costs incurred to contractors and an affiliate of the group of lenders (the "**Lenders**") that provided the $72 million loan facility (the "**Loan Facility**"). The affiliate of the Lenders had purchased some of the Group's liabilities.

In addition, there was a $0.11 million increase in interest relating to loans from a related party and a $0.06 million increase in financing cost relating to the Loan Facility were partially offset by a $0.63 million reduction of interest relating to the loan under the loan facility provided to the Group by a bank in Malaysia ("**Facility A**"), which was attributable to a reduction of interest rate, and a $0.71 million reduction in amortisation of transactional costs relating to the Loan Facility and Facility A.

SHARE OF RESULTS OF JOINT VENTURE AND ASSOCIATE

The share of results of joint venture and associate for FY2020 was largely attributable to the losses incurred by Kanokkorn Pattana Co., Ltd. ("**KNK**"), the property development company for the Group's Posh 12 project in Bangkok, Thailand, which was placed under bankruptcy proceedings in June 2020 (the "**KNK Bankruptcy**").

The share of results of joint venture and associate for FY2021 pertains to the funding provided by the Group to see through KNK Bankruptcy and the sales and purchase agreement with a buyer (as announced on 17 September 2020) for the proposed disposal of KNK which has been terminated on 26 January 2021 as announced on the same date.

OPERATIONS & FINANCIAL REVIEW

NET LOSS FOR FY2021

The Group recorded a net loss after tax of $32.00 million in FY2021 as compared with $57.21 million in FY2020. The $25.21 million decrease in net loss was largely attributable to a $19.32 million decrease in share of losses of joint venture and associate and a $5.80 million decrease in write-down of development properties.

BALANCE SHEET

ASSETS

The non-current assets of the Group decreased by $0.31 million from $0.80 million as at 30 June 2020 to $0.49 million as at 30 June 2021. The decrease was largely due to $0.25 million reduction in right-of-use assets due to routine depreciation.

The current assets of the Group decreased by $15.02 million from $147.17 million as at 30 June 2020 to $132.15 million as at 30 June 2021. The decrease was due largely to:

- a $5.09 million decrease in trade receivables due to routine collection and the effects of cancellation of SPAs;
- a $6.15 million reduction in development properties which was largely due a $2.16 million reduction in accrual of costs payable to a contractor and a $4.47 million net reduction in write-down of development properties;
- a $3.17 million reduction in cash at bank due to net outflow of funds to support the Group's operation; and
- a $0.51 million net reduction in restricted cash as a result of the uplifting of the Debt Servicing Reserve Account (the "**DSRA**") to pay the interest due for the loan under Facility A.

LIABILITIES

The Group's non-current liabilities increased by $5.73 million from $41.61 million as at 30 June 2020 to $47.34 million as at 30 June 2021. This increase was largely attributable to a $1.60 million increase in loan under Facility A and a $3.98 million reclassification of loan under Facility A (including unamortised transaction costs) from current liabilities to non-current liabilities as a result of the signing of the revised letter of offer with the bank whereby the monthly repayment of loan's principal due under Facility A was replaced by a pre-agreed formula. Please refer to Note 20(a) to the financial statements for further details.

The Group's current liabilities increased by $11.06 million from $153.54 million as at 30 June 2020 to $164.60 million as at 30 June 2021. This increase was due largely to:

- a $12.58 million increase loan and borrowing, which was largely attributable to a $16.40 million increase in Loan Facility due to the accrual of capitalised interest which was partly offset by the $3.98 million reduction in the loan under Facility A (due to reclassification to non-current liabilities as explained in the preceding paragraph);
- a $12.28 million increase in other payables which was largely attributable to a $12.41 million increase in amount payable to an affiliate of the Lenders which purchased some of the Group's liabilities; and
- these were partly offset by a $9.30 million reduction in trade payables, partly due to the purchase of certain of the Group's trade payables by an affiliate of the Lenders as explained above and routine repayment as well as a $4.39 million reduction in income tax payables due to scheduled repayments.

CASH FLOW STATEMENT

Net cash used in operating activities amounted to $4.41 million where $1.71 million of cash flow used by operations was largely attributable to the losses before tax incurred by the Group, payment of finance costs amounting to $2.09 million and income tax paid amounting to $0.69 million, which were offset partially by a $0.07 million of interest income received.

The cash flow used in payment of finance costs in FY2021 was lower than FY2020 by $2.34 million. This was largely attributable to the lower interest rate for the loan under Facility A, full year capitalisation of interest due under the Loan Facility as well as the application of the $0.62 million from the DSRA (restricted cash) to settle the loan interest payment under Facility A.

The cash flow used in investing activities amounted to $0.47 million was largely attributable to the $0.53 million of funding provided to joint venture and associate to see through the KNK Bankruptcy and sales and purchase agreement with a buyer for the proposed disposal of KNK as announced on 17 September 2020 which has been terminated on 26 January 2021 and announced on the same date. This was partly offset by a $0.07 million proceeds from the disposal of property, plant and equipment.

The Group's net cash generated from financing activities amounted to $1.56 million was largely due to $1.93 million draw down of loans under Facility A which was offset by $0.12 million of top up of DSRA for Facility A and $0.25 million repayment of lease liabilities.

BOARD OF DIRECTORS

MR YING WEI HSEIN

Executive Chairman

MR YING is the Executive Chairman of the Company and oversees the Group's operations, finance, legal and human resource functions. Mr Ying has over 24 years of experience in finance and accounting. He founded Singularity Consultancy Pte Ltd, a boutique consultancy firm specialising in initial public offering, reverse takeover, mergers & acquisition, corporate restructuring, crisis management, finance and accounting matters. He was previously the Chief Financial Officer of two companies listed on the mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Mr Ying graduated with a Bachelor of Accountancy and minor in Banking and Finance from Nanyang Technological University, Singapore, and is a Fellow Member of the Institute of Singapore Chartered Accountants and member of Singapore Institute of Directors.

MR LEOW CHIN BOON

Lead Independent Director

MR LEOW serves as the Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Leow has over 20 years of experience in audit, finance and accounting. Mr Leow graduated with a Bachelor of Commerce from the University of Western Australia and is currently a Chartered Accountant of the Institute of Singapore Chartered Accountants and a Certified Practising Accountant of CPA Australia.

MR YEONG WAI CHEONG

Independent Director

MR YEONG serves as an Independent Director of the Company, Chairman of the Nominating Committee and a member of the Remuneration and Audit Committees. He is currently a director at Drew & Napier LLC. Mr Yeong as a practicing lawyer has extensive real estate and financing experience and advises on many financing and real estate transactions. Prior to joining Drew & Napier LLC, Mr Yeong was one of founding partners of a Singapore law firm. He was also previously the General Counsel for Asia as well as the Head of Legal for Singapore for a European bank. Mr Yeong graduated with a Bachelor of Laws (Honours) from National University of Singapore and is a member of Law Society of Singapore and Singapore Academy of Law.

MR LIM HOON TONG

Independent Director

MR LIM serves as an Independent Director of the Company, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He has more than 20 years of professional experience, of which about 17 years were in the restructuring & insolvency services teams in the Big 4 accounting firms. Mr Lim has extensive experience in debt restructuring advisory, having worked with clients in both Singapore and Indonesia. He has assisted clients in financial distress to formulate and develop comprehensive debt restructuring plans, including injection of fresh capital by investors as part of the debt restructuring exercise. Mr Lim holds a Bachelor of Business (specialising in Financial Analysis) from Nanyang Technological University, and is a CFA Charter holder. He is also a Fellow with the Insolvency Practitioners Association of Singapore.

MANAGEMENT TEAM
(EXCLUDING EXECUTIVE DIRECTOR)

MR DARREN CHUA
Chief Operating Officer and Head of Legal

MR CHUA is the Chief Operating Officer and Head of Legal at PSDL. He oversees the Group's operations and also acts as its general counsel. Overall, Mr Chua's role is three-dimensional with elements involving operations, legal and crisis management. Mr Chua has over 9 years of experience in the legal industry, having previously been a corporate lawyer in private practice specialising in Mergers & Acquisitions and Corporate Finance in Rajah & Tann LLP and Shook Lin & Bok LLP, which are among the largest law firms in Singapore.

Mr Chua holds a Bachelor of Laws (Honours) and a Bachelor of Business Administration (Honours) from the National University of Singapore, graduating from the NUS Double Degree Programme in 2011. He was called to the Singapore Bar as an Advocate & Solicitor in 2012.

MS ONG MEI KI
Vice President, Finance

MS ONG is the Vice President, Finance at PSDL. She is responsible for the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST. She oversees the overall financial and operational matters of the Group. Ms Ong has over 9 years of audit, finance and accounting experience. Previously, Ms Ong served in Moore Stephens LLP and a group company of Hitachi Ltd.

She graduated with Association of Chartered Certified Accountants and is currently a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MR TAN JIN SENG
General Manager – Pearl Discovery Development Sdn. Bhd.

MR TAN is the General Manager of our principal subsidiary, Pearl Discovery Development Sdn. Bhd. ("**PDD**"), and oversees all aspect of PDD's operations. Mr Tan has more than 42 years of experience in hospitality and tourism industries. During his tenure of service in the hospitality industry, he has gained considerable experience and knowledge, and has successfully acquired creditable proficiency and skills in respect to Hotel Management & Catering Services and Tours, Food & Beverage Management and Marketing & Communication at Ecole De Hotelier, Lausanne, Switzerland.

Mr Tan was accorded a full scholarship from the Austrian Chamber of Commerce and attained his Diploma in Hotel Management at Schloss Klesshiem, Salzburg, Austria.

Mr Tan previously led the hotel division of SKS Group as its Group General Manager; managing 4 properties under the brand name of Amansari Hotels, Residences & Resorts which are located in the state of Johor at different districts and municipalities.

MR PATRICK YEOH
Director of Sales and Marketing – PDD

MR YEOH is the Director for Sales & Marketing at PDD and oversees the sales and marketing activities of Puteri Cove Residences and Quayside.

Mr Yeoh has over 15 years of experience in property sales having previously worked with major developers in Malaysia such as Mah Sing Properties Berhad and UEM Sunrise Berhad. Mr Yeoh has brought in sales figures well over RM100 million in value since joining PDD in 2016.

Mr Yeoh attained his Master of Business Administration from University of Derby, United Kingdom in 2013 on top of his Diploma in Banking (I.B.B.M.) attained in 1993.

PUTERI COVE RESIDENCES AND QUAYSIDE

Puteri Cove Residences and Quayside is a freehold mixed-use development located in Puteri Harbour, Iskandar Puteri, Malaysia, comprising 658 luxury residences in two 32-storey tower blocks, SOHO, lofts, Pan Pacific Serviced Suites in a separate 32-storey tower block, and a 2-storey lifestyle retail centre, all overlooking ONE°15 Marina Club.

WINNER OF 10 INTERNATIONAL AWARDS FOR DEVELOPMENT EXCELLENCE, INCLUDING:

Best Luxury Condominium Development in Malaysia – 2016

Best Residential Landscape Architecture in Malaysia – 2017/2018

Best Residential High-Rise Development in Malaysia – 2017/2018

Best Residential Interior Design in Malaysia – 2016

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PORTFOLIO

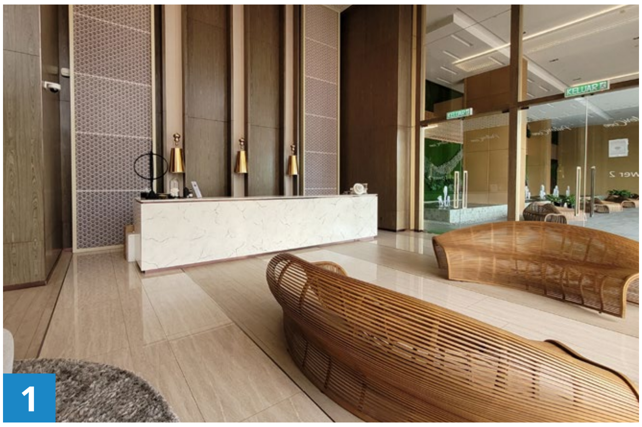
RESIDENCES

Puteri Cove Residences

Puteri Cove Residences was developed with a vision to set luxury international standards – providing resort-style living packed with endless value for homeowners and investors. All units are in ready-to-move-in-condition, fully-equipped with branded kitchen appliances and kitchen cabinets, light fittings, ducted air-condition system, water heater, built-in wardrobes and storage cabinets.

The resort living ambience is evident from the over 30 world-class facilities that are spread across 3 dedicated levels. These facilities include lushly landscaped sky garden amenities and outdoor sky observation deck, infinity lap pools and jacuzzis, tennis courts, basketball court and yoga meditation decks to stunningly designed hotel-inspired grand lobbies, sky library, spacious fitness gyms, grand lounge & club, private dining rooms and function rooms.

1 Ground Floor | Lobby
2 Dining and Kitchen Area | Three-Bedroom Unit
3 Living Room | Three-Bedroom Unit
4 Bed Room | Three-Bedroom Unit



RETAIL
Puteri Cove Quayside

Puteri Cove Quayside features 2-storey of 78 commercial outlets spread across 120,000 sq ft rentable space, presenting a unique opportunity for F&B concepts and lifestyle businesses to take advantage of the panoramic view overlooking ONE°15 Marina Club and the waterfront.

The key tenants at Puteri Cove Quayside are:

The Pasar
The Pasar is a premium gourmet grocer located on the ground floor of Puteri Cove Quayside. Occupying 15,000 sq ft of space, the supermarket carries a full assortment of up to 60% internationally sourced food merchandise with dedicated counters offering niche products to cater to specific nationalities such as Korean and Japanese.

O'Coffee Club
O'Coffee Club is a cafe located on the lower ground floor of Puteri Cove Quayside. It is more than just a place where you can sit down to an aromatic blend of premium roasted coffee beans. It keeps bellies happy with an impressive menu such as pastas, snacks & finger food and sandwiches. O'Coffee Club has come a long way in taking great pride to replicate the cosiness and easy contemporary café lifestyle across the urban landscape since the opening of its first outlet in Holland Village, Singapore in the year 1991.

27 @ Cove
27 @ Cove is a lively waterfront Bar & Restaurant located on the lower ground floor of Puteri Cove Quayside. This swanky harbour destination found a home at southern Johor marina since 2016. It offers amazing food and varieties of drinks with a fabulous view of the private marina.

PORTFOLIO

SERVICED SUITES

Pan Pacific Serviced Suites Puteri Harbour

Located in Tower 3 of Puteri Cove Residences, Pan Pacific Serviced Suites Puteri Harbour will be one of the highest quality hospitality offerings in the Iskandar region. Pan Pacific Serviced Suites Puteri Harbour offers 205 smartly-furnished studios, one- and two-bedroom suites. The sizable suites integrate intuitive modern designs and practical necessities that ease the stresses of living away from home, whether as a business or leisure traveller.

A comprehensive range of facilities and services, including an infinity lap pool that faces the marina, outdoor jacuzzis, well-equipped fitness gym, residents' lounge and state-of-the-art security system complete the experience of exclusive waterfront living in Puteri Harbour.

As a result of the COVID-19 pandemic, the launch of the Pan Pacific Serviced Suites Puteri Harbour has been delayed. The launch date will be dependent on the recovery of the tourism sector post COVID-19.

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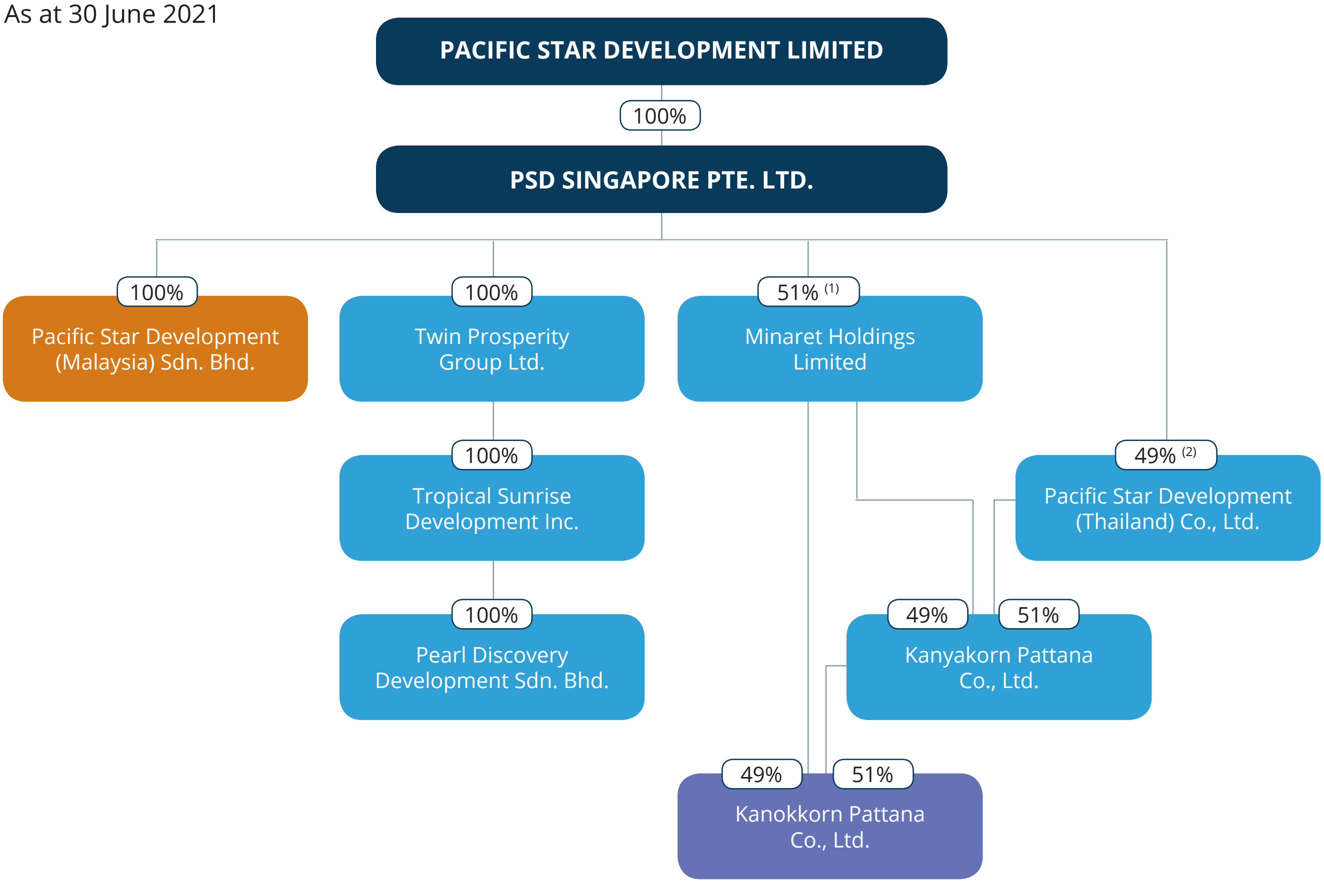
6

5 Tower 3 | Lobby
6 Tower 3 | Two-Bedroom Unit

CORPORATE STRUCTURE

As at 30 June 2021



Entities undergoing liquidation (not shown above):
1. LH Aluminium Industries Pte. Ltd.
2. Durabeau Industries Pte Ltd

Entity under absolute receivership as at the date of this Annual Report.

Entity undergoing voluntary strike off applications as at the date of this Annual Report.

Note:
[1] The other 49% in Minaret Holdings Limited is held by a joint venture partner, Tiwanon Development Ltd.
[2] The other 51% in Pacific Star Development (Thailand) Co., Ltd. is held by local Thai shareholders.

Sky Garden

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ying Wei Hsein, *Executive Chairman*
Mr Leow Chin Boon, *Lead Independent Director*
Mr Yeong Wai Cheong, *Independent Director*
Mr Lim Hoon Tong, *Independent Director*

AUDIT COMMITTEE

Mr Leow Chin Boon, *Chairman*
Mr Yeong Wai Cheong, *Member*
Mr Lim Hoon Tong, *Member*

NOMINATING COMMITTEE

Mr Yeong Wai Cheong, *Chairman*
Mr Leow Chin Boon, *Member*
Mr Lim Hoon Tong, *Member*

REMUNERATION COMMITTEE

Mr Lim Hoon Tong, *Chairman*
Mr Yeong Wai Cheong, *Member*
Mr Leow Chin Boon, *Member*

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

2 Venture Drive
#19-15/17 Vision Exchange
Singapore 608526
Website: www.pacificstar-dev.com
Telephone Number: (65) 6411 0688

REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

PRINCIPAL BANKERS

DBS Bank Limited
United Overseas Bank (Malaysia) Berhad

THE AUDITORS

Ernst & Young LLP
One Raffles Quay North Tower, Level 18
Singapore 048583
Partner-In-Charge: Ms Low Yen Mei
(Date of Appointment: Since start of financial year ended 30 June 2021)

COMPANY SECRETARY

Mr Lau Yan Wei
(Date of Appointment: 2 March 2021)

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542


Function Room

CORPORATE GOVERNANCE

The board of directors (the "**Board**" or "**Directors**") and the management ("**Management**") of Pacific Star Development Limited (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance and are committed to ensure that a high standard of corporate governance is practised throughout the Group. This is a fundamental part of their responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This report describes the Company's corporate governance practices and structures that were in place during the financial year from 1 July 2020 to 30 June 2021 ("**FY2021**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance, which forms part of the continuing obligations under the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"). The focus shall be on areas such as internal controls, risk management, financial reporting, internal and external audits.

The Board is pleased to confirm that for FY2021, the Group has adhered to the principles and provisions as set out in the Code and the Practice Guidance, where applicable. In areas where the Company's practices vary from any provisions of the Code and/or the Practice Guidance, the Company has stated herein the provision of the Code and Practice Guidance (as applicable) from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principles of the Code and Practice Guidance. The Company will continue to assess its needs and implement appropriate practices accordingly.

I. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the company.

<u>*Provision 1.1*</u>

Principle Duties of the Board

The Board as at the date of this report comprises:

Mr Ying Wei Hsein	Executive Chairman
Mr Leow Chin Boon	Lead Independent Director
Mr Yeong Wai Cheong	Independent Director
Mr Lim Hoon Tong	Independent Director

The Board's role is to:

(a) Provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) Establish a framework of prudent and effective controls which enables risks to be identified, assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) Evaluate the adequacy of the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems;

(d) Approve the re-nomination of Directors retiring pursuant to the Company's Constitution, nomination of new Board member(s) and the appointment of key management personnel ("**KMP**");

(e) Review Management's performance;

(f) Identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

(g) Set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;

(h) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulations;

(i) Approve the Group's annual budget, financial results announcements, announcements, major investments, divestments and funding decisions; and

(j) Ensure accurate, adequate and timely reporting to, and communication with shareholders.

The Board regularly reviews the Group's strategic business plans, the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal controls to safeguard shareholders' interests and the Group's assets.

Code of Business Conduct and Ethics

All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics. The Board abides by ethical values and standards which form the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. The Company has established internal advisories that set the principles of business ethics and expected conduct by employees of the Group. These cover significant areas including appropriate business conduct and ethics, safeguarding of confidential information and prohibition on insider trading, whistle-blowing, conflicts of interest and non-competition. All staff of the Group are expected to uphold these principles and conduct themselves with high standards of integrity that are in compliance with the laws and regulations of the countries in which the Group operates.

Conflicts of Interest

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts or potential conflict of interest. The Directors are cognisant of their fiduciary duties at law. Pursuant to Section 156 of the Companies Act, each Director is to declare to the Company his interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his knowledge. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested persons transactions (each, an "**IPT**" and collectively, the "**IPTs**"). Where a Director has a conflict or a potential conflict of interest in relation to any matter, he is required to immediately declare his interest when the conflict-related matter is discussed and recuse himself from participation in the discussion and decision on the conflict-related matter, unless the Board (excluding the Director(s) who is/are conflicted) is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he is required to abstain from voting in relation to all conflict-related matters.

