

# PACIFIC STAR DEVELOPMENT LIMITED

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

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## S\$70 MILLION LOAN FACILITY AGREEMENT

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### 1. INTRODUCTION

- 1.1. The Board of Directors (the "**Board**") of Pacific Star Development Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's subsidiary, Twin Prosperity Group Ltd. (the "**Borrower**") has entered into a loan facility agreement (the "**FA**") with OL Master (Singapore Fund 1) Pte Limited, Orchard Landmark II (Singapore Fund 1) Pte Limited, and OCP Asia Fund III (SF 1) Pte Limited (hereafter collectively referred to as the "**Lenders**" and each a "**Lender**") for a loan facility in respect of an aggregate of S\$70,000,000 (the "**Loan**").
- 1.2. The Borrower is currently a joint venture between PSD Singapore Pte Ltd ("**PSDS**"), a wholly-owned subsidiary of the Company, and a joint venture partner known as Max Treasure Co., Ltd ("**Max Treasure**"). Further to the announcement made on this date titled "Share Repurchase of 49% Shareholding in the Issued and Paid-up Share Capital of Twin Prosperity Group Ltd from Max Treasure Co., Ltd" (the "**Share Repurchase Announcement**", and the transaction contemplated therein the "**Share Repurchase Transaction**"), the Borrower shall become a wholly-owned subsidiary of PSDS upon completion of the transaction set out therein.
- 1.3. The Lenders are funds which carry out secured direct lending investments. They are managed by OCP Asia (Singapore) Pte. Limited (the "**Fund Manager**") and its affiliates. The Fund Manager is an institutional investor in the Asia-Pacific region and manages private investment funds.

### 2. SALIENT TERMS OF THE LOAN

- 2.1. The principal terms of the FA are summarised as follows:

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|-------|---|---|--|
| (i)   | Principal Amount                            | : | S\$70,000,000  |
| (ii)  | Interest                                    | : | Cash Interest Rate: 7.5% per annum on an aggregate basis. The interest will be payable in arrears at the end of every 3 months commencing from the date the Loan was made.<br><br>Payment-in-kind (PIK) Interest Rate: 5.0% per annum compounded at the end of every 3 months and capitalised to the outstanding principal amount. |
| (iii) | Maturity Date                               | : | 24 months  |
| (v)   | Shareholding / Change of Control Provisions | : | Upon the occurrence of a change of control, each of the Lenders is entitled by not less than 15 days' notice to the Borrower to cancel its portion of the Loan, whereupon the such portion of the Loan, together with  |

all outstanding amounts connected with such portion of the Loan (including but not limited to accrued interest) shall become immediately due and payable.

Under the FA:

(a) a “**change of control**” means Mr Glen Chan, the CEO and Managing Director of the Company, ceases to (i) hold (directly or indirectly) at least 30 per cent of the issued share capital of the Company or otherwise ceases to control the Company; or (ii) control the appointment of the senior management of the Group; and

(b) “**control**” means the power to (i) exercise all voting rights attaching to at least 30 per cent of the issued share capital of the Company; and (ii) give directions with respect to the operating and financial policies of the entity in which that issued share capital is held.

- (vi) Security : The Loan is secured by, among others, the following:
- (a) assignment of existing intra-company loans owed to the Group for the purpose of the Group's development projects;
  - (b) assignment of development management agreements relating to the property projects of the Group;
  - (c) debentures over the Borrower, PSDS, the Company and certain companies in the Group involved in the project Puteri Cove Residences (as defined below); and
  - (d) share charges over PSDS, the Borrower, certain companies in the Group involved in the project Puteri Cove Residences, and Minaret Holdings Limited. Further information regarding Minaret Holdings Limited is set out below in paragraph 2.4 of this announcement below.
- (vii) Profit Share