Provision 1.2

Director Competencies

All Directors have a good understanding of the Group's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all directors, the board of directors of a listed company will generally have different classes of directors with different roles:

- **Executive Directors** (each, an "**ED**" and collectively, the "**EDs**") are usually members of the management who are involved in the day-to-day running of the business. EDs are expected to:

  (a) Provide insights on the company's day-to-day operations, as appropriate;

  (b) Provide the management's views without undermining the management's accountability to the board of directors; and

  (c) Collaborate closely with Non-Executive Directors (each, a "**NED**" and collectively, the "**NEDs**") and Independent Directors (each, an "**ID**" and collectively, the "**IDs**") for the long-term success of the company.

- **NEDs** are not part of the management. They are not employees of the company and do not participate in the company's day-to-day management. NEDs are expected to:

  (a) Be familiar with the business and stay informed of the activities of the company;

  (b) Constructively challenge the management and help develop proposals on strategy;

  (c) Review the performance of the management in meeting agreed goals and objectives; and

  (d) Participate in decisions on the appointment and re-appointment, assessment and remuneration of the EDs and KMP generally.

- IDs are NEDs who are deemed independent by the board of directors. IDs have the same set of duties of the NEDs, and additionally provide independent and objective advice and insights to the board of directors and the management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities (as described below) to develop and maintain their skills and knowledge at the Company's expense.

Appointment Letter

Upon appointment of each Director, the Company shall provide a formal letter of appointment to the Director, setting out the Director's roles, obligations, duties and responsibilities, and the expectations of their contribution to the Company as a member of the Board.

Continuous Training and Development of Directors

The Company does not have a formal training program for the Directors but all incoming Directors will undergo a comprehensive and tailored induction on joining the Board. This includes his duties as a Director and how to discharge those duties, and an orientation programme to ensure that he is familiar with the Group's business and governance practices. To get a better understanding of the Group's businesses, the incoming Director(s) will also be given the opportunity to meet with Management.

The Company will also arrange for first-time Director(s) to attend relevant training in relation to the roles and responsibilities of a Director of a public listed company in Singapore as prescribed by the SGX-ST and in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors.

To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all Directors are encouraged to be members of the Singapore Institute of Directors ("**SID**") and attend specifically tailored training conducted by professionals at least annually. Directors are also encouraged to attend, at the Company's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The Company Secretary will bring to the Directors' attention information on seminars that may be of relevance or use to them.

All Directors are provided with regular briefings from time to time on changes in the relevant laws and regulations in relation to accounting standards, Catalist Rules, corporate governance and other regulations or statutory requirements. Briefings, updates and trainings for the Directors in FY2021 included the following:

- The External Auditors ("**EA**") had briefed the AC and the Board on changes and/or amendments to accounting standards; and

- The Company Secretary and/or the Company's sponsor (SAC Capital Private Limited) had briefed the Board on the continuing obligations under the Catalist Rules as well as periodic updates on the Catalist Rules of the SGX-ST, where necessary.

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

The Company has in place a set of internal controls and guidelines that sets out finance authorisation and approval limits for investments, divestments, capital and operating expenditures and expenses. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management to facilitate operational efficiency. The Group has in place an internal delegation of authority matrix governing matters requiring pre-approval from the Board and/or the Board Committees (as defined below). This approval matrix relates to sale matters, operating and capital expenditures and human resource management.

The Board is involved in the supervision of the management of the Group's operations. All Directors shall discharge their fiduciary duties and responsibilities at all meetings in the interests of the Group. Matters which specifically require the Board's decision or approval include:

(a) Corporate strategy, business plans and direction of the Group;

(b) Material acquisitions and disposals of assets;

(c) Corporate and financial restructuring;

(d) Share issuance and dividends;

(e) Appointment, termination and compensation of ED(s);

(f) Annual budgets, financial results announcements, annual report and audited financial statements; and

(g) IPTs.

Provision 1.4

Delegation of Authority to Board Committees

The Board objectively takes decisions in the interests of the Group. The Board has delegated specific responsibilities to three (3) committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**") (collectively referred to herein as the "**Board Committees**"). Information on each of the Board Committees is set out below. These Board Committees function within clearly defined terms of reference which are reviewed on a regular basis. The Board accepts that while these Board Committees have the authority to examine particular issues and will report to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the further sections of this report.

Provision 1.5

Meetings of Board and Board Committees

The Board meets at least four (4) times a year to coincide with the announcements of the Group's results. Fixed meetings are scheduled at the start of each financial year. Additional *ad-hoc* meetings are called as and when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. Decisions of the Board and Board Committees may also be obtained through circular or written resolutions.

The Constitution of the Company allows Directors to participate in Board or Board Committees meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the Director's physical presence at the meeting. The numbers of Board and Board Committees meetings held in FY2021 and the attendance of Directors during these meetings are as follow:

	Board	AC	RC	NC
No. of meetings held	10	6	1	1
<u>No. of meetings attended</u>				
Ying Wei Hsein	10	6*	1*	1*
Leow Chin Boon	10	6	1	1
Yeong Wai Cheong	10	6	1	1
Lim Hoon Tong	10	6	1	1

* Attended by invitation

Multiple Board Representations

The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after considering his other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his knowledge. When a Director has multiple board representations, and in considering the nomination of the Director for appointment or re-appointment, the NC will evaluate whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and evaluated the competing time commitments faced by Directors serving on multiple boards during FY2021, and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2021.

Notwithstanding the above, following due deliberation by the NC, the NC has resolved and unanimously agreed with the maximum number of listed company board representations held by each individual Director should not be more than five (5). If any Director holds more than five (5) listed company board representations, the number of the listed company board representations he holds will be subjected to the review and approvals of the NC and the Board.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitment of Directors, including whether such commitment is a full-time or part-time employment capacity;
- Size and complexity of the Board;
- Nature and scope of the Group's operations and size;
- Relevant industry knowledge and experience;
- Relevant corporate, professional and management experience; and
- Capacity, complexity and expectations of the other listed directorships and principal commitments held.

Provision 1.6

Access to Information

All Directors will receive a set of Board papers prior to the Board and Board Committees meetings. The Board papers are generally circulated to Directors prior to the meeting to provide for sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

(a) Minutes of the previous Board and Board Committees meetings;

(b) Background or explanations on matters brought before the Board for decision, including issues being dealt with by Management, Management's recommendation with regard to the issues being discussed, relevant budgets, forecasts and projections, as the case may be. In respect of budgets, any material variance between the projections and actual results is disclosed and explained to the Board; and

(c) Major operational and financial issues.

Provision 1.7

Access to Management and Company Secretary

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary and his representatives attend all quarterly meetings of the Board and ensure that Board procedures are followed and that applicable rules and regulations, including the requirements of the Companies Act and the Catalist Rules, are complied with. The Company Secretary and his representatives also attend Board Committees meetings. Under the direction of the Executive Chairman, the Company Secretary and his representatives are responsible for ensuring good information flow within the Board and its Board Committees and between senior management and IDs, assisting the Executive Chairman, the Chairperson of each of the Board Committees and Management in the development of the agendas for the various Board and Board Committees meetings; attending and preparing minutes for Board and Board Committees meetings; and advising the Board on governance matters.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

Access to Independent Professional Advice

The Directors also have access to independent professional advice, as they deem necessary, at the expense of the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

Independence of Directors

In relation to the assessment of the independence of the directors, specific tests of directors' independence have been hardcoded into the Catalist Rules of the SGX-ST to clarify that the circumstances which deem directors not to be independent should be applied without any exceptions.

Under Rules 406(3)(d) of the Catalist Rules of the SGX-ST which took effect on 1 January 2019, these stipulate that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three (3) financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC of the issuer. In this regard, none of the IDs or their respective associates has any employment relationships with the Group.

All IDs are required to disclose any relationships or appointments which would impair their independence to the Board in a timely manner. In addition, the Board, on annual basis, determines whether or not a Director is independent, taking into account the Code's definition and the Catalist Rules of the SGX-ST.

For FY2021, the IDs, Mr Leow Chin Boon, Mr Yeong Wai Cheong and Mr Lim Hoon Tong, have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the IDs' independent business judgment with a view to uphold the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules of the SGX-ST. The IDs did not own shares of the Company and were not in any foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said IDs are independent.

The Board, on annual basis, determines whether or not a Director is independent. For FY2021, the Board has determined, taking into account the views of the NC and based on the Board's observation, that Mr Leow Chin Boon, Mr Yeong Wai Cheong and Mr Lim Hoon Tong have demonstrated independent mindedness and conduct at Board and Board Committees interactions and are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the judgement of each of the aforesaid Directors. The Board is of the firm view and opinion that the IDs are able to exercise independent judgement in the best interests of the Company in the discharge of their duties as IDs.

There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

Duration of IDs' Tenure

As at the date of this report, none of the IDs have served on the Board beyond nine (9) years since the date of his first appointment. Nonetheless, the Board will assess the independence of each ID whose tenure exceeds nine (9) years from the date of his first appointment. The independence of such Directors will be subjected to rigorous review.

Provision 2.2

Proportion of IDs

The Board consists of four (4) Directors, of whom three (3) are independent, namely Mr Leow Chin Boon, Mr Yeong Wai Cheong and Mr Lim Hoon Tong. The IDs make up a majority of the Board and this complies with the Code where the Company is required to have a majority of the Board as IDs as the Executive Chairman is part of the management team.

The Board is able to exercise objective judgments on corporate affairs independently and constructively challenge key decision, taking into consideration the long-term interest of the Group and its shareholders. Further, the Company has in place an internal guideline for matters requiring Board's approval. Therefore, no individual or a small group of individuals be allowed to dominate the Board's decision making.

Provision 2.3

Proportion of NEDs

A majority of three (3) out of four (4) Directors on the Board are NEDs.

Provision 2.4

Composition and Size of the Board

As at the date of this report, the Board comprises one (1) ED and three (3) Independent NEDs as follows:

Mr Ying Wei Hsein	Executive Chairman
Mr Leow Chin Boon	Lead Independent Director
Mr Yeong Wai Cheong	Independent Director
Mr Lim Hoon Tong	Independent Director

The NC is responsible for examining the size and composition of the Board and Board Committees. As at the date of this report, the Board notes that the AC, NC and RC have the requisite three (3) members and meet the requirements in terms of the composition of IDs.

The NC and Board reviews the size of the Board on an annual basis and considers the present Board size is appropriate for the current scope and nature of the Group's operations. As IDs currently make up a majority of the Board, no individual or group is able to dominate the Board's decision making process. There is also balance in the Board because of the presence of IDs of the calibre necessary to carry sufficient weight in Board decisions.

Board Diversity

The Board's policy in identifying nominees for directorship is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board comprises businessmen and professionals with financial, corporate restructuring, accounting and legal backgrounds. Profiles of the Directors are set out in the "Board of Directors" section of this Annual Report. The NC is of the view that the Board consists of persons who, as a group, provide core competencies such as business and management experience, industry knowledge, legal expertise, restructuring experience, financial and strategic planning experience and knowledge that are necessary to meet the Company's objectives.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Core competencies	Number of Directors at the date of this report	Proportion of Board at the date of this report
Accounting or finance	3	3/4
Business management	4	4/4
Legal or corporate governance	4	4/4
Relevant industry knowledge or experience	2	2/4
Strategic planning experience	4	4/4
Customer based knowledge or experience	4	4/4
Restructuring experience	2	2/4

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

Board Guidance

An effective and robust board of directors, whose members engage in open and constructive debates and challenge the management on its assumptions and proposals, is fundamental to good corporate governance. A board of directors should also aid in the development of strategic proposals and oversee effective implementation by the management to achieve set objectives.

Management provides the IDs with accurate, complete and timely information. Further, the IDs have unrestricted access to Management, the EA, the Internal Auditors (the "**IA**") and the Company Secretary. The IDs have access to Management to query and request for further information on proposed significant transactions and the development of business strategies. The Board reviews the business performance of the Group on a quarterly basis prior to the release of the financial results. The IDs also review the performance of Management in meetings, set goals and objectives and monitor their performance. Such review of Management's performance is done annually and the IDs provide their feedback to the Board in relation to Management's performance.

Provision 2.5

Meetings of IDs with Management

Although all the Directors have an equal responsibility for the Group's operations, the role of these IDs is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

The IDs are also encouraged to meet regularly without the presence of Management. During FY2021, the IDs have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board's processes, succession planning as well as leadership development and the remuneration of Directors and KMP. Thereafter, the Chairman of such meeting will provide feedback to the Board of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separate Roles of Chairman and CEO

Mr Ying Wei Hsein is the Executive Chairman of the Company and has direct oversight of the Group's sales, operation, finance, human resource and legal functions. Due to the current challenging business climate and financial position of the Group, the Company does not intend to fill the vacancy of the CEO position in the near future.

Provision 3.2

Roles of Chairman and CEO

The Executive Chairman ensures that Board meetings are held as and when necessary. He leads the Board to ensure its effectiveness and approves the agenda of each Board meeting. The Executive Chairman ensures that Board papers are prepared and presented to the Board for major decisions. Together with Management, he also ensures that Board members are provided with accurate, timely and clear information for their decision making. Further, he ensures that all agenda items included in the Board papers are provided sufficient airtime and adequately debated at Board meetings. Management staff who have prepared the Board papers, or who can provide additional insight into the matters to be discussed, are invited to present the Board papers or attend at the relevant time during the Board meetings. The Executive Chairman monitors communications and relations between the Company and its shareholders, within the Board and between the Board and Management, with a view to encourage constructive relations and dialogue amongst them. The Executive Chairman, in conjunction with the AC, promotes high standards of corporate governance. The Executive Chairman works to facilitate the effective contribution of all Directors.

The Executive Chairman currently also takes a leading role in the business of the Group and manages the day-to-day operations with the assistance of Management. He also oversees the execution of the Group's business and corporate strategy decisions made by the Board.

<u>*Provision 3.3*</u>

Lead ID

Since the Executive Chairman is part of Management, Mr Leow Chin Boon has been appointed as the Lead ID in compliance with the Code. He will be available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman or the Vice President, Finance ("**VP Finance**") has failed to resolve or is inappropriate. Led by the Lead ID, the IDs would meet, where necessary, without the presence of the other Directors and the Lead ID will provide feedback to the Executive Chairman after such meetings.

The Lead ID's role may include chairing Board meetings in the absence of the Executive Chairman, working with the Executive Chairman in leading the Board, and providing a channel to IDs for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead ID may also help the NC conduct annual performance evaluation and development succession plans for the Executive Chairman and the ED(s) and help the RC design and assess the remuneration of the Executive Chairman and the ED(s).

The Lead ID also makes himself available at all times when shareholders have concerns and for which contact through normal channels of the Executive Chairman, ED(s) or CEO (where applicable) are not practicably available or appropriate.

There were no queries or requests on any matters which required the Lead ID's attention in FY2021.

The Company has established a Whistle-Blowing Policy where employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to the Lead ID. The contact details for reporting of incidents under the Whistle-Blowing Policy have been made available to all employees and on the Company's corporate website.

IDs' Meetings in Absence of Other Directors

After meeting with shareholders or when there are issues to be discussed, the Lead ID will lead meetings with other IDs, without the presence of the Executive Chairman or other ED(s) and/or NEDs, and provide feedback to the Executive Chairman of the Board after such meetings, if it necessary.

During FY2021, the IDs have met unofficially at least once to discuss the Company's matters without the presence of the Executive Chairman, and the Lead ID has also provided the feedback, where appropriate, to the Executive Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

<u>*Provision 4.1*</u>

Roles and Duties of NC

The Board established the NC with written terms of reference which clearly set out its authority and duties.

The NC reports to the Board directly. The terms of reference of the NC set out its duties and responsibilities. Amongst them, the NC is responsible for:

(a) Establishing procedures for and make recommendations to the Board on the appointments of new ED(s), ID(s) and NED(s), including making recommendations on the composition of the Board generally and the balance between EDs, IDs and NEDs appointed to the Board and re-appointments;

(b) Regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the Directors as a group and make recommendations to the Board with regard to any adjustments that are deemed necessary;

(c) Reviewing, assessing and recommending nominee(s), or candidate(s) for appointment or election to the Board having regard to his/her qualifications, competency and whether or not he/she is independent;

(d) Re-nominations and re-appointments, to have regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an ID;

(e) Making plans for succession, in particular for the Executive Chairman and CEO (where applicable);

(f) Deciding whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director;

(g) Determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code and other salient factors;

(h) Recommending Director(s) who are seeking re-election;

(i) Establishing procedures for evaluation of the Board's performance and propose objective performance criteria, which shall be approved by the Board. The Chairman of the NC should act on the results of the performance evaluation and where appropriate, propose new member(s) be appointed to the Board or seek the resignation of Director(s), in consultation with the NC;

(j) Assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;

(k) Identifying gaps in the mix of skills, experience and other qualities required in an effective Board and nominating or recommending suitable candidate(s) to fill these gaps;

(l) Reviewing the adequacy of the Board's training and to recommend to the Board induction and professional development programmes and induction/training; and

(m) Considering and recommending the appointment of a Lead ID, where appropriate.

Provision 4.2

NC Composition

The NC comprises three (3) Directors, all of whom, including the Chairman of the NC, are independent. The NC is chaired by an Independent NED and, as at the date of this report, the NC members are:

Mr Yeong Wai Cheong	Chairman
Mr Leow Chin Boon	Member
Mr Lim Hoon Tong	Member

Provision 4.3

Nomination and Selection of Directors

The NC will determine the criteria for the appointment of new Directors and will set up a process for the selection and appointment of such Directors, taking into consideration amongst others, diversity, composition and progressive renewal of the Board and the expertise and experience of each candidate.

The Company currently does not have a formal diversity policy, but does recognise the benefits of having a diverse Board. Such benefits include, amongst others, possessing a broad strategic perspective, effective governance and augmented decision-making capabilities. Whilst the Board strives to achieve diversity, it also bears in mind that the appointments of Directors are based on skills, experiences and knowledge, which are instrumental for the Board as a whole to be effective. The NC seeks to ensure that the Board's size is conducive for effective discussion and making decisions, and that the requisite number of IDs with a broad range of experience and deep industry knowledge are appointed. Factors which are considered include age, gender and professional background. The Company aims to make progress towards implementing a Board diversity policy, based on the points mentioned above.

In the search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts as well as the personal and/or professional contacts of the professionals engaged by the Company to identify potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies can be appointed to assist in the search process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached. The NC also oversees the re-appointment of Directors as and when their tenure of appointment is due. In assessing the Directors for reappointment, the NC evaluates several criteria including qualifications, contributions, performance, attendance, preparedness, participation, candour and independence of the Directors (if applicable).

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:

(a) Majority of the Board shall be IDs; and

(b) The candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account his participation and contributions during and outside Board meetings, the candidate's track record, experience, capabilities and other relevant factors.

Re-election of Directors

Pursuant to Regulation 84 of the Company's Constitution, the Directors may from time to time appoint one or more of their body to be Managing Director (the "**MD**") or MDs or such equivalent position of the Company and may from time to time (subjected to provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where such an appointment is for a fixed term, such term shall not exceed five (5) years.

Pursuant to Regulation 86 of the Company's Constitution, a MD shall not while he continues to hold that office be subjected to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors but he shall, subject to the provision of any contract between him and the Company, be subjected to the same provisions as to resignation and removal as other Directors and if he ceases to hold the office of Director from any cause he shall *ipso facto* and immediately cease to be a MD. During FY2021 and up to the date of this report, the Company did not appoint a MD.

Pursuant to Regulation 88 of the Company's Constitution, a newly appointed Director is also required to submit himself or herself for re-election at the annual general meeting ("**AGM**") following his or her appointment, but shall not be taken into account in determining the number of Directors who are to retire at such meeting.

Pursuant to Regulation 89 of the Company's Constitution, not less than one-third of the Directors (referring to those who have been longest in office since their appointment or re-election) are required to retire from office by rotation at each AGM, provided that no Director holding the office of MD shall be required to retire by rotation or be taken into account in determining the number of Directors to retire.

With the implementation of the Code and the Catalist Rules of the SGX-ST, Regulation 86 and Regulation 89 of the Company's Constitution will no longer be in compliance with the Code and the Catalist Rules of the SGX-ST. However, since the Company does not currently have a MD, the abovementioned regulations in the Company's Constitution in the context of re-election of MD are not applicable. Whilst the Company had considered amending the Company's Constitution to be in compliance with the Code and the Catalist Rules of the SGX-ST at the forthcoming AGM, in view of the fact that currently the Company does not have a MD and that the Board currently does not intend to appoint a MD, as well as the other more time-sensitive operational work which Management is undertaking, the Company intends to convene an extraordinary general meeting (the "**EGM**") of the Company in 2022 to remove Regulation 86 of the Company's Constitution and to effect such consequential amendments to Regulation 89 of the Company's constitution so as to comply with the Code and the Catalist Rules of the SGX-ST.

In this respect, the Board has accepted the NC's nomination of the retiring Directors who had given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors at the forthcoming AGM of the Company are:

(a) Mr Leow Chin Boon, who was previously re-appointed to the Board on 30 October 2019, will retire pursuant to Regulation 89 of the Company's Constitution; and

(b) Mr Yeong Wai Cheong, who was previously re-appointed to the Board on 30 October 2019, will retire pursuant to Regulation 89 of the Company's Constitution.

Mr Leow Chin Boon will, upon re-election as a Director of the Company, remain as the Lead ID of the Company, the Chairman of the AC and a member of the RC and NC of the Company. Mr Leow Chin Boon is considered by the Board to be independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

Mr Yeong Wai Cheong will, upon re-election as a Director of the Company, remain as an ID of the Company, the Chairman of the NC and a member of the AC and RC of the Company. Mr Yeong Wai Cheong is considered by the Board to be independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

In making the recommendation, the NC has considered the Directors' overall contributions and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations. Each of Mr Leow Chin Boon and Mr Yeong Wai Cheong had abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Director.

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring Director as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

Name of Director	**Leow Chin Boon**	**Yeong Wai Cheong**
Date of Appointment	4 June 2019	30 August 2019
Date of last reappointment (if applicable)	30 October 2019	30 October 2019
Age	45	56
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Leow Chin Boon as Lead ID was recommended by the NC. The Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.	The re-election of Mr Yeong Wai Cheong as ID was recommended by the NC. The Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead ID, Chairman of the AC and Member of the RC and NC.	ID, Chairman of the NC and Member of the AC and RC.

CORPORATE GOVERNANCE

Name of Director	Leow Chin Boon	Yeong Wai Cheong
Professional qualifications	• Bachelor of Commerce from University of Western Australia • Chartered Accountant, Institute of Singapore Chartered Accountants ("**ISCA**") • Certified Practising Accountant, CPA Australia	• Bachelor of Laws (Honours) from National University of Singapore • Advocate & Solicitor, Singapore • Solicitor, Hong Kong
Working experience and occupation(s) during the past 10 years	• June 2007 to June 2017 – Chief Financial Officer of Hengxin Technology Ltd • June 2017 to July 2018 – Global Chief Financial Officer of DIH Technologies Ltd • August 2018 to November 2021 – Group Chief Financial Officer of I-Serve Holdings Limited • May 2018 – Present - Executive Director of Moppetto Pte Ltd	• 2008 to 2011 – Partner, KhattarWong LLP • 2011 to 2013 – Partner, RHT Law Taylor Wessing LLP • 2013 to Present – Director, Drew & Napier LLC
Shareholding interest in the listed issuer and its subsidiaries	None	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	• Hengxin Technology (India) Pvt Ltd • Hocoma AG	• RHT Law Taylor Wessing LLP
Present	• Moppetto Pte Ltd	• Drew & Napier LLC • Spiron Medical Pte. Ltd.

Name of Director	Leow Chin Boon	Yeong Wai Cheong
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	None	None
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	None	None
(c) Whether there is any unsatisfied judgment against him?	None	None
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	None	None

CORPORATE GOVERNANCE

Name of Director	Leow Chin Boon	Yeong Wai Cheong
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	None	None
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	None	None
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	None	None
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	None	None
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	None	None

Name of Director	Leow Chin Boon	Yeong Wai Cheong
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	None	None
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	None	None
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	None	None
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	None	None
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	None	None

Alternate Director

Currently, the NC does not have a practice of appointing alternate Director(s). In the event that the need should arise, the NC will review this on a case by case basis. The NC notes that the appointment of an alternate Director is only in exceptional cases and for a limited period. The NC and the Board will review the period for the appointment of the alternate Director, where necessary.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any change in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually within the definition of independence in the Code, Practice Guidance and Rule 406(3)(d) of the Catalist Rules of the SGX-ST. Each ID has submitted his confirmation of independence for the NC's review on an annual basis. For FY2021, the NC has reviewed and confirmed the independence of the IDs, namely Mr Leow Chin Boon, Mr Yeong Wai Cheong and Mr Lim Hoon Tong. The Board is of the view that they are independent, taking into account the circumstances set forth in the Code and Rule 406(3)(d) of the Catalist Rules of the SGX-ST.

Provision 4.5

Directors' Time Commitments

Each Director is required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the Directors' annual confirmation and the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at the Board and Board Committees' meetings, the NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FY2021.

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for the Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his time commitments with the proposed new appointment and in the case of an ID, to also ensure that his independence would not be affected.

As at the date of this report, the principal commitments of Mr Ying Wei Hsein, the Executive Chairman, include his role as Executive Chairman of the Company as well as a director of Singularity Consultancy Pte Ltd and East Gate Commodities Pte Ltd; and Mr Lim Hoon Tong, an ID, is a director of AAG Corporate Advisory Pte Ltd. None of them holds any other directorship on any other listed company.

Information in respect of the listed company directorships and principal commitments of Mr Leow Chin Boon, the Lead ID, and Mr Yeong Wai Cheong, an ID, is disclosed in Provision 4.3 on page 26 of this Annual Report.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

Provisions 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best efforts to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board to develop a performance evaluation framework for the Board, Board Committees and each individual Director, propose performance criteria and assist in the conducting of the evaluation, analyse the findings and report the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board. This is aligned with the applicable principles and provisions set out in the Code.

The assessment parameters for each Director include his knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

On an annual basis, all the Directors are required to complete individually each of the following:

- Board Performance Evaluation Questionnaire;
- AC Performance Evaluation Questionnaire;
- NC Performance Evaluation Questionnaire;
- RC Performance Evaluation Questionnaire; and
- Individual Director Self-Assessment Form.

For FY2021, the NC conducted a formal review of the performance evaluation of the Board, Board Committees and individual Directors, by way of circulating the questionnaires to the Board and Board Committees and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board, Board Committees and each individual Director had been discussed and reviewed by the NC.

Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

(a) Board size and composition;

(b) Board conduct of affairs;

(c) Internal controls and risk management;

(d) Board accountability; and

(e) Standards of conduct.

Based on the summary of findings of the evaluation for FY2021 together with the feedback and recommendations from each Director, the NC is satisfied that the Board as a whole had met its performance objective in FY2021.

Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

AC

(a) Membership and appointments;

(b) Meetings;

(c) Training and resources;

(d) Financial reporting;

(e) Risk management and internal control systems;

(f) Internal audit process;

(g) External audit process;

(h) Compliance;

(i) Anti-fraud;

(j) Whistle-blowing;

(k) IPTs and related party transactions;

(l) Reporting;

(m) Standards of conduct; and

(n) Communication with shareholders.

_NC_

(a) Membership and appointments;

(b) Meetings;

(c) Training and resources;

(d) Reporting;

(e) Process for selection and appointment of new Director(s);

(f) Board diversity;

(g) Nomination of Director(s) for re-election;

(h) Independence of Directors;

(i) Board performance evaluation;

(j) Succession planning;

(k) Multiple Board Representations;

(l) Chairman and CEO (where applicable);

(m) Standards of conduct; and

(n) Communication with shareholders.

_RC_

(a) Membership and appointments;

(b) Meetings;

(c) Training and resources;

(d) Remuneration framework;

(e) Reporting;

(f) Standards of conduct; and

(g) Communication with shareholders.

Based on the summary of the evaluation for FY2021 together with the feedback and recommendations from members of the respective Board Committees, the NC is satisfied that each of the Board Committees had met its performance objective in FY2021.

The primary objective of the Board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the Board and Board Committees procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

The NC has, without the engagement of an external facilitator, assessed the Board and Board Committees overall performance to-date and is of the view that the performance of the Board as a whole and Board Committees are satisfactory.

Individual Directors Evaluation Process

The evaluation serves to assess the effectiveness of each of the individual Directors on the following parameters:

(a) Attendance at Board meetings and related activities;

(b) Adequacy of preparation for Board meetings;

(c) Contribution;

(d) Initiative;

(e) Knowledge of the senior management's job scope;

(f) Knowledge of the Group's business;

(g) Participation in constructive debate/discussion;

(h) Maintenance of independence (where applicable);

(i) Disclosure of IPTs; and

(j) Declaration of conflicts of interest.

Based on the summary of the evaluation for FY2021 together with the feedback and recommendations from the individual Directors, the NC is satisfied that each of the Directors had met their performance objective in FY2021.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Director(s) who is/are due for retirement at the forthcoming AGM of the Company, and in determining whether Director(s) with multiple board representations is/are able to and have adequately discharged his/their duties as Director(s) of the Company.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his re-nomination as Director.

II. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

Roles and Duties of RC

The Board established the RC with written terms of reference which clearly set out its authority and duties.

The RC reports to the Board directly. The terms of reference of the RC sets out its duties and responsibilities. Amongst them, the RC is responsible for:

(a) Understanding the pay and employment conditions within the industry and in comparable companies;

(b) Reviewing and recommending to the Board a framework of remuneration for the Board and KMP, and to determine specific remuneration packages and terms of employment (where applicable) for each Director; the CEO (if the CEO is not a director) and senior management. The remuneration packages shall take into account the Group's relative performance and the performance of individual Directors;

(c) Establishing appropriate and meaningful measures for the purpose of assessing Directors' performance;

(d) Consulting with Chairman of the Board and submit its recommendations for endorsement by the entire Board;

(e) Considering and recommending to the Board in respect of Directors' service contracts to what the compensation commitment in the event of early termination are. The RC shall aim to be fair and avoid rewarding poor performance;

(f) Considering any recommendations by the Chairman for changes in existing remuneration packages/service contracts of executives;

(g) Considering and recommending to the Board as to whether Directors should be eligible for benefits under long-term incentive schemes;

(h) Administering all aspects of any share option scheme and other share-based incentive scheme operated by or to be established by the Company;

(i) Reviewing and submitting its recommendations for endorsement by the entire Board, share option schemes or any share-based incentive schemes which may be set up from time to time, in particular to review whether Directors should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith;

(j) Carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and

(k) Ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options, share-based incentives and benefits-in-kind are considered.

Provision 6.2

RC Composition

The RC comprises three (3) NEDs, all of whom, including the Chairman, are independent. As at the date of this report, the RC members are:

Mr Lim Hoon Tong	Chairman
Mr Yeong Wai Cheong	Member
Mr Leow Chin Boon	Member

Provision 6.3

Remuneration Packages and Framework

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and KMP.

The RC recommends to the Board for endorsement, a framework of remuneration for the Board and KMP to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Group successfully in order to maximise shareholders' value.

The RC reviews the fairness and reasonableness of the contracts of service of the ED(s) and KMP. The RC aims to be fair and avoids rewarding poor performance. The RC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, share-based incentives and benefits-in-kind.

The RC reviews the terms and conditions of service agreements of the ED(s) and KMP before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of ED(s) and KMP, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

The current notice period for the Executive Chairman and KMP under their respective service contracts are less than six (6) months.

Provision 6.4

Engagement of Remuneration Consultants

If required, the RC will seek expert advice inside or outside the Company on remuneration of all Directors and KMP. The remuneration policy recommended by the RC is submitted for approval by the Board. The Company did not engage any external consultant for an assessment of remuneration for FY2021.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1

Remuneration of ED(s) and KMP

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate the ED(s) and KMP. It also motivates the ED(s) to provide good stewardship of the Group and KMP to successfully manage the Group for the long-term. The remuneration packages take into account the performance of the Group, the ED(s) and KMP.

The remuneration structure of the ED(s) and KMP comprises both fixed and variable components. The variable component is linked to the Group/Company's performance as well as the performance of the individual. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

The remuneration package of ED consists of the following components:

(a) The fixed components comprise a basic salary and Central Provident Fund ("**CPF**") contribution;

(b) To ensure that the ED's remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements;

(c) The variable components comprise a variable bonus based on the Group's and the individual's performance. Bonuses payable to ED are reviewed by the RC and approved by the Board to ensure alignment of their interests with those of shareholders and to promote the long-term success of the Group. There was no variable component applicable to the Executive Chairman (Mr Ying Wei Hsein) during FY2021; and

(d) Benefits provided are consistent with market practice and include medical benefits and mobile phone allowance.

During FY2021, the Executive Chairman, Mr Ying Wei Hsein, is the sole ED on the Board.

The service agreement for Mr Ying Wei Hsein is for an appointment period of one (1) year from 4 June 2019, renewable automatically every year, and does not contain onerous removal clauses. Notice period is fixed at no less than two (2) months in writing or otherwise as may be mutually agreed between Mr Ying Wei Hsein and the Company.

The RC is responsible for reviewing the compensation commitments arising from Directors' contracts of service in the event of early termination.

Having reviewed and considered the variable components in the remuneration packages of the ED and KMP, the RC is of the view that the remuneration packages of the ED and KMP are aligned to the interests of shareholders and are not excessive. The variable portions are linked to individual performance, and are dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the ED and KMP are commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the ED (together with other KMP) is reviewed periodically by the RC and the Board.

Provision 7.2

Remuneration of NEDs

There is a formal and transparent procedure for fixing the remuneration packages of the NEDs. It comprises of a basic retainer fee and additional fees for appointment as Chairman of the Board Committees and for additional meetings beyond the usual quarterly meetings. Directors' fees are not paid to ED(s). No Director is involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist in its deliberations.

The RC reviews the proposals put in place by the Company for rewarding the NEDs to ensure the compensation is commensurate with effort, time and role of the NEDs. The RC also ensures that in doing so, the independence of the IDs will not be compromised.

The NEDs are paid a Directors' fee for their efforts and time spent, responsibilities and contribution to the Board and Board Committees, subject to approval by shareholders at the AGM. Except as disclosed, the NEDs did not receive any other remuneration from the Group and they do not have any service agreements with the Company and/or the Group.

Employee Share Option Scheme

The Company's Employee Share Option Scheme (the "**ESOS**") for KMP, employees of the Group and Directors was approved by members of the Company at an EGM on 25 April 2013 and is administered by the RC.

The ESOS provides a means to recruit, retain and give recognition to employees and Directors who have contributed to the growth and success of the Group.

Details of the ESOS are disclosed in Note 27(c) to the financial statements.

Performance Share Plan

The Company also has in place a share award plan (also referred to as a performance share plan or "**PSP**") which was approved by shareholders during the Company's EGM on 29 January 2021. Employees and directors of the Group (including IDs, EDs and NEDs), including directors and employees of the Company's associated companies over which the Company has control and employees of the Company's parent company and its subsidiaries are eligible to participate in the PSP.

Details of PSP are disclosed in Note 27(d) to the financial statements.

Claw-back Provisions

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the ED(s) and KMP. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group (and not on forward looking results) as well as the actual performance of its ED(s) and KMP, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Provision 7.3

Comparative, Attractive, and Motivative Remuneration Package

The RC also considered, in consultation with the Executive Chairman, amongst other things, their responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain and motivate Directors and KMP. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMP.

The Executive Chairman does not receive any director's fee. The Company advocates a performance-based remuneration system for ED(s) and KMP that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The following performance conditions were chosen for the Company to remain competitive and to motivate the ED(s) and KMP to work in alignment with the goals of all stakeholders:

Performance condition	**Performance criteria**
Qualitative	1. Leadership and people development 2. Brand development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors
Quantitative	1. Profit before tax 2. Return on equity 3. Relative financial performance of the Group to its industry peers 4. Group's Cash flow

The quantitative performance conditions were not met for FY2021. Hence, no performance bonus was granted to the Executive Chairman and Management.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

Remuneration Criteria

The compensation packages for employees including the ED/CEO and the KMP comprised a fixed component (base salary), a variable component (cash-based annual bonus), share-based incentives and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the ED/CEO and KMP are commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the ED/CEO (together with other KMP) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Notwithstanding that it is a variation from Provision 8.1 of the Code, the Company wishes to disclose the remuneration of the ED in bands of $250,000 for FY2021. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the ED/CEO and the KMP are described above, and the level and mix of remuneration is disclosed in the table below.

Disclosure on Fees and Remuneration of directors

The breakdown showing the level and mix of the remuneration payable to each individual Director of the Company for FY2021 is set out below:

Remuneration Band and Name of Director	Basic Salary	Directors' Fees	Variable or Performance Related Income/Bonus	Share-based Incentives/ Benefits-in-kind
Below $50,000				
Mr Leow Chin Boon	–	100%	–	–
Mr Yeong Wai Cheong	–	100%	–	–
Mr Lim Hoon Tong	–	100%	–	–
Below $250,000				
Mr Ying Wei Hsein	100%	–	–	–

The aggregate remuneration accrued/paid to the Directors for FY2021 was approximately $362,240.

Disclosure on Remuneration of KMP

The Group had seven (7) KMP (excluding the Executive Chairman) for FY2021 of whom two (2) resigned during FY2021. The gross remuneration received by the KMP (excluding the Executive Chairman) for FY2021 and the breakdown showing the level and mix of the remuneration payable to each KMP is set out below:

Remuneration Bands	FY2021
$150,000 to below $200,000	1
$100,000 to below $150,000	2
Below $100,000	4*

* Includes members of KMP who resigned during FY2021

Save as disclosed above, the Code recommends that:

(a) The Company should fully disclose the remuneration of each individual Director and the CEO on a named basis;

(b) The Company should disclose the details of the remuneration of employees who are immediate family members of a Director or the CEO, in incremental bands of $100,000; and

(c) The Company should disclose in aggregate the total remuneration paid to the top five (5) KMP (who are not Directors or the CEO).

In view of the sensitive and confidential nature of the remuneration packages for Directors and KMP, the RC and the Board are of the opinion that the disclosure of the names and remuneration of each of the KMP is not in the best interest of the Group due to confidentiality and sensitivity issues.

As at the date of this report, aside from the Executive Chairman, the Group has five (5) KMP, namely Mr Darren Chua (Chief Operating Officer ("**COO**") & Head of Legal), Ms Ong Mei Ki (VP Finance), Mr Patrick Yeoh (Director of Sales), Mr Tan Jin Seng (General Manager) and Ms Rene Ang (Senior Finance Manager).

The aggregate remuneration paid to the KMP (excluding the Executive Chairman) for FY2021 was approximately $766,078.

All Directors and KMP are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2021.

The annual reviews of the compensation of Directors and KMP are carried out by the RC to ensure that their remuneration is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Chairman together with other KMP and executive personnel is reviewed periodically by the RC and the Board.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that as the remuneration packages are confidential and sensitive in nature, full disclosure of the specific remuneration of each individual Director is not in the best interest of the Company. *Inter alia*, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in, the competitive pressures in the talent market and the irrevocable negative impact such disclosure may have on the Group and which would place the Group in a competitively disadvantageous position.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board has determined that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation and accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the Code.

Provision 8.2

Disclosure on Remuneration of Employee related to Directors/CEO/Substantial Shareholders

There were no employees who are substantial shareholders of the Company, or are immediate family members of any Director, CEO, or a substantial shareholder of the Company, and whose remuneration exceeds $100,000 during FY2021.

Provision 8.3

Details of ESOS and PSP

No share options under ESOS and awards under PSP were granted in FY2021.

III. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

Nature and Extent of Risks

The Board is responsible for the governance of risks and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk-focused culture throughout the Group for effective risk governance. The Company's current approach to risk management is set out in Note 31 to the financial statements.

The Board reviews regularly the adequacy and effectiveness of the Group's risk management framework and internal control systems and where necessary, conducts sessions with Management to understand the process to identify, assess, manage and monitor risks within the Group.

Risk Management

The Group currently does not have a Risk Management Committee but Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and will highlight all significant matters to the Board and the AC.

Internal Controls

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud and other irregularities.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

The Board also reviews operational and regulatory compliance reports from Management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

Management currently provides the Board with appropriately detailed results of the Group at least on a quarterly basis or when upon request in order for the Board to understand and make a balanced and informed assessment of the Group's financial and operational performance and prospects.

Due to the size of the Group's current operations, the Board is satisfied that such access to information is sufficient for its purposes.

Provision 9.2

Assurance from the Executive Chairman and VP Finance

The Board with the assistance of Management and the IA has undertaken an annual assessment on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system annually. The assessment considered issues dealt with in reports reviewed by the Board during FY2021 together with any additional information necessary to ensure that the Board has considered all significant aspects of risks and internal controls for the Group for FY2021.

The Board's annual assessment in particular considered:

- The changes since the last annual assessment in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
- The scope and quality of Management's ongoing monitoring of risks and of the system of internal controls and the work of its internal audit function and other providers of assurance;
- The extent and frequency of the communication of the results of the monitoring to the AC; and
- The incidence of significant internal controls weaknesses that were identified during the financial year.

For FY2021, the Board has received written assurance from the Executive Chairman and the VP Finance that as at 30 June 2021, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

For FY2021, the Board has also received written assurance from the Executive Chairman and the COO & Head of Legal, being the representative of KMP, that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 30 June 2021 to address the risks that the Group considers relevant and material to its business operations.

AUDIT COMMITTEE

Principle 10: The Board has an AC which discharges its duties objectively.

Provision 10.1

Roles and Duties of AC

The Board established the AC with written terms of reference which clearly set out its authority and duties.

The AC reports to the Board directly. The terms of reference of the AC sets out its duties and responsibilities. Amongst them, the AC is responsible for:

(a) Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the Group's financial statements;

(b) Reviewing the quarterly, half-yearly and full-year financial reports of the Group, prior to their submission to the Board;

(c) Reviewing the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually;

(d) Overseeing and advising the Board in formulating its risk policies to effectively identify and manage the Group's current and future risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Group;

(e) Overseeing the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);

(f) Meeting with the EA and the IA without the presence of Management, at least annually, to discuss any problem and concern they may have;

(g) Reviewing the assistance given by Management to the EA and the IA;

(h) Reviewing with the EA their audit plans, audit reports, and the EA's evaluation of the system of internal accounting controls;

(i) Ensuring co-ordination where more than one (1) audit firm is involved;

(j) Reviewing and discussing with the EA, any suspected fraud or irregularity, or suspected infringement of any law, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(k) Reviewing the scopes, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the EA;

(l) Reviewing the Management's representation letters before consideration by the Board, giving particular consideration to matters that related to non-standard issues;

(m) Reviewing the nature and extent of the EA's non-audit services to the Group as well as the extent of reliance placed by the EA on the IA's work, seeking to balance the maintenance of objectivity and value for money;

(n) Making recommendations to the Board on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

(o) Reviewing the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;

(p) Approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation which the internal audit function is outsourced. The AC also ensures that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their function according to the standards set by nationally or internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors;

(q) Investigating any matter within its terms of reference, with full access to and cooperation by Management and full discretion to invite any Director or executive officer to its meetings;

(r) Reviewing policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;

(s) Reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(t) Reviewing IPTs falling within the scope of the Catalist Rules of the SGX-ST;

(u) Undertaking such other reviews and projects as may be requested by the Board; and

(v) Undertaking such other functions and duties as may be required by statute or the Catalist Rules of the SGX-ST, and by such amendments made thereto from time to time.

Provisions 10.2 and 10.3

AC Composition

The AC comprises three (3) NEDs, all of whom, including the Chairman, are independent. As at the date of this report, the AC comprises:

Mr Leow Chin Boon	Chairman
Mr Yeong Wai Cheong	Member
Mr Lim Hoon Tong	Member

None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve (12) months and none of the AC members hold any financial interest in the Company's external audit firm.

The Board is of the opinion that two (2) of the members of the AC have many years of experience in accounting and related financial management. The third member of the AC is an experienced practising lawyer and provides value-added insight from a legal perspective. Therefore, the AC is qualified to discharge its responsibilities.

The AC is responsible for assisting the Board in discharging its statutory and other responsibilities relating to internal controls, financial and other accounting matters as well as matters pertaining to regulatory compliance. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. The details of the Board member's qualifications and experience are presented in this report, under the section "Board of Directors".

The AC meetings were attended by the Executive Chairman, COO & Head of Legal as well as the VP Finance at the invitation of the AC. The Company's IA and EA were also present at the relevant junctures during these meetings.

Provision 10.4

Internal Audit Function

The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets.

The Company's internal audit function is out-sourced to an independent third-party accounting firm and is independent of Management and the Board. The appointment of the auditing firm to perform such services was approved by the AC. The AC also approves the removal, evaluation and compensation of the IA. The AC's oversight and supervision of the Group's internal controls are complemented by the work of the IA. The IA's role is to assist the AC to ensure that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function on a regular basis at least annually, including overseeing and monitoring the implementation of the improvements required for various internal control weaknesses identified by Management, the IA and the EA. The AC, together with the Board, assesses the Group's internal controls and risk management policies and processes to be assured that there are adequate internal controls in place.

The AC is responsible for the hiring, removal, evaluation and compensation of the IA. The internal audit plan complements that of the EA and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

The AC met the IA separately without the presence of Management at least once a year. The IA's primary line of reporting is to the Chairman of AC.

The AC approves the internal audit plan and budget and ensures the adequacy and effectiveness of internal audit resources. The scope of the internal audit covers all business and support functions within the Group.

During FY2021, the IA conducted its audit reviews based on the approved internal audit plans. Upon completion of each audit assignment, the IA reported its findings and recommendations to Management who would respond on the actions to be taken. The IA submitted its internal audit summary reports to the AC on the status of the audit plan and on audit findings and actions taken by Management on the findings.

The AC is satisfied that the internal audit work is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors and is of the view that the Group's internal audit function is effective and adequately resourced.

By way of elaboration, the Group's internal audit function is outsourced to Wensen Consulting Asia (S) Pte Ltd ("**Wensen**"). The Wensen internal audit team is led by Mr Edward Yap, the Group Managing Director of Wensen. Mr Edward Yap, who founded Wensen in 2002, has significant experience performing internal audit services for Singapore listed companies. Mr Edward Yap started his career in 1995 where he audited a diversified portfolio of companies. In addition, he was also involved in special audits and financial due diligence reviews. Mr Edward Yap is currently a Practising Member of ISCA, a Member of the Malaysian Institute of Accountants ("**MIA**"), a Fellow Member of the Association of Chartered Certified Accountants of the United Kingdom and a Chartered Member of the Institute of Internal Auditors of Malaysia. The Wensen team member supporting Mr Edward Yap is Ms Sin Siew Mun, who is a dedicated internal audit specialist with extensive knowledge and experience. Ms Sin Siew Mun, who is the engagement director for Wensen in relation to the internal audit of the Group, has over 14 years of experience in internal audit. The AC is satisfied that Wensen has the relevant qualifications and experience to carry out its role and function as IA adequately and satisfactorily.

External Audit Function

The AC reviews the scope and results of the audit carried out by the EA, the cost effectiveness of the audit and the independence and objectively of the EA. It always seeks to balance the maintenance of objectivity of the EA and their ability to provide value-for-money professional services.

The AC assesses the independence of the EA annually. In addition, the AC reviewed the independence and objectivity of the EA through discussions with them as well as a review of the volume and nature of non-audit services provided by the EA during the financial year under review. The AC concluded that it is satisfied with the independence of the EA and that they have not been compromised by the provision of such non-audit services.

The Company has currently appointed a different auditing firm for a dormant subsidiary for statutory reporting purposes. Nonetheless, the Board and the AC are satisfied that the appointment of a different audit firm would not compromise the standard and effectiveness of the audit of the Group. Therefore, the Company complies with Rule 712 and 716 of the Catalist Rules of the SGX-ST.

The details of the fees of the auditors of the Group during FY2021 are set out as follow:

Fees on Audit Services to Independent Auditors:	**$'000**
Company's EA	159
Other Independent Auditors relating to the Group's overseas subsidiaries	–
Total	**159**
Fees on Non-Audit Services to Independent Auditors:	
Company's EA	6
Other Independent Auditors relating to the Group's overseas subsidiaries	–
Total	**6**

The Company's EA is a firm of Chartered Accountants in Singapore registered with the Accounting and Corporate Regulatory Authority. The other independent auditors engaged to audit one of the Group's overseas dormant subsidiary is a firm of Chartered Accountants registered with the MIA.

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services do not prejudice the independence of the EA, and has recommended the re-appointment of Messrs Ernst & Young LLP as the EA of the Company at the forthcoming AGM.

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on the Group's financial statements through attending training and seminars as well as receiving updates from the Group's EA.

The EA in attendance at the quarterly meetings, provides updates to keep the AC abreast of changes in accounting standards or other codes and regulations, and issues which have a direct impact on the Group's financial statements.

Provision 10.5

Meeting with IA and EA without the presence of Management

The AC has also met the EA and the IA separately, without the presence of Management, at least once during the financial year to:

- Obtain feedback on the competency and adequacy of the finance function;
- Enquire into the root causes for major audit adjustments and issues if any; and
- Inquire if there are any material weaknesses of control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements as well as over other operational, compliance and information technology areas.

Whistle-Blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The AC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, may in confidence, raise concerns about possible improper financial reporting, fraud, corruption or dishonest and unethical practices or other matters to the AC Chairman, via email at whistleblowing@pacificstar-dev.com. The objective for such arrangement is to ensure independent investigations of such matters and appropriate follow-up actions. The whistle blowing policy is communicated to all staff and is readily available on the Group's information system. All such investigations are undertaken by an appointed manager, if appropriate, who reports directly to the Chairman of the AC. During FY2021, there has been no reported whistle blowing incident.

Audit Committee Activities

In FY2021, the AC had, among others, carried out the following activities:

(a) Reviewed the quarterly and full-year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;

(b) Reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(c) Reviewed IPTs of the Group;

(d) Reviewed and approved the annual audit plan of the EA;

(e) Reviewed and approved the internal audit plan of the IA, having considered the scope of the internal audit procedures;

(f) Reviewed the effectiveness of the Group's internal audit function;

(g) Reviewed the audit findings of the IA and Management's responses to those findings;

(h) Reviewed the independence of the EA;

(i) Reviewed the annual re-appointment of the EA and determined their remuneration, and made a recommendation for the Board's approval; and

(j) Met with the IA and the EA once without the presence of Management.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Alternative Arrangements for AGM for FY2021

Due to the current COVID-19 safe management measures implemented in Singapore, pursuant to, *inter alia*, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment) Order 2020 (the "**Order**") which was gazetted on 13 April 2020, and the announcement by the Ministry of Law ("**MinLaw**") on 6 April 2021 that MinLaw, in consultation with relevant Ministries and agencies, had further extended the duration of legislation that enables entities to hold meetings via electronic means, beyond 30 June 2021, the Company is allowed to adopt certain alternative arrangements in holding its AGM for FY2021 (the "**Alternative Meeting Arrangements**"), including:

(i) The forthcoming AGM will be held via electronic means;

(ii) Participation in the forthcoming AGM electronically by shareholders via "live" audio-visual webcast or "live" audio-only stream;

(iii) Appointment of the Chairman of the forthcoming AGM by shareholders as their proxy to vote on their behalf at the forthcoming AGM if such shareholders wish to exercise their voting rights at the forthcoming AGM; and

(iv) Submission of questions on matters relating to the agenda of the forthcoming AGM to the Company in advance and there is no live question and answer session at the forthcoming AGM.

In addition, the Company is not required to distribute physical copies of the Annual Report for FY2021, the notice of the forthcoming AGM and related meeting documents. Such documents are available for download from the Company's corporate website and the SGX-ST's website.

Further details about the Alternative Meeting Arrangements for the forthcoming AGM are set out and explained in the notice of the forthcoming AGM and related announcements, copies of which can be downloaded from the Company's corporate website or the SGX-ST's website.

The Company's previous AGM and EGM held on 29 January 2021 was also held via electronics means with similar Alternative Meeting Arrangements amid the COVID-19 pandemic.

In light of the Alternative Meeting Arrangements during the COVID-19 pandemic, the Company's practices on shareholders rights and conduct of general meetings have been tailored to be in compliance with acceptable practices during this period. However, the Company will implement the following measures as described below as its usual practices on shareholder rights and conduct of general meetings when the time is appropriate again.

Provision 11.1

Shareholders' Participation in General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in newspapers and posted onto the SGXNet.

In order to provide ample time for the shareholders to review, the notice of AGM, together with the annual report, is distributed to all shareholders 14 days before the scheduled AGM date. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

If a shareholder is not able to attend in person, the shareholder is generally able to appoint one (1) or two (2) proxies to attend and vote in his stead at general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary", to attend and participate in general meetings without being constrained by the two-proxy requirements. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors, to appoint multiple proxies to attend and participate in general meetings. A proxy need not be a member of the Company.

In support of greater transparency of the voting process and to enhance shareholders' participation, the Company puts all resolutions proposed at the AGMs and/or EGMs to vote by poll since 2015. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held. A scrutineer is appointed to count and validate the votes cast at the meetings. The total number of votes cast for and against each resolution and the respective percentage are announced at the general meeting and released to the SGX-ST via SGXNet.

The Company strongly encourages shareholder participation during the AGMs and/or EGMs, if any. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business-related matters. Resolutions are passed through a process of voting by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. The poll results in favour and against for each resolution put forth are presented during the AGMs and/or EGMs.

Provision 11.2

Conduct of Resolutions and Voting

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGMs and/or EGMs agenda is provided in the explanatory notes to the notice of AGMs and/or EGMs.

Provision 11.3

Interaction with Shareholders

At each AGM, the Executive Chairman presents the performance of the Group and encourages shareholders to participate in a question and answer session. The EA is present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

The Chairmen of the Board and the AC, NC and RC, or members of the respective Committees standing in for them, are present at each AGM or EGM held by the Company, to address shareholders' queries. Appropriate senior management personnel/members are also present at general meetings to respond, if necessary, to operational questions from shareholders.

Save for the last AGM and EGM of the Company held on 29 January 2021, there were no other general meetings of the Company held during FY2021.

Provision 11.4

Absentia Voting

Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

For the time being, the Board is of the view that this is adequate to enable shareholders to participate in AGMs and/or EGMs of the Company and is not proposing to amend its Constitution to allow votes in absentia.

Provision 11.5

Minutes of General Meetings

The Company prepares minutes of general meetings, which include substantive comments or queries from shareholders relating to the agenda of the AGMs and/or EGMs and responses from the Directors and/or Management. All minutes of the AGMs and/or EGMs will be made available on the Company's corporate website and SGXNet within one (1) month of the AGMs and/or EGMs.

Provision 11.6

Dividend Policy

The Group currently does not have a formal dividend policy. No dividend was declared for FY2021 as the Company did not report a profit. The Board will take into consideration the performance of the Group, including the operating results, financial condition, working capital requirements, capital expenditure needs, the terms of borrowing arrangements (if any), the level of cash and retained earnings, and other factors deemed relevant with a view to maximise shareholders' value.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their view on various matters affecting the company.

Provision 12.1

Communication with Shareholders

The AGMs and EGMs are the principal forum for dialogue with shareholders. The Company recognises the value of feedback from shareholders. During the general meetings, shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and EGMs, and shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

The Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Company's officers promptly communicate with its shareholders and analysts whenever appropriate and attend to their queries or concerns. The Company's officers also manage the dissemination of corporate information to the media, public, institutional investors and public shareholders, and act as a liaison point for such entities and parties.

The Company believes in maintaining regular dialogue with shareholders and it encourages shareholders' participation at general meetings and analyst briefings which also act as a platform to solicit and understand the views of shareholders and to address shareholders' concerns.

Provisions 12.2 and 12.3

Investor Relations Policy

The Company currently does not have an investor relations policy as the correspondence with shareholders is relatively low in volume. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules of the SGX-ST and the Companies Act. There is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

The Company will assess the need to have such a policy as and when there is a substantial increase in such correspondence.

Disclosure of Information

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes and challenges in the Group's business which could have a material impact on the share price or value.

The Board understands its responsibility and provides to the shareholders on a timely basis a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports, and reports to regulators (if required). The Board also ensures full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules, including the release of the Group's quarterly and full-year financial statements results announcements. Strong emphasis is placed on removing technical jargon and using simple language for clarity.

In line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner for all material developments that impact the Group through SGXNet on an immediate basis.

The Board recognises that it is accountable to shareholders for the Group's performance. The Board believes in transparency and strives towards timeliness in the dissemination of material information to the Company's shareholders and the public on a timely and non-selective basis. Pertinent information will be disclosed to shareholders through the SGXNet and press releases (if any) in a fair and equitable manner.

The Company does not practice selective disclosure of material information. The Group makes all necessary disclosures to the public via SGXNet. The Group values dialogue with its shareholders and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible.

All material information relating to the Group's and Company's performance and developments are disclosed in a timely, accurate and comprehensive manner through SGXNet. The Company's corporate website also contains salient information relating to the Group, including details about its current property development project as well as the contact details for stakeholders to contact the Group's corporate headquarters in Singapore. The Company does not practice selective disclosure of material information.

V. MANAGING STAKEHOLDERS' RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1

Shareholders' Engagement

The Group seeks to regularly engage its stakeholders via various channels and modes of media with a view to align its business interests with those of its stakeholders. It is axiom for the Group to understand and address its stakeholders' concerns so as to improve services and product standards, as well as to sustain business operations for long-term growth. The Group's stakeholders have been identified as those who impact as well as are impacted by the Group's business and operations.

Several key stakeholder groups have been identified through an assessment of their significance to the Group's business operations. These will be elaborated upon in the Company's Sustainability Report which will be released on the SGXNet by 31 January 2022.

Provision 13.2

Strategy and Key Areas of Focus

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Sustainability Report

The Board believes that it is integral for the Group's success to have long-term growth and development in a sustainable manner and considers sustainability issues as part of its strategic formulation.

On 15 October 2021, the Company announced that it had submitted an application to the Singapore Exchange Regulation Pte Ltd ("**SGX RegCo**") for an extension of 2-month, from 30 November 2021 to 31 January 2022, for the Company to submit its sustainability report (the "**Extension**"). On 18 November 2021, the Company was informed by SGX RegCo that the SGX-ST has no objection to the Extension subject to the Company releasing its sustainability report for FY2021 by 31 January 2022. The Company will comply with Rule 711A of the Catalist Rules of the SGX-ST and targets to issue its sustainability report for FY2021 within the timeline stipulated by the SGX-ST.

Provision 13.3

Corporate Website

To promote regular, effective and fair communication with shareholders, the Company maintains a current corporate website, https://www.pacificstar-dev.com, through which shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, profiles of the Group and contact details of the investor relations of the Group.

DEALINGS IN SECURITIES

The Company has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1204(19) of the Catalist Rules of the SGX-ST.

The Company has issued notices to its Directors, officers and employees to state that there must be no dealings in the Company's shares whilst they are in possession of unpublished material or price sensitive information and during the period commencing two (2) weeks before the announcement of the Group's results for each of the first three (3) quarters of the financial year and one (1) month before the announcement of the Group's full year results, as the case may be, and ending on the date of announcement of such financial results.

The Directors are also required to notify the Company of any dealings in the Company's securities within two (2) days of the transaction and to submit an annual confirmation on their compliance with the Code of Best Practices. Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC and that they are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. All IPTs are recorded in an IPT Register and subject to quarterly review by the AC.

The Company does not have a general mandate from shareholders for IPTs. Should there be a need to, the Company will hold a shareholders' meeting to seek the necessary shareholders' approval.

The IPTs during FY2021 is set out below for information. This IPT pertains to interest relating to the loan facility provided by PSD Holdings Pte. Ltd. ("**PSDH**") to the Group (the "**PSDH Facility**"). The relevant interest rate is 5.0% per annum, applied towards an amount of $3,500,000 under the PSDH Facility.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $
Finance costs			
PSD Holdings Pte. Ltd. (the control of which is vested is now vested in the Trustee)	Controlling shareholder	174,760	Nil

Pursuant to a court order, Mr Chan Fook Kheong ("**Mr Chan**"), who was previously a controlling shareholder and MD of the Company, was adjudged a bankrupt on 19 March 2020. Accordingly, a private trustee (the "**Trustee**") has been appointed to administer Mr Chan's estate in bankruptcy. Accordingly, Mr Chan's assets, including his interest in the Company's shares, are no longer under his control.

The AC has reviewed the IPTs for FY2021 and is of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

MATERIAL CONTRACTS

During FY2021, there subsisted a material contract between PSD Singapore Pte. Ltd. (a wholly-owned subsidiary of the Group) and PSDH (the control of which is now vested in the Trustee) in the form of the PSDH Facility. Under the PSDH Facility, PSDH is the lender whilst PSD Singapore Pte. Ltd. is the borrower. Please refer to Note 23 of the financial statements for further information on the PSDH Facility, namely the amount of the loan, interest rate, terms as to payment of interest and repayment of principal.

On 19 September 2021, the Company announced that the Company has been informed that the loans owed by the Group to PSDH (the "**PSDH Loans**") have been assigned in full by PSDH to (i) CH Biovest Pte. Limited ("**CH Biovest**") and (ii) DB2 Investment Pte. Ltd. ("**DB2**") via a deed of assignment with effect from 30 April 2021 (the "**Deed of Assignment**"). The effects of the Deed of Assignment are as follow:

(a) CH Biovest, a controlling shareholder of the Company holding 35.52% of the shares in the share capital of Company, shall be assigned 76.63% of PSDH's rights, title, interest and benefits in and to PSDH Loans to the Group (and all other interest and benefits accruing under the PSDH Loans after 30 April 2021) with effect from 30 April 2021, free of all encumbrances; and

(b) DB2 shall be assigned 23.37% of PSDH's rights, title, interest and benefits in and to the PSDH Loans to the Group (and all other interest and benefits accruing under the PSDH Loans after 30 April 2021) with effect from 30 April 2021, free of all encumbrances. DB2 has no shareholding in the Company, and is not related to any director, controlling shareholder and/or their respective associates.

As a matter of further disclosure, subsequent to Mr Chan's cessation as CEO of the Company on 30 June 2020, the following contracts were entered into between the Group and Mr Chan and these came into effect on 1 July 2020:

(i) Technical advisory agreement between Pearl Discovery Development Sdn. Bhd. ("**PDD**", a subsidiary of the Group) and Mr Chan (the "**Technical Advisory Agreement**"). Under this agreement, PDD appointed Mr Chan as its technical adviser to provide technical advisory work to PDD relating to the development and marketing of PCR, and assisting on such other matters relating to PDD and/or PCR that may be reasonably required by the PDD and/or Company's management team. Under the Technical Advisory Agreement, the arrangement was for a period from 1 July 2020 to 17 September 2020, and Mr Chan was paid a total of $38,500. The Technical Advisory Agreement was seen to its completion date and ceased to be in effect as at 17 September 2020;

(ii) Agency agreement between PDD and Mr Chan (the "**PCR Agency Agreement**"). Under this agreement, PDD has appointed Mr Chan as a non-exclusive sales and marketing agent for PCR with the objective for Mr Chan to continue following up his contacts and network to promote sales for PCR. Any commission payable pursuant to the PCR Agency Agreement will be solely on a success basis. Where no other co-broker(s)/agent(s) are involved, the standard commission is 10%. Where co-broker(s)/agent(s) are involved, the commission rate shall be discussed and mutually agreed on a case-by-case basis. The PCR Agency Agreement is for a period of 2 years from 1 July 2020. No commission was paid to Mr Chan during FY2021 pursuant to the PCR Agency Agreement. As at the date of this report, the PCR Agency Agreement continues to subsist; and

(iii) Agency agreement between Minaret Holdings Limited ("**Minaret**", a joint venture company of the Group) and Mr Chan (the "**P12 Agency Agreement**"). Under this agreement, Minaret has appointed Mr Chan as a non-exclusive sales and marketing agent for the Posh Twelve ("**P12**") with the objective for Mr Chan to continue following up his contacts and network to promote the sale of P12 on a "as is" basis to buyers who wish to acquire or take over P12. Any commission payable pursuant to the P12 Agency Agreement will be solely on a success basis. Where no other co-broker(s)/agent(s) are involved, the standard commission is 10%. Where co-broker(s)/agent(s) are involved, the commission rate shall be discussed and mutually agreed on a case-by-case basis. The P12 Agency Agreement is for a period of 2 years from 1 July 2020. During FY2021, no commission pursuant to the P12 Agency Agreement was paid to Mr Chan.

    In addition, it is noted that the Thailand Bankruptcy Court has granted an absolute receivership order on 14 May 2021 against Kanokkorn Pattana Co., Ltd. ("**KNK**", the development company of P12) and the affairs of KNK now rest fully in the hands of its official receiver. Accordingly, the P12 Agency Agreement is no longer in practical effect.

For so long as Mr Chan remains an undischarged bankrupt, any payment of amounts due under the Technical Advisory Agreement, PCR Agency Agreement and the P12 Agency Agreement will have to be made to the Trustee.

Other than as disclosed above and the service agreement of the Executive Chairman, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Executive Chairman, any Director and/or controlling shareholder of the Company, either still subsisting at the end of FY2021 or if not then subsisting, which were entered into since the end of the previous financial year.

NON-SPONSOR FEES

There were no non-sponsor fees paid to SAC Capital Private Limited during FY2021.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2021

The directors of the Company (the "**Directors**") hereby present their statement to the members together with the audited consolidated financial statements of Pacific Star Development Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2021.

Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) based on the information available as at the date of this report and the assumptions as disclosed in Note 2.1 "Going concern assumption", as at the date of this statement there are uncertainties as to whether the Group and the Company are able to meet their contractual obligations in the next 12 months as and when they fall due, and consequently, there are uncertainties as to their respective abilities to continue as going concerns for the next 12 months. Notwithstanding the above, the Directors have assessed and are of the view that it is appropriate that the financial statements of the Group and Company be prepared on a going concern basis.

Directors

The Directors in office at the date of this statement are:

Ying Wei Hsein
Leow Chin Boon
Yeong Wai Cheong
Lim Hoon Tong

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Director's interests in shares and debentures

None of the Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act, Chapter 50, an interest in shares of the Company, and its related corporation.

No Director who held office at the end of the financial year had interests in shares, share options, share awards, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There was no change in the above-mentioned interests between the end of financial year and 21 July 2021.

Share Options

The Company's Employee Share Option Scheme (the "**ESOS**") for key management personnel, employees of the Group and Directors was approved by members of the Company at an Extraordinary General Meeting (the "**EGM**") on 25 April 2013 and is administered by the Remuneration Committee (the "**RC**").

The ESOS shall continue in force subject to a maximum period of ten (10) years from 25 April 2013, provided always that the ESOS may continue beyond the above stipulated period with the approval of shareholders of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The ESOS provides a means to recruit, retain and give recognition to employees and Directors who have contributed to the growth and success of the Group.

Under the ESOS, options to subscribe for ordinary shares of the Company are granted to key management personnel, employees and Directors who have been in the employment of the Group for a period of at least 12 months, or such shorter period as the RC may determine. The exercise price of the options is (i) determined at the volume weighted average of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for five consecutive market days immediately preceding the date of the grant (the "**Market Price**"); or (ii) set at a discount not exceeding 20% of the Market Price. The vesting of the options is conditional on the recipient completing another (i) one year of service to the Group for options granted with the exercise price set at Market Price; or (ii) two years of service to the Group for options granted with the exercise price set at a discount to the Market Price. Once the options are vested, they are exercisable for a period of four years. The options may be exercised in full or in part on the payment of the exercise price.

Performance Share Plan

The Performance Share Plan (the "**PSP**") for employees of the Group, Directors and employees of the Company's parent company and its subsidiaries (the "**Participants**") was approved by members of the Company at an EGM on 29 January 2021 and is administered by the RC.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years from 29 January 2021. The PSP may continue beyond the above stipulated period with the approval of shareholders of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The PSP is intended to complement the ESOS (or replace the ESOS when it expires) and serve as an additional and flexible incentive tool to further motivate Participants to greater dedication, loyalty, and a higher standard of performance, and to give due credit and recognition to the Participants who have contributed and committed themselves to the success of the Group.

The PSP is a share incentive plan that contemplates the award of fully paid shares of the Company when and after pre-determined performance or service conditions are accomplished and/or due recognition should be given to any good work performance and/or any significant contributions to the Group made by the Participants (the "**Award**"). Participants are not required to pay for the grant of Award, or for the shares of the Company allotted or allocated pursuant to an Award.

Subject to the PSP and any amendment made or waiver granted by the RC in its absolute discretion, the shares comprised in an Award granted under the PSP to a Participant shall be released to such Participant in such manner as the RC may in its absolute discretion determine, so long as the salient performance target(s) is/are met.

Disclosures relating to ESOS and PSP

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued (excluding treasury shares) and issuable in respect of all options granted under the ESOS and Awards granted under the PSP, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date of grant of options under ESOS and/or date of grant of the Award under PSP.

During the financial year ended 30 June 2021, the Company did not grant any option or Award. As at 30 June 2021, the Company had no outstanding instruments convertible into shares of the Company. There was no share option or Award outstanding, cancelled and lapsed during the financial year ended 30 June 2021. Details of the ESOS and the PSP are disclosed in Note 27(c) and 27(d) respectively to the financial statements.

There are no participants under the ESOS and PSP who are Directors or controlling shareholders of the Company or their associate.

No participant under the ESOS and PSP has received 5% or more of the total number of shares under option available under the ESOS and Award under the PSP.

There are no Participants under the PSP who are employees of the Company's parent Company and its subsidiaries.

Audit Committee

The Audit Committee (the "**AC**") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the Company's internal and external auditors, the internal and external auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors (the "**Board**");
- Reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational, compliance and information technology controls and their risk management at least annually;
- Met with the external auditor and internal auditor at least once annually, to discuss any problem and concern they may have;
- Reviewed and discussed with the external auditor, any suspected fraud or irregularity, or suspected infringement of any law, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Made recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- Reviewed the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
- Reviewed policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken; and
- Reviewed and approved interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2021

Audit Committee (cont'd)

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

During the financial year ended 30 June 2021, the AC has met with internal and external auditors, without the presence of the Company's management, at least once.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Ying Wei Hsein
Director

Leow Chin Boon
Director

Singapore
16 December 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Star Development Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Pacific Star Development Ltd (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the balance sheets of the Group and the Company as at 30 June 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and the statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

<u>Use of the going concern assumption</u>

The Group's results for the financial year were adversely affected by the continuing challenges affecting the property market in Johor, Malaysia and incurred a net loss of $31,995,000. The Group generated negative operating cash flows of $4,411,000 during the current financial year. As at 30 June 2021, the Group is in net liability position of $79,302,000 and net current liability position of $32,453,000. The Group's loans and borrowings of $108,807,000 were classified as current liabilities as at 30 June 2021. The Group's current assets mainly comprise development properties amounting to $129,090,000 as at 30 June 2021. The Company's current liabilities also exceeded its current assets by $15,551,000 as at 30 June 2021. These factors, the continuing challenges faced by the Group in selling its development properties as planned and increasing level of indebtedness give rise to material uncertainties on the ability of the Group and Company to continue as going concern.

The financial statements have been prepared on going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. However, we are unable to obtain sufficient appropriate evidence to conclude whether it is appropriate to use the going concern assumption to prepare these financial statements as the outcome of the Group's and Company's plans to realise its development properties as planned to address its liquidity challenges is inherently uncertain and cannot be reasonably determined at this point in time.

The carrying value of the assets as recorded on the balance sheets of the Group and Company as at 30 June 2021 has been determined based on the continuation of the Group and Company as a going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the balance sheet. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pacific Star Development Limited

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Auditor for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the financial statements in accordance with Singapore Standards on Auditing ("**SSAs**") and to issue an auditor's report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

Considering insufficient information available in respect of the appropriateness of the going concern assumption of the Group and the Company, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

16 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue	4	1,711	5,763
Cost of sales		(1,007)	(4,940)
Development properties cost adjustment	15	–	(4,691)
Gross profit/(loss)		704	(3,868)
Other operating income	5	543	4,374
Expenses:			
Marketing and distribution		–	(124)
Administrative		(6,018)	(6,360)
Other expenses	6	(6,152)	(10,995)
Finance costs	7	(20,540)	(20,351)
Share of results of joint venture		(362)	(15,840)
Share of results of associate		(170)	(4,011)
Loss before tax	8	(31,995)	(57,175)
Income tax expense	9	–	(37)
Net loss for the financial year		(31,995)	(57,212)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from			
- consolidation		(118)	54
- associate		–	307
- joint venture		–	(37)
		(118)	324
Total comprehensive loss for the financial year		(32,113)	(56,888)

		Singapore cents per share	Singapore cents per share
Earnings per share			
Loss for the financial year attributable to owners of the Company			
Basic and diluted	10	(6.40)	(11.45)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 30 June 2021

	Note	Group 30 June 2021 $'000	Group 30 June 2020 $'000	Company 30 June 2021 $'000	Company 30 June 2020 $'000
Assets					
Non-current assets					
Property, plant and equipment	11	51	69	2	–
Right-of-use assets	12	171	424	–	–
Investment in subsidiaries	13	–	–	–	13,246
Deferred costs	14	272	306	–	–
Total non-current assets		494	799	2	13,246
Current assets					
Deferred costs	14	254	87	–	–
Development properties	15	129,090	135,236	–	–
Trade receivables	16	845	5,934	–	–
Other receivables and other current assets	17	566	841	3,296	3,254
Cash at bank	18	149	3,320	14	104
Restricted cash	19	1,241	1,748	–	–
Total current assets		132,145	147,166	3,310	3,358
Total assets		132,639	147,965	3,312	16,604
Liabilities					
Non-current liabilities					
Loans and borrowings	20	46,671	41,096	–	–
Lease liabilities	21	–	205	–	–
Trade payables	22	51	249	–	–
Other payables	23	621	60	–	–
Total non-current liabilities		47,343	41,610	–	–
Current liabilities					
Loans and borrowings	20	108,807	96,224	–	–
Lease liabilities	21	200	248	–	–
Trade payables	22	11,975	21,273	–	–
Other payables	23	37,566	25,285	18,844	17,612
Deferred income	24	39	114	17	76
Joint venture	25	–	–	–	–
Associate	26	–	–	–	–
Current tax liabilities		6,011	10,400	–	–
Total current liabilities		164,598	153,544	18,861	17,688
Total liabilities		211,941	195,154	18,861	17,688
Net liabilities		**(79,302)**	**(47,189)**	**(15,549)**	**(1,084)**
Equity					
Capital and reserves attributable to owners of the Company					
Share capital	27(a)	47,801	47,801	197,055	197,055
Treasury shares	27(b)	–	–	(513)	(513)
Accumulated losses		(128,318)	(96,323)	(212,091)	(197,626)
Foreign currency translation reserve		1,215	1,333	–	–
Capital deficiency attributable to owners of the Company and total capital deficiency		**(79,302)**	**(47,189)**	**(15,549)**	**(1,084)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

Group	Note	Share capital $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Total equity $'000
		Attributable to owners of the Company			
		27(a)			
2021					
Balance as at 1 July 2020		47,801	(96,323)	1,333	(47,189)
Net loss for the financial year		–	(31,995)	–	(31,995)
Other comprehensive income for the financial year, net of tax					
Currency translation differences arising from consolidation		–	–	(118)	(118)
Total comprehensive loss for the financial year		–	(31,995)	(118)	(32,113)
Balance as at 30 June 2021		**47,801**	**(128,318)**	**1,215**	**(79,302)**
2020					
Balance as at 1 July 2019	33	47,801	(39,111)	1,009	9,699
Net loss for the financial year		–	(57,212)	–	(57,212)
Other comprehensive income for the financial year, net of tax					
Currency translation differences arising from:					
- associate		–	–	307	307
- consolidation		–	–	54	54
- joint venture		–	–	(37)	(37)
Total comprehensive loss for the financial year		–	(57,212)	324	(56,888)
Balance as at 30 June 2020		**47,801**	**(96,323)**	**1,333**	**(47,189)**

Company	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Total equity $'000
2021				
Balance as at 1 July 2020	197,055	(513)	(197,626)	(1,084)
Net loss for the financial year, representing total comprehensive loss for the financial year*	–	–	(14,465)	(14,465)
Balance as at 30 June 2021	**197,055**	**(513)**	**(212,091)**	**(15,549)**
2020				
Balance as at 1 July 2019	197,055	(513)	(160,028)	36,514
Net loss for the financial year, representing total comprehensive loss for the financial year*	–	–	(37,598)	(37,598)
Balance as at 30 June 2020	**197,055**	**(513)**	**(197,626)**	**(1,084)**

* The loss for the financial year ended 30 June 2021 included $13,246,000 (30 June 2020: $35,952,000) of impairment of investment in subsidiaries which are eliminated on consolidation.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Loss before tax	(31,995)	(57,175)
Adjustments for:		
Finance costs	20,540	20,351
Write-down of development properties	4,473	10,269
Effects of cancellation of sale and purchase agreements	1,617	–
Share of results of joint venture	362	15,840
Depreciation of right-of-use assets	253	254
Amortisation of deferred costs	206	29
Share of results of associate	170	4,011
Depreciation of property, plant and equipment	25	26
Amortisation of deferred income	(139)	(49)
Gain on disposal of property, plant and equipment	(69)	–
Interest income	(68)	(1,316)
(Reversal of)/Expected credit losses on trade receivables	(9)	9
Goods and services tax written off	–	225
Bad debts written off - non-trade	–	19
Deposits and prepayment written off	–	6
Deemed waiver of loan from a related party	–	(2,220)
Forfeiture income	–	(627)
Write-back of amount due to third parties	–	(60)
Others	–	(4)
Operating cash flow before working capital changes	(4,634)	(10,412)
Movement in working capital:		
Changes in trade, other receivables and other current assets	1,924	5,689
Changes in development properties	395	1,598
Changes in trade and other payables	114	270
Changes in deferred income	102	119
Changes in deferred costs	(66)	(96)
Effects of currency translation on working capital	460	299
Cash flows used in operations	(1,705)	(2,533)
Interest income received	68	180
Finance costs paid	(2,089)	(4,431)
Income tax paid	(685)	(493)
Net cash used in operating activities	(4,411)	(7,277)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2021

	2021 $'000	2020 $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	69	–
Funding to joint venture	(362)	–
Funding to associate	(170)	–
Purchase of property, plant and equipment	(7)	(43)
Net cash used in investing activity	(470)	(43)
Cash flows from financing activities		
Net proceeds from bank loan	1,932	2,496
Repayment of lease liabilities	(253)	(249)
Movement in restricted cash	(117)	(1,764)
Proceeds from loan from a group of lenders	–	8,079
Movement in fixed deposits pledged with banks	–	103
Net cash generated from financing activities	1,562	8,665
Net (decrease)/increase in cash and cash equivalents	(3,319)	1,345
Effects of currency translation on cash and cash equivalents	(11)	6
Cash and cash equivalents at the beginning of the financial year	905	(446)
Cash and cash equivalents at the end of the financial year (Note 18)	**(2,425)**	**905**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

1. Corporate information

Pacific Star Development Limited (Company Registration No.: 198203779D) (the "**Company**") is a public limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The trading of the Company' shares on SGX-ST was voluntarily suspended since 24 March 2020.

The registered office and the principal place of business of the Company is located at 2 Venture Drive, #19-15/17 Vision Exchange, Singapore 608526.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

Going concern assumption

The Group's results for the financial year ended 30 June 2021 were adversely affected by the weak property market in Iskandar and the Group incurred a net loss of $31,995,000. As at 30 June 2021, the Group's capital deficiency amounted to $79,302,000 and the Group's loans and borrowings amounted to $155,478,000, of which $108,807,000 were classified as current liabilities. The Group's current assets of $132,145,000 mainly comprise development properties amounting to $129,090,000 as at 30 June 2021.

The Company incurred a net loss of $14,465,000 for financial year ended 30 June 2021 and as at that date, the Company's current liabilities exceeded its current assets by $15,551,000. The Company's current liabilities of $18,861,000 as at 30 June 2021 comprise mainly $3,651,000 due to PSD Holdings Pte. Ltd. ("**PSDH**") and $14,330,000 due to subsidiaries (collectively referred to herein as the "**Subordinated Debts**"), which are subordinated to the $72,000,000 Loan Facility provided by a group of lenders (the "**Loan Facility**").

The above factors and the challenging property market conditions in Iskandar could adversely impact the sale of the Group's development properties and give rise to material uncertainties on the abilities of the Group and Company to continue as going concerns.

In the assessment of going concern, the Board has considered the following factors:

The ability of the Company to operate as a going concern is dependent on:

(i) The sale of the Group's unsold units at Puteri Cove Residences and Quayside located at Iskandar Puteri, Malaysia ("**PCR**") and the timely repatriation of such profits; and

(ii) The going concern of the Group.

As at the date of the issuance of this set of financial statements, considering that the maturity date of the Loan Facility have been amended to 5 October 2023 (Note 34(g)), there is no indication that the Subordinated Debts will be recalled since these are subordinated to the Loan Facility.

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Going concern assumption (cont'd)

In the assessment of Group's going concern, the Board has considered the following factors:

(i) the negative implications and sentiments driven by the current COVID-19 pandemic;

(ii) the Group is in various stages of discussions with various parties in relation to the sales of significant numbers of units in PCR;

(iii) subsequent to 30 June 2021, as disclosed in Note 34(g):

(a) the Group has obtained from the group of lenders that provided the Loan Facility (the "**Lenders**") additional financing (the "**Additional Financing**") for Pearl Discovery Development Sdn. Bhd. ("**PDD**"), a wholly-owned subsidiary of the Group, which will enable the Group to meet its short-term obligations; and

(b) in relation to the Loan Facility, the Group has entered into a definitive agreement with the Lenders which, amongst others, amended the maturity of the Loan Facility to 5 October 2023 and provided waivers for the various breaches relating to the Loan Facility covenants (Note 20(b)). This will enable the Group to restructure a significant portion of its loans and borrowing from current to non-current; and

(iv) the Group's cash flow projection for the next twelve (12) months.

The Board considered the above and concluded, despite the positive developments relating to item (iii) in the immediately preceding paragraph, that:

(a) unless the COVID-19 pandemic is brought under control globally, the fruition of such discussions as presented in item (ii) above will likely be delayed. Despite the Group's best efforts, the fruition of such measures as described in item (ii) above is uncertain and not within the control of the Group;

(b) the sale of units in PCR to individual buyers has slowed down significantly and may continue to be so until the COVID-19 pandemic is brought under control globally; and

(c) currently, there is no clear indication as to how long the COVID-19 pandemic will last, the extent of the damage to global economy; and when various countries will fully lift travel restrictions. This has also been exacerbated by the ongoing COVID-19 variant of concern, Omicron, which has led to various countries tightening travel restrictions yet again.

Based on the current circumstances, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligations in the next twelve (12) months as and when they fall due, and consequently, there is uncertainty as to their respective abilities to operate as going concerns for the next twelve (12) months. Notwithstanding the above, the Board has assessed and is of the view that it is appropriate that the financial statements of the Group and Company are to be prepared on a going concern basis.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively (collectively referred to herein as the "**Adjustments**").

Presently, due to the uncertainties involved, management is unable to quantify the Adjustments (if any are required). Hence, no adjustments have been made to the balances presently in the balance sheets of the Group and Company to account for the Adjustments.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions

On 28 May 2021, the Accounting Standard Council Singapore issued *COVID-19-Related Rent Concessions* - Amendment to SFRS(I) 16 *Leases*. The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16, if the change were not a lease modification.

2.3 Standards issued but not yet effective

The Group has not adopted the following applicable standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3: References to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
SFRS(I) 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023

The Directors expect that the adoption of the above standards will have no material impact on the Group's and the Company's financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of each of the reporting periods. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

- No additional goodwill is recognised as a result of the combination.

- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

2.5 Foreign currencies

The functional currency of the Company is Singapore Dollars ("**SGD**" or "**$**") as it reflects the primary economic environment which the entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Translation

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of each of the reporting periods and their profit or loss are translated at the average exchange rates prevailing during the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when/as the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer at a point in time, depending on the contractual terms.

(b) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as administrative expenses over the lease terms on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Forfeiture income

Deposit collected from customer pertaining to contract is forfeited and recognised as income when the customer cancels the contract or when the Group evokes the terms of the contract for non-performance on the part of the customer. Forfeiture income is recognised in the profit or loss as incurred.

2.7 Leases

(a) As lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of significant accounting policies (cont'd)

2.7 Leases (cont'd)

(a) As lessee (cont'd)

(i) Rights-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful lives
Office space	3 years
Office equipment	2 years
Motor vehicle	2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful lives of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies on impairment on non-financial assets in this this set of financial statements.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.7 Leases (cont'd)

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the profit or loss. Contingent rents are recognised as income in the period in which they are earned. The accounting policy for rental income is set out in Note 2.6(b). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation commences when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.9 Employee benefits

(a) Defined contribution plans

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, and the Malaysian companies in the Group make contributions to the Employees Provident Fund scheme in Malaysia, which are defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as expense in the period in which the related service is performed.

(b) Employees share option plan

Employees of the Group and Directors may receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with participants is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share options reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employees benefit expense.

The share options reserve is transferred to retained earnings upon expiry of the share option.

(c) Performance share plan

The cost of equity-settled transactions is determined by the fair value at the date when the award is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2. Summary of significant accounting policies (cont'd)

2.9 Employee benefits (cont'd)

(c) Performance share plan (cont'd)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.10 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included, if any.

2.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure relating to construction is capitalised as capital work-in-progress when incurred and no depreciation is provided until the construction is completed.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Motor vehicles	5 to 6 years
Computer equipment	1 year
Office equipment and furniture and fittings consist of:	
- Artworks	3 years
- Office equipment	3 years
- Furniture and fittings	4 years
Show units	4 years
Renovations	5 years
Plant and equipment	1 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the period the asset is de-recognised.

2. Summary of significant accounting policies (cont'd)

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Associate and joint venture

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

A joint venture is an entity over which the Group and its partners have joint control over the entity's operations via a contractual arrangement.

The Group accounts for its investment in associate and joint venture using the equity method from the date which it becomes an associate or joint venture respectively.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate or joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. The profit or loss reflects the share of results of the operations of the associate or joint venture. Distributions received from associate or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations (contractual or constructive) or provided advance/loans to or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired.

If there is objective evidence that impairment has arisen, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint venture are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.15 Development properties

Development properties, being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are measured at the lower of cost and net realisable value ("**NRV**").

Principally, this is residential and commercial properties that the Group develops and intends to sell before, or on completion of development.

Cost incurred in bringing each property to its present location and condition includes, among others, freehold land use rights, amounts incurred in relation to development, planning and design costs, costs of site preparation, professional fees, finance costs and other related direct costs.

<u>Development properties are measured at lower of cost and NRV</u>

Completed development properties/development properties under construction (unsold units) are measured at the lower of cost and NRV.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs to completion and the estimated costs necessary to make the sale.

When a development property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying value of development properties recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 Financial instruments

(a) Financial assets

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 Financial instruments (cont'd)

(b) Financial liabilities

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.17 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at FVPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve (12)-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd)

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful lives of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.21 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.22 Treasury shares

The Group's own equity instruments which are re-acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

3. Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 2, management has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements in applying accounting policies

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such evidence or indication exists, based on the evaluation of both internal and external sources of information. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Based on management's assessment, other than the impairment of investment in subsidiaries and development properties, there were no indicators of impairment of other non-financial assets.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Estimation of NRV for development properties

Development properties are stated at lower of cost or NRV. NRV is assessed with reference to the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions or indicative offers. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration estimated budget and work to be done.

The Group's carrying value of development properties as at 30 June 2021 is $129,090,000 (30 June 2020: $135,236,000).

During the financial year ended 30 June 2021, $4,473,000 (2020: $10,269,000) of write-down of development properties was charged to the Group's profit or loss.

(b) Provision for ECLs of trade receivables

The Group calculates ECLs provision for trade receivables based on the Group's historical observed default rates. The Group's ECLs provision adjusts for its historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

In relation to the Group's trade receivables, the Group has limited credit risk as in the event where overdue trade receivables are not collected, the Group will cancel the contract, reverse the trade receivable and repossess the units. Hence, the management is satisfied that no material ECLs is required on its trade receivables.

The Group's carrying amount of trade receivables as at 30 June 2021 is $845,000 (30 June 2020: $5,934,000).

3. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Estimation of the recoverable value of the Company's investment in subsidiaries

An estimate of the projected cash flow from the Company's investment in subsidiaries is made when there is indication that impairment exists. The projected cash flow is based on assumptions, including, amongst others, the expected performance, the materialisation of the business plans and macroeconomic environment that is beyond the control of management, which are inherently subjected to uncertainties. The recoverable value of the Company's investments in subsidiaries represents management's best estimate as at the end of the reporting period.

The Company's carrying amount of investment in subsidiaries as at 30 June 2021 is $Nil (30 June 2020: $13,246,000).

During the financial year ended 30 June 2021, impairment of investment in subsidiaries amounted to $13,246,000 (30 June 2020: $35,952,000) was charged to the Company's profit or loss.

4. Revenue

	Group	
	2021	**2020**
	$'000	**$'000**
Sale of development properties	1,711	5,763

The following table provides information about receivables from contracts with customers.

	Group	
	2021	**2020**
	$'000	**$'000**
Receivables from contracts with customers (included in "**Trade receivables**") (Note 16)	581	5,305

5. Other operating income

	Group	
	2021	**2020**
	$'000	**$'000**
Government grant	139	49
Rental income	99	42
Gain on disposal of property, plant and equipment	69	–
Interest income	68	1,316
Reversal of expected credit losses	9	–
Others	159	60
Deemed waiver of loan from a related party (Note 23)	–	2,220
Forfeiture income	–	627
Write-back of amount due to third parties	–	60
	543	4,374

6. Other expenses

	Group	
	2021	**2020**
	$'000	**$'000**
Write-down of development properties	4,473	10,269
Effects of cancellation of sale and purchase agreements	1,173	–
Adjudication costs and related expenses	340	294
Penalties and fine	166	110
Goods and Services Tax ("**GST**") written off	–	225
Aluminium division expenses, currently under liquidation	–	63
Bad debts written off - non-trade	–	19
Expected credit losses on trade receivables	–	9
Deposits and prepayment written off	–	6
	6,152	10,995

7. Finance costs

	Group	
	2021	**2020**
	$'000	**$'000**
Loan from Lenders:		
- interest expense	15,944	15,889
- amortisation of transactional costs	458	936
Loan from a bank:		
- interest expense	2,412	3,037
- amortisation of transactional costs	(13)	216
Interest expense on:		
- contractors and an affiliate of the Lenders	1,379	–
- amount due to a related party	175	70
- bank overdraft	162	167
- lease liabilities	23	36
	20,540	20,351

8. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2021	**2020**
	$'000	**$'000**
Write-down of development properties	4,473	10,269
Employee benefit expense (including Directors):		
- salaries	1,431	2,206
- contributions to defined contribution plans	168	266
- staff welfare	18	10
Effects of cancellation of sales and purchase agreements	1,173	–
Foreign exchange net loss	571	140
Amortisation of transaction costs:		
- bank loan	(13)	216
- loan from Lenders	458	936
Depreciation:		
- right-of-use assets	253	254
- property, plant and equipment	25	26
Audit fees - auditor of the Company	159	110
Amortisation of deferred costs	206	29
Non-audit fees:		
- auditor of the Company	6	20
- other auditors	–	4
GST written off	–	225
Bad debts written off – non-trade	–	19
Deposits and prepayment written off	–	6
Amortisation of deferred income	(139)	(49)
Gain on disposal of property, plant and equipment	(69)	–
Interest income	(68)	(1,316)
(Reversal of)/Expected credit losses on trade receivables	(9)	9
Deemed waiver of loan from a related party	–	(2,220)
Forfeiture income	–	(627)
Write-back of amount due to third parties	–	(60)

9. Income tax expense

<u>Major components of income tax expense</u>

The major components of income tax expense for the respective financial years are as follow:

	Group	
	2021	**2020**
	$'000	**$'000**
Consolidated Statement of Comprehensive Income		
Current income tax		
- Under-provision in respect of previous years	–	37
Income tax expense recognised in profit or loss	–	37

9. Income tax expense (cont'd)

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the respective financial years are as follow:

	Group	
	2021	**2020**
	$'000	**$'000**
Accounting loss before tax	(31,995)	(57,175)
Tax calculated using Singapore tax rate at 17% (2020: 17%)	(5,439)	(9,720)
Deferred tax assets not recognised	3,054	2,688
Effects of tax rates in foreign jurisdictions	1,929	2,313
Expenses not deductible for tax purposes	555	1,872
Effects of share of results of joint venture	62	2,693
Effects of share of results of associate	29	682
Income not subjected to tax	(190)	(439)
Under-provision in respect of prior years	–	37
Others	–	(89)
Income tax expense recognised in profit or loss	–	37

Unrecognised tax losses

As at 30 June 2021, deferred tax assets have not been recognised in respect of tax losses of the Group amounting to approximately $24,745,000 (30 June 2020: $12,115,000) because it is uncertain that future taxable profit will be available against which the Group can utilise the benefits and subject to the agreement of tax authority of the jurisdiction that the subsidiary operates.

10. Earnings per share

	Group	
	2021	**2020**
	$'000	**$'000**
Loss attributable to owners of the Company used in the computation of basic and diluted earnings per share	(31,955)	(57,212)
	No.of Shares '000	**No.of Shares '000**
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share	499,661	499,661
	Singapore cents per share	**Singapore cents per share**
Earnings per share		
Basic and diluted	(6.40)	(11.45)

10. Earnings per share (cont'd)

The basic earnings per share are calculated by dividing the loss for the financial year attributable to owners of the Company, by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial year.

The diluted earnings per share are calculated by dividing the loss for the financial year attributable to owners of the Company and adjusted for interest expense on convertible redeemable shares (if any), by the weighted average number of ordinary shares (excluding treasury shares) in issue as adjusted for the effects of all dilutive potential ordinary shares during the financial year.

The basic and diluted earnings per share for the financial year ended 30 June 2021 and 30 June 2020 are the same as there were no potentially dilutive instruments in issue.

11. Property, plant and equipment

Group	Motor vehicles	Computer equipment	Office equipment and furniture and fittings	Show units	Renovations	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At 1 July 2019	539	526	82	508	298	1,281	3,234
Additions	–	6	37	–	–	–	43
Disposals/written off	–	–	(41)	–	–	(1,281)	(1,322)
Exchange differences	(5)	(6)	–	(18)	–	–	(29)
At 30 June 2020 and 1 July 2020	534	526	78	490	298	–	1,926
Additions	–	7	–	–	–	–	7
Disposals/written off	(398)	(19)	(1)	–	–	–	(418)
Exchange differences	(1)	(1)	1	(3)	–	–	(4)
At 30 June 2021	135	513	78	487	298	–	1,511
Accumulated depreciation:							
At 1 July 2019	539	516	77	508	261	1,281	3,182
Depreciation charged	–	15	2	–	9	–	26
Disposals/written off	–	–	(41)	–	–	(1,281)	(1,322)
Exchange differences	(5)	(6)	–	(18)	–	–	(29)
At 30 June 2020 and 1 July 2020	534	525	38	490	270	–	1,857
Depreciation charged	–	2	15	–	8	–	25
Disposals/written off	(398)	(19)	(1)	–	–	–	(418)
Exchange differences	(1)	–	–	(3)	–	–	(4)
At 30 June 2021	135	508	52	487	278	–	1,460
Net carrying amount:							
At 30 June 2020	–	1	40	–	28	–	69
At 30 June 2021	–	5	26	–	20	–	51

11. Property, plant and equipment (cont'd)

Company	Computer equipment	Office equipment and furniture and fittings	Plant and equipment	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 July 2019	329	43	1,238	1,610
Disposals/written off	–	(42)	(1,238)	(1,280)
At 30 June 2020 and 1 July 2020	329	1	–	330
Additions	3	–	–	3
Disposals/written off	(8)	–	–	(8)
At 30 June 2021	324	1	–	325
Accumulated depreciation:				
At 1 July 2019	329	43	1,238	1,610
Disposals/written off	–	(42)	(1,238)	(1,280)
At 30 June 2020 and 1 July 2020	329	1	–	330
Depreciation charged	1	–	–	1
Disposals/written off	(8)	–	–	(8)
At 30 June 2021	322	1	–	323
Net carrying amount:				
At 30 June 2020	–	–	–	–
At 30 June 2021	2	–	–	2

12. Right-of-use assets

Group	Office space	Office equipment	Motor vehicle	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 July 2019	–	–	–	–
Effect of adopting SFRS(I) 16	546	20	91	657
Addition	–	21	–	21
At 30 June 2020 and 1 July 2020 and 30 June 2021	546	41	91	678
Accumulated depreciation:				
At 1 July 2019	–	–	–	–
Depreciation charged	199	16	39	254
At 30 June 2020 and 1 July 2020	199	16	39	254
Depreciation charged	199	15	39	253
At 30 June 2021	398	31	78	507
Net carrying amount:				
At 30 June 2020	347	25	52	424
At 30 June 2021	148	10	13	171

Further information on lease liabilities is set out in Note 21.

13. Investment in subsidiaries

	Company	
	30 June 2021 $'000	30 June 2020 $'000
Cost of investments	167,838	167,838
Less: Allowance for impairment losses	(167,838)	(154,592)
	–	13,246

The movement in allowance for impairment losses in investment in subsidiaries is as follows:

	Company	
	30 June 2021 $'000	30 June 2020 $'000
At the beginning of the financial year	154,592	118,640
Impairment loss charged to profit or loss	13,246	35,952
At the end of the financial year	167,838	154,592

Composition of the Group

Details of subsidiaries at the end of the financial year are as follow:

Name	Principal activities	Principal place of business/ incorporation	Effective ownership interest	
			30 June 2021 %	30 June 2020 %
Held by the Company				
PSD Singapore Pte. Ltd. [(1)(7)]	Investment holding, real estate investment and development advisory services	Singapore	100	100
Durabeau Industries Pte Ltd [(5)]	Manufacturer of aluminium grilles, windows and doors	Singapore	–	–
LH Aluminium Industries Pte. Ltd.[(5)]	Design, engineering, fabrication and installation of aluminium architectural and engineering products	Singapore	–	–
Held through subsidiaries				
Twin Prosperity Group Ltd.[(2)(7)]	Investment holding	British Virgin Islands	100	100
Tropical Sunrise Development Inc.[(2)(7)]	Investment holding	British Virgin Islands	100	100
Pearl Discovery Development Sdn. Bhd.[(3)(7)]	Real estate developer	Malaysia	100	100

13. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name	Principal activities	Principal place of business/ incorporation	Effective ownership interest 30 June 2021 %	Effective ownership interest 30 June 2020 %
Held through subsidiaries (cont'd)				
Pearl Discovery Property Management Sdn. Bhd.(4)(8)	Provision of property management services, project management services, marketing, leasing and sales services	Malaysia	–	100
Pacific Star Development (Malaysia) Sdn. Bhd.(4)(6)	Provision of project management services	Malaysia	100	100
Pacific Star Property Sdn. Bhd.(4)(8)	Investment holding	Malaysia	–	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Statutory audit not required by law in its country of incorporation.

(3) Audited by a member firm of EY Global in Malaysia.

(4) Audited by Tay Wong & Associates.

(5) Under liquidation since May 2019, statutory audit not required.

(6) In the process of applications to strike off from the register of companies in Malaysia.

(7) Subjected to share charge pursuant to the Loan Facility (Note 20(b)).

(8) Struck off from the register of companies in Malaysia during the financial year ended 30 June 2021.

14. Deferred costs

Deferred costs pertain to renovation subsidies provided to retail tenants.

	Group 30 June 2021 $'000	Group 30 June 2020 $'000
At the beginning of the financial year	393	–
Addition	342	422
Amortisation	(206)	(29)
Exchange differences	(3)	–
At the end of the financial year	526	393
Presented as:		
Non-current	272	306
Current	254	87
	526	393

15. Development properties

	Group	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
Land costs	30,220	30,416
Development costs	219,601	222,725
Borrowing costs	2,107	2,120
	251,928	255,261
Accumulated costs of properties sold and recognised to profit and loss	(109,145)	(109,018)
Repossessed units	1,786	–
Development properties written down	(15,479)	(11,007)
	129,090	135,236

The development properties written down of $15,479,000 (30 June 2020: $11,007,000) is denominated in Malaysian Ringgit and was translated using year-end exchange rate while the charge to other expenses of $4,473,000 (2020: $10,269,000) was translated using the average exchange rate ruling during the financial year.

As at 30 June 2021, the development properties of the Group have been pledged as security for bank loan (Note 20(a)).

During the financial year ended 30 June 2020, owing to expected commercial resolution of the final account for certain contractor, a revision in estimate of development properties costs adjustment amounting to $9,646,000 was recorded. The catch-up adjustment comprises the costs to be capitalised in development properties of $4,955,000 for unsold units and costs of $4,691,000 for units sold till 30 June 2020.

Details of the development properties held by the Group as at 30 June 2021 and 30 June 2020 are as follow:

Description and location	% owned	Site area (square meter)	Gross floor area (square feet)	Stage of completion as at date of financial statements/Expected year of completion
Puteri Cove Residences and Quayside Lot No. 194422 Persiaran Tanjung, Puteri Harbour 79000 Iskandar Puteri, Johor Darul Ta'zim, Malaysia	100	31,570	120,000	Phase 1 Completed, consisting of two 32-storey residential towers, four Soho blocks and 2-storey lifestyle retail centre. Phase 2 consisting of one 32-storey serviced apartment tower; construction completion will be dependent on the recovery of the tourism sector post COVID-19 (30 June 2020: 2021).

16. Trade receivables

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	$'000	$'000	$'000	$'000
Due from third parties	581	5,305	–	–
Retention receivables due from third parties	264	638	–	–
	845	5,943	–	–
Less: Expected credit losses – due from third parties	–	(9)	–	–
	845	5,934	–	–
Total trade receivables	845	5,934	–	–
Add:				
Other receivables (excluding prepayments) (Note 17)	251	628	3,273	3,221
Cash at bank (Note 18)	149	3,320	14	104
Restricted cash (Note 19)	1,241	1,748	–	–
Less:				
Net GST receivables (Note 17)	(12)	(348)	(7)	(1)
Total financial assets carried at amortised cost	2,474	11,282	3,280	3,324

Trade receivables are non-interest bearing and are generally on 30 to 60 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $488,000 (30 June 2020: $5,241,000) that are past due at the end of the financial year but not impaired. These receivables are unsecured and the analysis of their aging at the end of the financial year is as follows:

	Group	
	30 June 2021	30 June 2020
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	–	1
31 - 60 days	–	4
61 - 90 days	–	–
91 - 120 days	2	18
More than 120 days	486	5,218
	488	5,241

The Group's and the Company's exposure to credit risk and impairment losses are disclosed in Note 31(a).

Trade receivables that are neither past due nor impaired

The Group has trade receivables amounting to $357,000 (30 June 2020: $693,000) that are neither past due nor impaired at the end of the financial year. These are receivables from billings to purchasers of PCR units.

17. Other receivables and other current assets

	Group		Company	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Deposits	209	217	–	7
Sundry debtors	26	21	–	6
Net GST receivables	12	348	7	1
Grants receivables	4	42	–	33
Due from subsidiaries	–	–	3,266	3,174
	251	628	3,273	3,221
Other current assets:				
Other prepayments	315	213	23	33
Total other receivables and other current assets	566	841	3,296	3,254

The amount due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables are non-interest bearing and repayable on demand. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

18. Cash and cash equivalents

	Group		Company	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Cash at bank	149	3,320	14	104
Bank overdrafts (Note 20(a))	(2,574)	(2,415)	–	–
Cash and cash equivalents	(2,425)	905	14	104

Cash at bank earns interest at floating rates based on daily bank deposit rates.

As at 30 June 2021, the Group's cash at bank amounting $19,000 (30 June 2020: $2,544,000) are subject of debentures granted to the Lenders in relation to the Loan Facility (Note 20(b)).

As at 30 June 2021, the Company's cash at bank amounting to $14,000 (30 June 2020: $104,000) are subject of debentures granted to the Lenders in relation to the Loan Facility (Note 20(b)).

The Group and the Company did not have any material foreign-currency denominated cash and bank balances.

19. Restricted cash

As at 30 June 2021 and 30 June 2020, the restricted cash pertains to the Debt Service Reserve Account ("**DSRA**") placement in relation to Facility A (Note 20(a)).

20. Loans and borrowings

	Group	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
Non-current		
Bank loan	47,569	41,626
Less: Unamortised transaction costs	(898)	(530)
	46,671	41,096
Current		
Bank loan	3,345	7,687
Bank overdrafts	2,574	2,415
Loan from Lenders	102,951	87,006
	108,870	97,108
Less: Unamortised transaction costs		
- bank loan	(63)	(426)
- loan from Lenders	–	(458)
	108,807	96,224
Total loans and borrowings	155,478	137,320

(a) Bank loan and overdrafts (Facility A)

The bank loans and overdrafts are provided by the same bank in Malaysia (the "**Bank**") (collectively referred to herein as "**Facility A**").

As at 30 June 2021, the bank loan facility amounted to $53.46 million, equivalent to RM165.10 million (30 June 2020: $53.81 million, equivalent to RM165.10 million), is denominated in Malaysian Ringgit ("**RM**") and bears interest at 2.75% + KLIBOR (30 June 2020: 2.75% + KLIBOR) per annum and repayment is based on a certain predetermined percentage of PDD's monthly actual cash inflow after deducting the interest to be serviced monthly in arrears (the "**Priority Of Payment**") (30 June 2020: repayable on a monthly basis, after a six months moratorium, beginning January 2021). The undrawn facility as at 30 June 2021 amounted to $Nil million (30 June 2020: $1.93 million). As at 30 June 2021 and 30 June 2020, the maturity date of Facility A is 5 October 2023.

As at 30 June 2021, the bank overdrafts facility amounted to $2.59 million, equivalent to RM8.0 million (30 June 2020: $2.62 million, equivalent to RM8.0 million), is denominated in Malaysian Ringgit and bears interest at 1.25% + bank base lending rate (30 June 2020: 1.25% + bank base lending rate) per annum is payable on demand. The undrawn bank overdraft facility as at 30 June 2021 amounted to $16,000 (30 June 2020: $190,000).

Facility A is secured on the following:

(i) legal mortgage on the Group's PCR;

(ii) all-monies debenture and power of attorney over the assets and properties of the Company's wholly-owned subsidiary, PDD;

(iii) assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of PCR (including assignment of the PDD's project account); and

(iv) corporate guarantee from PSD Singapore Pte. Ltd. ("**PSDS**"), a wholly-owned subsidiary of the Company.

20. Loans and borrowings (cont'd)

(a) Bank loan and overdrafts (Facility A) (cont'd)

As at 30 June 2021 and 30 June 2020, pursuant to the letter of offer dated 19 April 2019 signed in relation to Facility A (the "**2019 Letter of Offer**"), PDD has breached a covenant in that it has not obtained equity funding equivalent to the shortfall of its sales and hotel revenue from PCR's Pan Pacific Serviced Suites from those sales and hotel revenue targets as stated in the 2019 Letter of Offer (the "**Equity Top Up Covenant**").

Pursuant to a revised letter of offer dated 11 June 2021 (the "**Revised LO**"), the Bank had granted the following:

(i) a second extended principal moratorium on the loan under Facility A for the months of April 2021 to June 2021;

(ii) the utilisation of the existing DSRA under Facility A (Note 19) to service the interest payments in arrears for the months of April 2021 to June 2021;

(iii) the principal prepayments from July 2021 to September 2023 will be based on the Priority Of Payment;

(iv) a third extended principal moratorium on the loan under Facility A for the period from July 2021 to September 2023, if there are inadequate cash inflow to cover any principal prepayment in accordance with the Priority of Payment;

(v) if there is inadequate cash inflow to cover any interest payment in accordance with the Priority Of Payment, the Bank shall uplift the interest payments from the Interest Servicing Reserve Account (the "**ISRA**") which PDD will be required to establish for the servicing of interest payments on Facility A;

(vi) further indebtedness of PDD in relation to the Additional Financing; and

(vii) a second legal charge, ranking behind the Bank, in relation to the Additional Financing, was allowed to be granted in favour of the Lenders over the Bank's existing securities arising from Facility A. Such Additional Financing shall be subordinated to Facility A.

Pursuant to the Revised LO:

(i) without the prior consent from the Bank, PDD is not allowed to declare dividend in excess of 50% of its annual net profit after tax; and

(ii) the breach of the Equity Top Up Covenant is no longer regarded as a breach as such Equity Top Up Covenant is not included in the Revised LO.

In essence, the Revised LO facilitated and paved the way for the Additional Financing and the restructuring of the Loan Facility. Subsequent to the financial year ended 30 June 2021, the Additional Financing and the restructuring of the Loan Facility were completed (Note 34(g)).

(b) Loan from Lenders (Loan Facility)

Twin Prosperity Group Ltd. ("**TPG**"), a wholly-owned subsidiary of the Company, had entered into a loan facility agreement of $70 million (the "**Original Loan Facility**") with the Lenders on 24 December 2018 (the "**Original FA**"), which was amended by an amendment agreement dated 30 June 2021. The Original FA, as amended by the amendment agreement dated and announced on 30 June 2021, provided for a $2 million increase in the Loan Facility (the "**Loan Increment**") and the resulting aggregate principal under the Loan Facility amounted to $72 million (30 June 2020: $70 million).

20. Loans and borrowings (cont'd)

(b) Loan from Lenders (Loan Facility) (cont'd)

The Loan Facility (30 June 2020: Original Loan Facility) is denominated in Singapore Dollars and on an aggregate basis, bears simple interest and compound interest at 7.5% per annum and 5.0% per annum respectively. Further, the Loan Facility (30 June 2020: Original Loan Facility) stipulates a profit distribution arrangement, wherein a fixed sum of $3.50 million and a variable sum of 12.5% of the distributions to the Group from PCR will be payable to the Lenders.

The Original Loan Facility maturity date was on 28 December 2020 and was fully drawn down as at 30 June 2020.

The Loan Increment is to be applied towards the working capital requirements of the Company and its subsidiaries outside of Malaysia. It is denominated in Singapore Dollars, bears interest at 25% per annum and is repayable on demand.

As at 30 June 2021, the Loan Facility is repayable on demand and $2 million remained undrawn.

The Loan Facility (30 June 2020: the Original Facility) is secured by the following:

(i) assignment of intra-company loans owed to the Group for the purposes of PCR and a condominium development project in Bangkok, Thailand known as Posh 12 ("**P12**") which is held through the Group's joint venture and associate;

(ii) assignment of development management agreements relating to PCR and P12;

(iii) corporate guarantees by and debentures over the Company, and its wholly-owned subsidiary, PSDS and wholly-owned subsidiaries of PSDS, namely TPG and Tropical Sunrise Development Inc. ("**TSD**"); and

(iv) share charges over shares of the Company's subsidiary, PSDS, and wholly-owned subsidiaries of PSDS, namely TPG, TSD, PDD, and the Group's joint venture (MHL as defined in Note 25) and the Group's associate (PSDT as defined in Note 26).

As at 30 June 2021 and 30 June 2020, the Group has breached the following covenants relating to the Loan Facility and the Original Loan Facility respectively:

- Mr Chan Fook Kheong's ("**Mr Chan**") resignation as Chief Executive Officer and Managing Director of the Company and his subsequent bankruptcy order constituted a change of control pursuant to the terms of the Loan Facility (30 June 2020: Original Loan Facility) (the "**Change of Control**"). Upon the occurrence of such a Change of Control, the Lenders are entitled to immediately require the mandatory prepayment of the Loan Facility (30 June 2020: Original Loan Facility), together with accrued interest, and all other amounts accrued under the finance documents relating to the Loan Facility (30 June 2020: Original Loan Facility);

- The trading of the Company's shares on the SGX-ST has been voluntarily suspended since 24 March 2020. Pursuant to terms of the Loan Facility (30 June 2020: Original Loan Facility), in the event that the trading halt of the Company's shares on the SGX-ST continues for a period of five (5) consecutive market days or days which would have been market days but for the closure of, or general suspension of trading of shares on, the SGX-ST (the "**Trading Disruption**"), this would constitute an event of default under the Loan Facility (30 June 2020: Original Loan Facility) and the Lenders would have the right to accelerate the Loan Facility (30 June 2020: Original Loan Facility) and declare all or part of the Loan Facility (30 June 2020: Original Loan Facility), together with accrued interest, and all other amounts accrued or outstanding under the finance documents relating to the Loan Facility (30 June 2020: Original Loan Facility) immediately due and payable;

20. Loans and borrowings (cont'd)

(b) Loan from Lenders (Loan Facility) (cont'd)

- The Loan Facility (30 June 2020: Original Loan Facility) includes, amongst others, certain sales covenants relating to achieving a minimum number of sales every quarter in PCR (the "**Sales Covenants**"). The Group was not able to meet the Sales Covenants for the period of March 2020 to June 2021;

- The Loan Facility (30 June 2020: Original Loan Facility) mandated the maintenance of a DSRA with $5.25 million balance (the "**DSRA Covenant**"), though the Lenders have agreed to the utilisation of the DSRA previously maintained (Note 19) to be applied to payment of interest on the Original Loan Facility, as at 30 June 2021 and 30 June 2020, the Group has not met the DSRA Covenant. As such, the Lenders are entitled to immediately require the mandatory prepayment of the Loan Facility (30 June 2020: Original Loan Facility), together with accrued interest, and all other amounts accrued under the finance documents relating to the Loan Facility (30 June 2020: Original Loan Facility); and

- The Loan Facility (30 June 2020: Original Loan Facility) mandated the sale of Tower 3 of PCR by 30 June 2020 ("**T3 Covenant**") but due to the COVID-19 pandemic, the T3 Covenant was not met,

  (collectively referred to herein as the "**Breaches**").

Subsequent to 30 June 2021, the maturity date of the Loan Facility was amended to 5 October 2023 and the Breaches have been waived (Note 34(g)).

(c) Reconciliation consolidated cash flow statement

A reconciliation of liabilities arising from the Group's financing activities excluding bank overdrafts is as follows:

	Group				
	1 July 2020	Cash flows	Non-cash changes		30 June 2021
			Foreign exchange movement	Other	
	$'000	$'000	$'000	$'000	$'000
Bank loan	48,357	1,932	(323)	(13)	49,953
Loan from Lenders	86,548	–	–	16,403	102,951
	134,905	1,932	(323)	16,390	152,904

	Group				
	1 July 2019	Cash flows	Non–cash changes		30 June 2020
			Foreign exchange movement	Other	
	$'000	$'000	$'000	$'000	$'000
Bank loan	45,846	2,496	(201)	216	48,357
Obligations under finance leases	17	(9)	–	(8)	–
Loan from Lenders	65,847	8,079	–	12,622	86,548
	111,710	10,566	(201)	12,830	134,905

21. Lease liabilities

	Group	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
At the beginning of the financial year	453	–
Effect of adopting SFRS(I) 16	–	657
Addition	–	21
Accretion of interests	23	36
Payments	(276)	(240)
Re-measurement	–	(21)
At the end of the financial year	200	453
Presented as:		
Non-current	–	205
Current	200	248
	200	453

The maturity analysis of lease liabilities are disclosed in Note 31(b).

22. Trade payables

	Group	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
Due to third parties:		
Non–current	51	249
Current	11,975	21,273
	12,026	21,522

Trade payables are non-interest bearing and are generally settled on credit term of 30 to 90 days.

The non-current trade payables are retention sum payables as per contractual agreements.

23. Other payables

	Group		Company	
	30 June 2021 $'000	30 June 2020 $'000	30 June 2021 $'000	30 June 2020 $'000
Non-current				
GST clawback and penalties payable	590	–	–	–
Others	31	60	–	–
	621	60	–	–
Current				
Due to:				
- an affiliate of the Lenders	12,405	–	–	–
- a related party	9,545	9,370	3,651	3,651
- liquidators of subsidiaries	410	410	410	410
- associate	1	1	–	–
- subsidiaries	–	–	14,330	13,235
Accruals	7,326	6,373	453	260
Withholding tax payable	2,431	1,519	–	–
Joint Management Body of PCR	1,706	1,883	–	–
Penalties payable	1,479	3,055	–	–
Deposits received	1,013	385	–	–
GST clawback and penalties payable	417	1,398	–	–
Sundry creditors	590	590	–	56
Others	243	301	–	–
	37,566	25,285	18,844	17,612
Total other payables	38,187	25,345	18,844	17,612
Add:				
Loans and borrowings (Note 20)	155,478	137,320	–	–
Lease liabilities (Note 21)	200	453	–	–
Trade payables (Note 22)	12,026	21,522	–	–
Total financial liabilities carried at amortised cost	205,891	184,640	18,844	17,612

GST clawback and penalties payable

During the financial year ended 30 June 2021, pursuant to a GST field audit conducted by the Malaysia Customs (the "**Customs**") on PDD, the Group's wholly-owned subsidiary, PDD was advised by the Customs that PDD had over-claimed GST recoverable in prior years. Based on the Bill of Demand from Customs, RM3.43 million of GST repayable to the Customs as well as the associated penalties of RM0.86 million were capitalised in development properties and charged to income statement respectively in the years to which such clawback of over-claimed GST and the associated penalties related to. The Custom has granted PDD a three (3)-year repayment schedule and the amount not due to be repaid within the next twelve (12) months are classified as non-current liabilities.

23. Other payables (cont'd)

Affiliate of the Lenders

The amount pertains to amount payable to a third party, being an affiliate of the Lenders, which has purchased certain debts of PDD. The amount bears interest at 25.0% per annum, is unsecured and repayable on demand.

Subsequent to the financial year ended 30 June 2021, this sum (together with the capitalised interest) was repaid via a drawdown from the Additional Financing (Note 34(g)).

Amount due to a related party

PSDH is a related party which was controlled by Mr Chan, a then controlling shareholder of the Company. During March 2020, due to the bankruptcy of Mr Chan, Mr Chan is deemed to have lost control over the shares of the Company. The Trustee of Mr Chan's bankrupt estate ("**Trustee**") is in the process of obtaining control of Mr Chan's assets.

As at 30 June 2021 and 30 June 2020, non-trade payables due to a related party, PSDH (the control of which is now in the process of being obtained by the Trustee), pertains to a then $13.0 million loan facility (the "**PSDH Facility**"). The PSDH Facility is denominated in Singapore Dollars, unsecured, and repayable on demand (subordinated to the Loan Facility with effect from 24 December 2018).

As at 30 June 2021 and 30 June 2020, amount due to a related party pertained to advances from PSDH (the control of which is now in the process of being obtained by the Trustee). The balance consists $5.80 million of interest-free loans (with effect from 1 July 2018), $3.50 million of loans bearing 5% interest per annum (with effect from 6 February 2020) and accrued interest amounting to $0.25 million (30 June 2020: $0.07 million) are subordinated to the Loan Facility (30 June 2020: Original Loan Facility).

On 1 April 2020, the Company announced that PSDS, a wholly-owned subsidiary of the Company, had submitted a notice to draw down a sum of $2,220,562.50 (the "**Sum**") from PSDH pursuant to the PSDH Facility, and for such funds to be disbursed by PSDH to PSDS on or before the close of business on 1 April 2020. This draw down represented the then full remaining undrawn amount under the PSDH Facility.

As at close of business on 1 April 2020, PSDH did not disburse the Sum to PSDS. Pursuant to the PSDH Facility between PSDH and PSDS, PSDH was deemed to have waived its right to receive an amount equal to the Sum out of the amounts owing to PSDH under the PSDH Facility by PSDS as a result of such non-disbursement of funds. Accordingly, the Sum was recorded as other income (Note 5) during the financial year ended 30 June 2020.

As at 30 June 2021 and 30 June 2020, the PSDH Facility has been fully drawn down.

Amount due to liquidators of subsidiaries and amount due to subsidiaries

The amount due to liquidators of subsidiaries and amount due to subsidiaries are non-trade related, unsecured, interest-free and repayable on demand.

Joint Management Body of PCR (the "JMB")

The amount pertains to sum collected, maintenance charges and sinking fund for unsold PCR units payable to the JMB. The amount is non-trade related, unsecured, repayable on demand and bears interest at 10% (30 June 2020: 10%) per annum.

23. Other payables (cont'd)

Penalties payables

The amount pertains to penalties imposed by the Malaysia Inland Revenue Board for late payment and under-estimated chargeable income for corporate income tax in prior years. The amount is non-trade related, unsecured, interest-free and is repayable on demand.

Liquidity risk

The Group's and the Company's exposure to liquidity risk related to trade and other payables are disclosed in Note 31(b).

24. Deferred income

The Company's deferred income pertains to the government grant receivables under the Job Support Scheme (the "**JSS**") (30 June 2020: JSS and property tax rebates provided by the Singapore government).

The Group's deferred income includes deferred rental income.

JSS grants are provided to help the Group to retain their local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty due to COVID-19. JSS payouts are intended to offset local employees' wages and help protect their jobs. Employers must act responsibly and fairly in using the payouts, taking reference from the tripartite advisory on salary and leave arrangements. Where there is evidence of irresponsible and unfair treatment, employers may be denied employment support (including JSS) and have their work pass privileges curtailed.

	Group		Company	
	30 June 2021	**30 June 2020**	**30 June 2021**	**30 June 2020**
	$'000	**$'000**	**$'000**	**$'000**
At the beginning of the financial year	114	–	76	–
Amount received	60	121	37	76
Recognised in other receivables (Note 17)	4	42	–	33
Release to profit and loss (Note 5)	(139)	(49)	(96)	(33)
At the end of the financial year	39	114	17	76

25. Joint venture

The Group has 51% (30 June 2020: 51%) interest in the ownership and voting right in a material joint venture, Minaret Holdings Limited ("**MHL**"), which is held through a subsidiary. The joint venture is incorporated in British Virgin Islands, where statutory audit is not required, and is principally engaged in investment holding. The Group jointly controls MHL with another partner under a contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

As at 30 June 2021 and 30 June 2020, the Group's shares in MHL are subjected to share charge pursuant to the Loan Facility (30 June 2020: Original Loan Facility) (Note 20(b)).

The purpose of investments in MHL is to hold (together with the Group's investment in associate) KNK, the developer of the P12 project.

25. Joint venture (cont'd)

The Company announced on 3 February 2020, the main contractor for P12 had issued a notice of stoppage of work due to dispute in respect of payments and construction progress. As a result of such stoppage of work, P12 experienced cancellation of sale & purchase agreements by its buyers.

On 23 June 2020, the Company announced that pursuant to the strategic review, MHL had initiated bankruptcy proceedings against KNK, the developer of P12, by recalling the loans made by MHL to KNK (the "**KNK Bankruptcy**").

MHL has the following associates:

Name	Principal activities	Principal place of business/ incorporation	Effective ownership interest	
			30 June 2021 %	30 June 2020 %
Kanyakorn Pattana Co., Ltd.[(1)]	Investment holding	Thailand	49	49
Kanokkorn Pattana Co., Ltd.[(2)(3)]	Property development	Thailand	–	49

(1) Audited by P.J. Accounting and Audit Company Limited (30 June 2020: Baker Tilly Audit and Assurance Services (Thailand) Ltd.).

(2) In bankruptcy proceeding as at 30 June 2021, the control is vested with the court appointed official receiver. Hence, audit is not required (30 June 2020: Audited by Baker Tilly Audit and Assurance Services (Thailand) Ltd.).

(3) Previously engaged in the development of the P12 project.

Summarised financial information in respect of MHL based on its SFRS(I) financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follow:

Summarised balance sheet

	MHL	
	30 June 2021 $'000	30 June 2020 $'000
Current assets[(1)]	30	–
Current liabilities	(28,553)	(27,836)
Net liabilities	(28,523)	(27,836)
Proportion of the Group's beneficial interest	51%	51%
Group's carrying amount of the investment	–	–

With the commencement of bankruptcy proceedings against KNK during the financial year ended 30 June 2020, the Group does not have any constructive and legal obligations to continue funding the P12 project.

25. Joint venture (cont'd)

Summarised statement of comprehensive income

	MHL	
	2021	**2020**
	$'000	**$'000**
Loss after tax[2]	(1,760)	(25,124)
Other comprehensive income - translation reserve	1,073	(59)
Total comprehensive loss for the financial year	(687)	(25,183)

(1) Includes cash and cash equivalents of $30,000 (30 June 2020: $Nil).

(2) Includes interest expense of $Nil (2020: $940,000) and $716,000 (2020: $25,046,000) share of losses in associates.

26. Associate

The Group has 49% (30 June 2020: 49%) interest in the ownership and voting right in a material associate, Pacific Star Development (Thailand) Co., Ltd. ("**PSDT**") that is held through a subsidiary. The associate is incorporated in Thailand and is principally engaged in investment holding.

The purpose of investments in associate is to hold (together with the Group's investment in joint venture) KNK, the developer of the P12 project.

As at 30 June 2021 and 30 June 2020, the Group's shares in PSDT are subjected to share charge pursuant to the Loan Facility (30 June 2020: Original Loan Facility) (Note 20(b)).

Summarised financial information in respect of PSDT and its subsidiaries ("**PSDT Group**") based on its SFRS(I) financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follow:

Name	**Principal activities**	**Principal place of business/ incorporation**	**Effective ownership interest**	
			30 June 2021	**30 June 2020**
			%	**%**
Held by PSDT				
Kanyakorn Pattana Co., Ltd.[1]	Investment holding	Thailand	51	51
Held by subsidiary				
Kanokkorn Pattana Co., Ltd.[2][3]	Property development	Thailand	51	51

(1) Audited by P.J. Accounting and Audit Company Limited (30 June 2020: Baker Tilly Audit and Assurance Services (Thailand) Ltd.).

(2) In bankruptcy proceeding as at 30 June 2021, the control is vested with the court appointed official receiver. Hence, audit is not required (30 June 2020: Audited by Baker Tilly Audit and Assurance Services (Thailand) Ltd.).

(3) Previously engaged in the development of the P12 project.

26. Associate (cont'd)

Summarised balance sheet

	PSDT Group	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
Non-current assets	2	7
Current assets[1]	88,249	95,487
Current liabilities	(102,097)	(104,480)
Non-controlling interest	5,987	1,907
Net liabilities attributable to owners of the company	(7,859)	(7,079)
Proportion of the Group's ownership	49%	49%
Group's carrying amount of the Investment	–	–

(1) Includes cash and cash equivalents of $2,000 (30 June 2020: $2,000).

With the commencement of bankruptcy proceedings against KNK during the financial year ended 30 June 2020, the Group does not have any constructive and legal obligations to continue funding the P12 project.

Summarised statement of comprehensive income

	PSDT Group	
	2021	**2020**
	$'000	**$'000**
Loss after tax	(5,850)	(8,948)
Other comprehensive income – translation reserve	625	278
Total comprehensive loss for the financial year	(5,225)	(8,670)

27. Share capital and treasury shares

(a) Share capital

	Number of shares	**Value**
	'000	**$'000**
Issued and fully paid ordinary shares		
Group		
At 1 July 2019, 30 June 2020 and 30 June 2021	502,336	47,801
Company		
At 1 July 2019, 30 June 2020 and 30 June 2021	502,336	197,055

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting.

27. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group		Company	
	Number of shares	**Value**	**Number of shares**	**Value**
	'000	**$'000**	**'000**	**$'000**
At 1 July 2019, 30 June 2020 and 30 June 2021	(2,676)	–	(2,676)	(513)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

(c) Employee Share Option Scheme ("ESOS")

The ESOS was approved by members of the Company at an Extraordinary General Meeting (the "**EGM**") on 25 April 2013 and it is administered by the Remuneration Committee (the "**RC**").

The ESOS provides a means to recruit, retain and give recognition to Directors and employees who have contributed to the growth and success of the Group.

Principal Terms of the ESOS

(i) Participants

All key management personnel, employees and directors of the Company (the "**Directors**") who have been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the RC may determine are eligible to participate in the ESOS.

(ii) Number of shares

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued (excluding treasury shares) and issuable in respect of all options granted under the ESOS and any other performance share plan (including the PSP as defined in Note 27(d)), shall not exceed 15% of the issued share capital (excluding treasury shares) of the Company on the day preceding that date.

(iii) Options, exercise period and exercise price

Vesting period and exercise period

The vesting of the options is conditional on the grantee completing another (i) one (1) year of service to the Group for options granted with the exercise price set at market price; or (ii) two (2) years of service to the Group for options granted with the exercisable price set at a discount to market price. Once the options are vested, they are exercisable for a period of four (4) years. The options may be exercised in full or in part on the payment of the exercise price.

Exercise price

The exercise price of the options is (i) determined at the volume weighted average of the Company's ordinary shares quoted on the SGX-ST for five-consecutive market days immediately preceding the date of the grant ("**Market Price**"); or (ii) set at a discount not exceeding 20% of the Market Price.

27. Share capital and treasury shares (cont'd)

(c) Employee Share Option Scheme ("ESOS") (cont'd)

Principal Terms of the ESOS (cont'd)

(iv) Grant of options

The RC may grant share options at any time during the period when the ESOS is in force, except that, for so long as the Company's shares are listed and quoted on the SGX-ST, no options under the ESOS shall be granted during the period of one month immediately preceding the date of announcement of the Company's full-year results and and two weeks before the announcement of the Company's first, second and third quarter results of its financial years.

(v) Acceptance of options

The grant of options shall be accepted within 30 days from the date of offer. Offer of options made to grantees, if not accepted by the closing date, will lapse.

(vi) Duration of the ESOS

The ESOS shall continue to be in force subjected to a maximum period of ten (10) years from 25 April 2013.

Options granted under ESOS

During the financial year ended 30 June 2021 and 30 June 2020, there were no outstanding share options, no share option granted and no share options lapsed.

(d) Performance Share Plan ("PSP")

The PSP was approved by members of the Company at an EGM on 29 January 2021 and is administered by the RC.

The PSP is intended to complement the ESOS (or replace it when it expires) and serve as an additional and flexible incentive tool to further motivate participants to greater dedication, loyalty, and a higher standard of performance, and to give due credit and recognition to the participants who have contributed and committed themselves to the success of the Group.

The PSP is a share incentive plan that contemplates the award of fully paid shares when and after pre-determined performance or service conditions are accomplished and/or due recognition should be given to any good work performance and/or any significant contributions to the Group made by the participants (the "**Award**").

Principal Terms of the PSP

(i) Participants

Employees and directors of the Group (including Independent Directors, Executive Directors and Non-Executive Directors), and including directors and employees of the Company's Associated Companies, who have attained the legal age of 21 years, who hold such rank as may be designated by the RC from time to time, and as of the award date, who have been in the employment of the Group for such period as the RC may in its absolute discretion determine; and subjected to the rules of the PSP, persons who are also controlling shareholders or associates of controlling shareholders of the Company.

(ii) Number of shares

The aggregate number of shares over which an Award may be granted on any date, when added to the number of shares issued (excluding treasury shares) and issuable in respect of all options granted under the ESOS and Awards under the PSP, shall not exceed 15% of the issued share capital (excluding treasury shares) of the Company on the day preceding that date.

27. Share capital and treasury shares (cont'd)

(d) Performance Share Plan ("PSP") (cont'd)

Principal Terms of the PSP (cont'd)

(iii) Grant of Award and grant price

Subject to the provisions PSP, the RC may grant Awards to participants as the RC may select, in its absolute discretion, at any time during the period when the PSP is in force.

In considering the grant of an Award to a participant, the RC may take into account criteria such as grade level, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group, and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

Participants are not required to pay for the grant of Award, or for the shares allotted and/or transferred pursuant to an Award.

The RC may grant an Award at any time during the period when the PSP is in force, except that, for so long as the Company's shares are listed and quoted on the SGX-ST, no Award under the PSP shall be granted during the period of one month immediately preceding the date of announcement of the Company's full-year results and two weeks before the announcement of the Company's first, second and third quarter results of its financial years.

(iv) Release of Award

As soon as reasonably practicable after the end of each performance period, the RC shall review the performance target(s) specified in respect of each Award and determine at its discretion:

(I) Whether it has been satisfied and, if so, the extent to which it has been satisfied.

(II) Whether any other condition applicable to the Award has been satisfied.

(III) The number of shares comprised in such Award to be released to the relevant participant, and subject to the rules of the PSP, provided that the relevant Participant has continued to be an eligible person from the award date up to the end of the performance period, shall release to that participant all or part (as determined by the RC at its discretion in the case where the RC has determined that there has been partial satisfaction of the performance target(s)) of the shares to which the Award relates in accordance with the release schedule specified in respect of the Award on the vesting date. Otherwise, the Award shall lapse and be of no value.

(IV) If the RC in its absolute discretion determines that the performance target(s) has not been satisfied or subjected to the rules of the PSP or if the relevant participant has not continued to be an employee from the award date up to the end of the relevant performance period, that Award shall lapse and be of no value.

(V) The RC shall have the full discretion to determine whether any performance target(s) has been satisfied, whether fully or partially, and in making any such determination, the RC shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as the RC may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and to amend the performance target if the RC decides that an amended performance target would be a fairer measure of performance.

(VI) Shares which are the subject of a released Award shall be vested to a participant on the vesting date, which shall be a market day falling as soon as practicable after the review by the RC and, on the vesting date, the RC will procure the allotment or transfer to each participant of the number of shares so determined.

27. Share capital and treasury shares (cont'd)

(d) Performance Share Plan ("PSP") (cont'd)

Principal Terms of the PSP (cont'd)

(v) Moratorium

An Award shall be personal to the participant to whom it is granted and, prior to the allotment and/or transfer to the participant of the shares to which the Award relates, shall not be transferred, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the RC and if a participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award without the prior approval of the RC, that Award shall immediately lapse.

Shares which are allotted or transferred pursuant to the release of an Award will not (save as otherwise provided by provisions of the Catalist Rules or applicable laws) be subject to any restriction against disposal or sale or any other dealings by the participant.

(vi) Duration of the PSP

The PSP shall continue in force subject to a maximum period of ten (10) years from 29 January 2021, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Awards granted under PSP

During the financial year ended 30 June 2021, there was no outstanding Award, no Award granted and no Award lapsed.

28. Commitments

(a) Operating lease commitments – as lessor

The future minimum lease receivable under non-cancellable operating leases, in respect of the PCR retail units with varying terms and renewal rights contracted for at the end of the financial year but not recognised as receivables are as follow:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Not later than one year	190	87	–	–
Later than one year but not more than five years	205	240	–	–
More than five years	–	9	–	–
	395	336	–	–

(b) Capital commitment

As at 30 June 2020, PSDS, a wholly-owned subsidiary of the Company, has previously entered into a shareholder loan agreement with MHL, the joint venture company, to provide a loan facility up to $10.2 million for the purposes of the P12. The loan is available to MHL at any time upon drawdown notice. As at 30 June 2020, $2.1 million of the loan facility balance remains undrawn.

In view of KNK Bankruptcy, PSDS and MHL agreed to cancel the remaining loan facility pursuant to an agreement dated 21 October 2020.

29. Related party transactions

	Group	
	2021	2020
	$'000	$'000
Compensation of key management personnel		
Short-term employee benefits	708	1,151
Contributions to defined contribution plans	58	96
	766	1,247
Transactions with PSDH (Note 23)		
Interest expense (Note 7)	175	70
Deemed waiver of loan (Note 5)	–	(2,220)

30. Fair value of assets and liabilities

The Group and the Company did not have any assets and liabilities measured at fair value as at 30 June 2021 and 30 June 2020.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, currency risk and interest rate risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and bank balances, trade receivables and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group considers the customers' credit risk upon initial recognition of assets:

- cash and bank balances are placed with financial institutions with good credit standing and have no history of default;

- the Group adopts the policy of dealing only with customers of appropriate credit standing, supported by letter of offer from bank or receive certain minimum deposits to mitigate credit risk;

- other receivables, which comprise mainly of amount due from utilities providers with minimum credit risk (30 June 2020: mainly of government related agencies with minimum credit risk); and

- for other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties and does not hold any collateral.

The Group monitors whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period via the analysis of the financial assets' ageing and risk profiles. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 120 days when they fall due, which are derived based on the Group's historical information and business norms.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' abilities to meet their obligations; and

- the failure to meet the milestones of contractual payments.

The Group determines that its financial assets are credit-impaired when the counterparty shows significant difficulty to meet its payment obligations and/or breach of contract.

The Group categorises a financial asset for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from ECLs.

The Group provides for lifetime ECLs for financial assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due as well as market norms. The ECLs also incorporate forward looking information such as forecast of economic conditions that may lead to an increased number of defaults.

In relation to the Group's trade receivables, the Group has limited credit risk as in the event where overdue trade receivables are not collected, the Group will cancel the contract, reverse the trade receivable and repossess the PCR units.

The Group does not hold any collateral. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset presented on the balance sheet.

31. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Due to the nature of the Group's operation, its trade receivables are solely property buyers. However, the Group does not have any significant concentration of credit risk to any single group of buyers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record and/or low default risk with the Group. Cash and cash equivalents are placed with reputable financial institutions with good credit standing and no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 16.

Financial assets that are past due and/or impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for ECLs is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Gross amount	–	9
Allowances	–	(9)
	–	–
Beginning balance	9	–
(Reversal)/Allowance during the financial year	(9)	9
Ending balance	–	9

As at 30 June 2020, the impaired trade receivables of the Group arose from long outstanding amounts due from customers which remained unpaid as at the financial reporting date and accordingly there are significant uncertainties over the recovery of these amounts due from these customers. These receivables were not secured by any collateral or credit enhancement.

31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets (including the financial assets arising from the sale of PCR units) and liabilities. The Group's and the Company's objective is to maintain a balance between sufficient cash balance, continuity of funding and flexibility through the utilisation of credit facilities.

The ability of the Group and the Company to continue as a going concern is disclosed in Note 2.1.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve (comprises undrawn borrowing facilities (Note 20) and cash and bank balances) on the basis of expected cash flow.

In addition, the Group's and Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios, maintaining debt financing plans, seeking additional financing and entering into schedules of repayment, moratorium of repayment and requesting for capitalisation of interest due with significant creditors so as to increase certainty in cash flow planning.

The table below summarises the maturity profile of the Group's and Company's financial assets used for managing liquidity risk and financial liabilities at the end of reporting period based on contractual undiscounted cash flows.

	30 June 2021			30 June 2020		
	One year or less	One to five years	Total	One year or less	One to five years	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Trade receivables	845	–	845	5,934	–	5,934
Other receivables (excluding net GST receivables)	239	–	239	280	–	280
Cash at bank	149	–	149	3,320	–	3,320
Restricted cash	1,241	–	1,241	1,748	–	1,748
Total undiscounted financial assets	2,474	–	2,474	11,282	–	11,282
Financial liabilities:						
Trade payables	11,975	51	12,026	21,273	249	21,522
Other payables (excluding GST clawback and penalties and penalties payable)	35,670	31	35,701	20,832	60	20,892
Lease liabilities	205	–	205	276	205	481
Loans and borrowings	109,034	51,607	160,641	115,143	47,463	162,606
Total undiscounted financial liabilities	156,884	51,689	208,573	157,524	47,977	205,501
Total net undiscounted financial liabilities	(154,410)	(51,689)	(206,099)	(146,242)	(47,977)	(194,219)

31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	30 June 2021			30 June 2020		
	One year or less	One to five years	Total	One year or less	One to five years	Total
Company	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Other receivables (excluding net GST receivables)	3,266	–	3,266	3,220	–	3,220
Cash at bank	14	–	14	104	–	104
Total undiscounted financial assets	3,280	–	3,280	3,324	–	3,324
Financial liabilities:						
Other payables and total undiscounted financial liabilities	18,844	–	18,844	17,612	–	17,612
Total net undiscounted financial liabilities	(15,564)	–	(15,564)	(14,288)	–	(14,288)

The Group and the Company do not have financial assets and liabilities with maturity profile of over five years.

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	30 June 2021		30 June 2020	
	One year or less	One to five years	One year or less	One to five years
Group	$'000	$'000	$'000	$'000
Financial guarantees	483	–	486	–

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from Facility A which are being re-priced regularly with the Bank.

The Group's policy in the management of interest rate risk is to select the best available terms and where opportunity arises, seek to refinance at lower cost whenever practicable.

The Group is not exposed to significant interest rate risk as most of its interest-bearing financial liabilities are fixed rate in nature. There is no material interest-bearing financial assets held by the Group and the Company.

31. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The effects of a 25 basis point change in the interest rate at maturity or re-pricing on the Group's results are shown below. This analysis assumes that all other factors, in particular foreign exchange rate, remain unchanged.

Group	2021 (Increase)/ Decrease loss before tax $'000	2020 (Increase)/ Decrease loss before tax $'000
25 basis points increase	(133)	(129)
25 basis points decrease	133	129

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments that are denominated in a currency other than the entity's functional currency in which they are measured will fluctuate because of changes in foreign exchange rates.

Sensitivity analysis for currency risk

The effects of a 5% change in the Singapore Dollar and RM (Ringgit Malaysia) as at the end of the financial year on significant foreign currency denominated balances on the Group's results are shown below. This analysis assumes that all other factors remain unchanged.

Group	2021 (Increase)/ Decrease loss before tax $'000	2020 (Increase)/ Decrease loss before tax $'000
5% appreciation of SGD against RM	612	–
5% depreciation of SGD against RM	(612)	–

As at 30 June 2021 and 30 June 2020, the Company did not have significant currency risk as it had minimal foreign currency denominated balances and transactions.

As at 30 June 2020, the Group did not have significant currency risk as the respective entities in the Group have minimal foreign currency denominated balances and transactions.

The Group and the Company do not use derivative financial instruments to protect against the volatility associated with foreign currency transactions since the exposure is insignificant. Exposure to currency risk is monitored on an on-going basis and the Group and the Company endeavor to keep the net exposure at an acceptable level.

(e) Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's abilities to continue as going concerns and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and Company may adjust the amount of dividend payment to shareholders, issue new shares, buy back issued shares (with mandate from shareholders of the Company), obtain new borrowings or sell assets to reduce borrowings.

31. Financial risk management objectives and policies (cont'd)

(e) Capital management (cont'd)

In the management of capital risk, management takes into consideration the net debt to equity ratio as well as the Group's and Company's working capital requirement. The net debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities less current tax liabilities, deferred income and fixed deposits pledged, restricted cash and cash at bank.

Group	30 June 2021	30 June 2020
	$'000	$'000
Net debt	204,501	179,572
Total capital deficiency	(79,302)	(47,189)
Net debt to equity ratio	N.M.	N.M.
Company		
Net debt	18,830	17,508
Total capital deficiency	(15,549)	(1,084)
Net debt to equity ratio	N.M	N.M.

N.M.: Not meaningful as the Group and the Company are in capital deficiency position.

The Group and the Company do not have any externally imposed capital requirements for the financial year ended 30 June 2021 and 30 June 2020. There were no changes in the Group's and Company's approach to capital management during the financial year.

The going concern assumption is disclosed in Note 2.1.

32. Segment Information

Geographical segment

Geographically, the Group manages and monitors the business in two primary geographic areas, being Singapore and Malaysia.

Revenue is based on the country in which the subsidiary operates. Non-current assets is shown by the geographical area in which the assets is located.

	Revenue		Non-current assets	
Group	2021	2020	30 June 2021	30 June 2020
	$'000	$'000	$'000	$'000
Malaysia	1,711	5,763	298	350
Singapore	–	–	196	449
	1,711	5,763	494	799

Revenue is mainly derived from sales of development properties at PCR in Malaysia.

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and deferred cost as presented in the Group's balance sheet.

33. Prior year adjustments

During the financial year ended 30 June 2020, restatements have been made to the prior years' financial statements as a result of:

(i) Over-claim of GST recoverable resulting in GST clawback and penalties payable

The amounts related to the over-claim of GST recoverable were capitalised in development properties while the penalties relating to the over-claimed GST were charged to income statements in the financial years to which such clawback of over-claimed GST and the associated penalties relate to. Accordingly, this resulted in an increase in development properties by $0.66 million (equivalent to RM2.04 million), other payable accounts by $1.40 million (equivalent to RM4.29 million) and a corresponding decrease in income tax liabilities by $0.11 million (equivalent to RM0.33 million) and increase in opening accumulated losses by $0.63 million (equivalent to RM1.92 million) as at 1 July 2018. Other than the consequential charge to cost of sales for units previously sold, the loss for the financial year ended 30 June 2019 was not affected.

(ii) Adjustments to development properties cost

Corrections were made to the development properties due to:

(I) the capitalisation of the clawback of GST into development properties as described in subsection (i) above; and

(II) errors in the computation and allocation of costs between various blocks within the development properties.

Consequentially, the tax effects arising from the above have also been corrected in the respective years.

The correction resulted in an increase in development properties of $0.54 million (equivalent to RM1.64 million), income tax liabilities of $0.12 million (equivalent to RM0.37 million) as well as a corresponding decrease in the opening accumulated losses of $0.42 million (equivalent to RM1.27 million) as at 1 July 2018.

As at 30 June 2019, the correction resulted in an increase in development properties of $0.58 million (equivalent to RM1.75 million) and a decrease in opening accumulated losses of $0.58 million (RM1.75 million).

34. Subsequent events

(a) On 2 July 2021, the Group has obtained $2,000,000 from the Lenders. The principal amount (excluding interest accrued and capitalised till date) under the Loan Facility would therefore be increased from $70,000,000 to $72,000,000.

(b) On 19 July 2021, the Company announced that the Lenders have issued a letter to TPG, a wholly owned subsidiary of the Group, where they agreed to capitalise the cash interest amounting to $1,672,160.79 for the quarter ended 30 June 2021 (the "**Cash Interest for 4QFY2021**") (the "**4QFY2021 Capitalisation of Interest**"). Pursuant to the 4QFY2021 Capitalisation of Interest, the Cash Interest for 4QFY2021 would be added to the outstanding principal amount under the Loan Facility and will subsequently be treated for all purposes of the Loan Facility as part of the principal amount of the Loan Facility and accrue interest and be repayable in accordance with the Loan Facility. Consequently, the Cash Interest for 4QFY2021 need not be paid in cash.

34. Subsequent events (cont'd)

(c) On 6 August 2021, the Company announced that PSDS, a wholly-owned subsidiary of the Company, had received a summons dated 19 July 2021 (the "**Summons**") despatched by the lawyers representing the liquidator of Asia Real Estate Prime Development Fund (Société d'Investissement à Capital Variable --- Fonds d'Investissement Spécialiste) ("**AREPDF**") relating to a claim for a sum of US$654,762 pursuant to an agreement dated 14 August 2007 and subsequent correspondence dated 15 April 2010 (the "**Matter**"). It is understood that the Summons has been submitted to the Luxembourg District Court, sitting on commercial matters, with a requested appearance by PSDS and a third party, Pacific Star Financial Pte. Ltd. (the "**Third Party**"), on 26 November 2021 before the aforementioned court. The claim is in connection with the refund of advisory fees in 2009 and 2010 relating to PSDS's previous business in real estate investment advisory over a decade ago. The relevant obligations in connection thereto had been assigned to the Third Party in 2009. PSDS intends to defend the claim and is currently in consultations with its Singapore and Luxembourg legal counsels on the merits of the claim.

A hearing was held on 26 November 2021 wherein the Luxembourg District Court noted that the Third Party had not been validly served and was not represented by a lawyer. Accordingly, the proceedings have to be reserved and the hearing in respect of the Matter has been rescheduled to 11 May 2022 as announced on 7 December 2021.

(d) On 24 August 2021, the Company announced that it had submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") for an application for a 1-month extension of time from 29 August 2021 to 30 September 2021 to announce the Company's unaudited financial results for the financial year ended 30 June 2021 (the "**Extension**").

On 7 September 2021, the Company announced that SGX RegCo has provided its no-objection letter to the Company's application for the Extension.

On 30 September 2021, the Company announced the unaudited financial results for the financial year ended 30 June 2021.

(e) On 19 September 2021, the Company announced that the Company has been informed that the PSDH Loans (Note 23) have been assigned in full by PSDH to (i) CH Biovest Pte. Limited ("**CH Biovest**") and (ii) DB2 Investment Pte. Ltd. ("**DB2**") via a Deed of Assignment with effect from 30 April 2021 (the "**Deed of Assignment**"). The effects of the Deed of Assignment are as follow:

(i) CH Biovest, a controlling shareholder of the Company holding 35.52% of the shares in the share capital of Company, shall be assigned 76.63% of PSDH's rights, title, interest and benefits in and to PSDH Loans to the Group (and all other interest and benefits accruing under the PSDH Loans after 30 April 2021) with effect from 30 April 2021, free of all encumbrances; and

(ii) DB2 shall be assigned 23.37% of PSDH's rights, title, interest and benefits in and to the PSDH Loans to the Group (and all other interest and benefits accruing under the PSDH Loans after 30 April 2021) with effect from 30 April 2021, free of all encumbrances. DB2 has no shareholding in the Company, and is not related to any director, controlling shareholder and/or their respective associates.

Accordingly, the sums owing by the Group to PSDH pursuant to the PSDH Loans shall be assigned to CH Biovest and DB2 in accordance with the abovementioned proportions (the "**Assignment**").

Subsequent to the Assignment, the amount due to CH Biovest and DB2 shall continue to be subordinated to the Loan Facility pursuant to certain accession agreements entered into by CH Biovest and DB2.

(f) On 6 October 2021, the Company announced that the Lenders have issued a letter to TPG, a wholly owned subsidiary of the Group, where they agreed to capitalise the cash interest amounting to $1,756,259.54 for quarter ended 30 September 2021 (the "**Cash Interest for 1QFY2022**") (the "**1QFY2022 Capitalisation of Interest**"). Pursuant to the 1QFY2022 Capitalisation of Interest, the Cash Interest for 1QFY2022 would be added to the outstanding principal amount under the Loan Facility and will subsequently be treated for all purposes of the Loan Facility as part of the principal amount of the Loan Facility and accrue interest and be repayable in accordance with the Loan Facility. Consequently, the Cash Interest for 1QFY2022 need not be paid in cash.

34. Subsequent events (cont'd)

(g) On 14 October 2021, the Company announced that in connection with the Additional Financing to be provided to PDD, it is necessary for the Group to restructure the Loan Facility. Hence, in relation to the Original FA, TPG and the parties to the Original FA have agreed to further amend and restate the Original FA, These amendments and restatements have been documented by way an amendment and restatement agreement dated 1 October 2021 (the "**Amendment**") (the Original FA as amended and restated by the Amendment, referred to herein as the "**Amended FA**").

The Amended FA, amongst others:

- puts into effect relevant amendments to the Original FA to facilitate PDD's entry into the Additional Financing;

- amended the Loan Facility maturity date (being 28 December 2020) to 5 October 2023, or if earlier, coterminous with the maturity date of PDD's Facility A; and

- upon the date of taking effect of the Amended FA (subject to the satisfaction of conditions precedent customary of a transaction of this nature) (the "**Amendment Effective Date**"), the Lenders waive each and every default in respect of the Original FA which has occurred prior to the Amendment Effective Date.

As an update to the above, the condition precedents relating to the Amended FA and the Additional Financing were satisfied and the Amendment Effective Date has been determined to be 29 October 2021.

(h) On 15 October 2021, the Company announced that it had submitted an application to the SGX RegCo for an application for the following extensions of time:

(i) 2-month, from 31 October 2021 to 31 December 2021, for the Company to hold its Annual General Meeting (the "**AGM**") for FY2021;

(ii) 2-month, from 30 November 2021 to 31 January 2022, for the Company to submit its sustainability report; and

(iii) 1-month, from 24 November 2021 to 24 December 2021, for the Company to submit its Resumption of Trading Proposal (collectively referred to herein as the "**Waivers**").

The Company also announced that it was concurrently requesting for an extension of time with the Accounting and Corporate Regulatory Authority ("**ACRA**") for holding of its AGM and submission of its annual return pursuant to Sections 175 and 197 of the Companies Act (Chapter 50) of Singapore respectively.

On 28 October 2021, the Company announced that ACRA had on 27 October 2021 allowed the extension sought, and thereby prescribed a deadline of 31 December 2021 for the Company to hold its AGM and a new deadline of 31 January 2022 for the Company to file its annual return.

On 18 November 2021, the Company was informed that the SGX-ST has no objection to the Waivers.

35. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 16 December 2021.

STATISTICS OF SHAREHOLDINGS

As at 3 December 2021

Class of equity securities	:	Ordinary Shares
Number of issued shares	:	502,336,278
Number of issued shares excluding treasury shares and subsidiary holdings	:	499,660,878
Voting rights	:	One vote per share

Treasury shares and subsidiary holdings

Number of treasury shares	:	2,675,400
Number of subsidiary holdings	:	Nil
Percentage of treasury shares against the total number of issued shares	:	0.54%

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares (excluding treasury shares and subsidiary holdings)	%
1 - 99	10,059	72.14	218,001	0.04
100 - 1,000	2,278	16.34	723,111	0.14
1,001 - 10,000	1,255	9.00	3,976,309	0.80
10,001 - 1,000,000	338	2.43	19,127,307	3.83
1,000,001 and above	13	0.09	475,616,150	95.19
Total:	**13,943**	**100.00**	**499,660,878**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	CH BIOVEST PTE LIMITED	177,454,800	35.52
2.	GLAXIER CITY LIMITED	105,035,550	21.02
3.	DOUBLE BLESSING HOLDINGS LIMITED	64,535,550	12.92
4.	UOB KAY HIAN PTE LTD	36,286,176	7.26
5.	UNITED OVERSEAS BANK NOMINEES PTE LTD	27,356,071	5.48
6.	HO LEE GROUP PTE LTD	24,000,000	4.80
7.	KOH BROTHERS DEVELOPMENT PTE LTD	11,250,000	2.25
8.	OCBC SECURITIES PRIVATE LTD	11,033,755	2.21
9.	MARQUE EQUITIES PTE LTD	8,164,500	1.63
10.	DBS NOMINEES PTE LTD	4,348,146	0.87
11.	CHIU DENNIS	3,750,000	0.75
12.	XU YONGSHENG	1,215,210	0.24
13.	RAFFLES NOMINEES (PTE) LIMITED	1,186,392	0.24
14.	MAYBANK KIM ENG SECURITES PTE LTD	899,131	0.18
15.	LEE SOK WANG	757,048	0.15
16.	LOW CHEONG YEW	710,000	0.14
17.	KONG CHEE HOH	705,000	0.14
18.	TAN WANG CHEOW	600,000	0.12
19.	WONG THEN SIN	557,194	0.11
20.	OW KOK WAH (OU GUOHUA)	534,300	0.11
	Total:	**480,378,823**	**96.14**

STATISTICS OF SHAREHOLDINGS

As at 3 December 2021

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
CH Biovest Pte. Limited	177,454,800	35.52	–	–
Chuan Hup Holdings Limited[(a)]	–	–	177,454,800	35.52
Kai Xin Guo Pte Ltd (formerly known as 3P Pte Ltd)[(b)]	–	–	177,454,800	35.52
Peh Siong Woon Terence[(c)]	–	–	177,454,800	35.52
Peh Kwee Chim[(d)]	–	–	177,454,800	35.52
Qing Shan Pte Ltd[(b)]	–	–	177,454,800	35.52
Zedra Trust Company (Singapore) Limited[(b)]	–	–	177,454,800	35.52
Sapphire Skye Holdings Limited[(b)]	–	–	177,454,800	35.52
Sapphire Alpha Holdings Limited[(e)]	–	–	177,454,800	35.52
Chan Fook Kheong[(f)]	–	–	169,571,100	33.94
Glaxier City Limited[(f)]	105,035,550	21.02	–	–
Global Century Ltd[(f)]	–	–	105,035,550	21.02
Fidelitycorp Limited[(f)]	–	–	105,035,550	21.02
Double Blessing Holdings Limited[(f)]	64,535,550	12.92	–	–

Notes:

(a) Chuan Hup Holdings Limited ("**Chuan Hup**") is the sole shareholder of CH Biovest Pte. Limited ("**CH Biovest**"). Accordingly, Chuan Hup is deemed to be interested in the shares of the Company held by CH Biovest.

(b) Kai Xin Guo Pte Ltd is the owner of 51.69% of the issued and paid up share capital of Chuan Hup. Kai Xin Guo Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd, which is in turn entirely held by Zedra Trust Company (Singapore) Limited as trustee of a trust constituted by Peh Kwee Chim (the "**Trust**"). The entire shareholding of Qing Shan is held by Sapphire Skye Holdings Limited, a nominee shareholder of Zedra, on behalf of Zedra as trustee of the Trust. Therefore, Kai Xin Guo Pte Ltd, Qing Shan Pte Ltd and Zedra Trust Company (Singapore) Limited and Sapphire Skye Holdings Limited are each deemed to be interested in the shareholding interest of Chuan Hup in the Company, held by Chuan Hup through its wholly-owned subsidiary, CH Biovest.

(c) Peh Siong Woon Terence is a director of Kai Xin Guo Pte Ltd and is also the beneficiary of the Trust, and is therefore deemed to be interested in the shareholding interest of Chuan Hup in the Company, held through its wholly-owned subsidiary, CH Biovest.

(d) Peh Kwee Chim is a director of Kai Xin Guo Pte Ltd and is also the settlor of the Trust, and is therefore deemed to be interested in the shareholding interest of Chuan Hup in the Company.

(e) Sapphire Alpha Holdings Limited, the nominee corporate shareholder of Zedra Trust Company (Singapore) Limited and sole director of Qing Shan Pte Ltd, manages, controls the operations of and determines the policy with respect to Qing Shan Pte Ltd.

(f) Chan Fook Kheong ("**Mr Chan**") is the registered owner of 20.0% of the issued and paid-up share capital of Glaxier City Limited. Global Century Ltd holds 80.0% of the issued and paid-up share capital of Glaxier City Limited. The entire issued and paid-up capital of Global Century Ltd is held by Fidelitycorp Limited as trustee of a discretionary trust. Therefore, Global Century Ltd and Fidelitycorp Limited are deemed to be interested in the shares of the Company held by Glaxier City Limited. Mr Chan is also the registered sole shareholder of Double Blessing Holdings Limited. Accordingly, Mr Chan is deemed to be interested in the shares of the Company held by Glaxier City Limited and Double Blessing Holdings Limited. Pursuant to a court order, Mr Chan was adjudged a bankrupt on 19 March 2020, and accordingly a private trustee, Yit Chee Wah (the "**Trustee**"), has been appointed to administer Mr Chan's estate in bankruptcy. As at the date of this report, the Trustee has obtained effective control of Double Blessing Holdings Limited. The Trustee is in the process of obtaining control of Glaxier City Limited. This process is ongoing and has not yet been concluded.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 3 December 2021, 30.54% of the Company's total number of issued shares is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or the "**Meeting**") of Pacific Star Development Limited (the "**Company**") will be convened and held by way of electronic means on Friday, 31 December 2021, at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 of the Constitution of the Company:

   Mr Leow Chin Boon **(Resolution 2)**

   Mr Yeong Wai Cheong **(Resolution 3)**

   *Mr Leow Chin Boon will, upon re-election as a Director of the Company, remain as the Lead Independent Director, the Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee, and will be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

   Mr Yeong Wai Cheong will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee, and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.

3. To approve the payment of Directors' fees of $120,000 for the financial year ended 30 June 2021 (2020: $125,239). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at the AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

6. **Authority to allot and issue new shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore ("**Companies Act**") and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with (a) and (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 6)**

By Order of the Board

Lau Yan Wai
Secretary
Singapore, 16 December 2021

Explanatory Note:

(i) The Ordinary Resolution 6 in paragraph 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution 6 is passed after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution 6 is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members of the Company (the "**Members**"). Instead, this Notice of AGM will be sent to Members by electronic means via publication on the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html. This Notice of AGM will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions in advance in relation to any resolutions set out in this Notice prior to the AGM; (iii) addressing of substantial and relevant questions prior to the AGM (as the Company will address such questions, if any, by 5.00 p.m. on 30 December 2021); and (iv) voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 16 December 2021. This announcement may be accessed at the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html, and will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

3. **To minimise physical interactions and COVID-19 transmission risks, a Member will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the Meeting.** The accompanying proxy form for the AGM may be accessed at the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html, and will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

   Where a Member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which; the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Central Provident Fund ("**CPF**") or Supplemental Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 21 December 2021.

4. The Chairman of the Meeting, as proxy, need not be a Member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544; or

   (b) if submitted electronically, be sent via email to the Company, at main@zicoholdings.com,

   in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

   A Member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe management measures which may make it difficult for Members to submit completed proxy forms by post, Members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Company's Annual Report for the financial year ended 30 June 2021 may be accessed at the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html and will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

Personal data privacy:

By submitting (a) the Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM of the Company and/or any adjournment thereof, or (b) details for the registration to observe the proceedings of the AGM via "live" audio-visual webcast or "live" audio-only stream, or (c) questions in advance in relation to any resolution set out in the Notice of AGM, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to Members (or their corporate representatives in the case of Members which are legal entities) to observe and/or listen the proceedings of the AGM via "live" audio-visual webcast or "live" audio-only stream and providing them with any technical assistance where necessary;

(iii) addressing all substantial and relevant questions received from Members relating to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM prior to the AGM and if necessary, following up with the relevant Members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a Member may be recorded by the Company (or its agents or service providers) for such purposes.

IMPORTANT NOTICE FOR ALTERNATIVE ARRANGEMENT FOR ANNUAL GENERAL MEETING

1. The Annual General Meeting ("**AGM**" or the "**Meeting**") of Pacific Star Development Limited (the "**Company**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 16 December 2021 will not be sent to Members of the Company (the "**Members**"). Instead, the Notice of AGM will be sent to Members by electronic means via publication on the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html. The Notice of AGM will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions in advance in relation to any resolution set out in the Notice of AGM; (iii) addressing of substantial and relevant questions prior to the AGM (as the Company will address such questions, if any, by 5.00 p.m. on 30 December 2021); and (iv) voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 16 December 2021. This announcement may be accessed at the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html, and will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.
3. **To minimise physical interactions and COVID-19 transmission risks, a Member will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the AGM.**
4. Central Provident Fund ("**CPF**") or Supplemental Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 21 December 2021.
5. By submitting this proxy form appointing the Chairman of the Meeting as proxy, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 December 2021.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a Member's proxy to vote on his/her/its behalf at the AGM.

PACIFIC STAR DEVELOPMENT LIMITED

(Company Registration No. 198203779D)
(Incorporated in the Republic of Singapore)

PROXY FORM
Annual General Meeting

*I/We, ______________________________ (Name)

______________________________ (NRIC/Passport/Company Registration Number)

of ______________________________ (Address)

being a Member/Members of the Company, hereby appoint the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf, at the AGM of the Company to be convened and held by way of electronic means on Friday, 31 December 2021, at 4.00 p.m. and at any adjournment thereof.

*Delete where inapplicable

No.	Resolutions relating to:	Number of Shares**		
		For**	**Against****	**Abstain****
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2021 together with the Auditors' Report			
2	Re-election of Mr Leow Chin Boon as a Director of the Company pursuant to Regulation 89 of the Constitution of the Company			
3	Re-election of Mr Yeong Wai Cheong as a Director of the Company pursuant to Regulation 89 of the Constitution of the Company			
4	Payment of Directors' Fees of S$120,000 for the financial year ended 30 June 2021 (2020: S$125,239).			
5	Re-appointment of Messrs Ernst & Young LLP as Auditors			
6	Authority to allot and issue new shares			

*** Note: Voting will be conducted by poll for all resolutions. If you wish the Chairman of the Meeting as your proxy to cast all your votes "**For**" or "**Against**" a resolution, please tick "✓" in the "**For**" or "**Against**" box provided in respect of that resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a tick "✓" in the "**Abstain**" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.***

Dated this ____________ day of December 2021

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: Please read notes on the reverse

Notes:

1. A Member of the Company should insert the total number of shares held. If the Member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member of the Company.

2. **To minimise the physical interactions and COVID-19 transmission risks, a Member will not be able to attend the AGM in person. A Member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such Member wishes to exercise his/her/its voting rights at the Meeting**. This proxy form may be accessed at the Company's corporate website at the URL https://pacificstar-dev.com/ir_announcements.html, and will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

   Where a Member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which; the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Tuesday, 21 December 2021.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Cap. 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Cap. 289 and who holds shares in that capacity; or

   (c) the CPF Board established by the CPF Act, Cap. 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. The Chairman of the Meeting, as proxy, need not be a Member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544; or

   (b) if submitted electronically, be submitted via email to the Company, at main@zicoholdings.com,

   in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

   A Member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe management measures which may make it difficult for Members to submit completed proxy forms by post, Members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing or treated as appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing the Chairman of the Meeting as proxy lodged if such Members, being the appointer, are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the AGM of the Company and/or any adjournment thereof, the Member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 December 2021.

PACIFIC STAR DEVELOPMENT LIMITED

PACIFIC STAR DEVELOPMENT LIMITED
www.pacificstar-dev.com

Vision Exchange, 2 Venture Drive
#19-15/17, Singapore 608526
T (65) 6411 0688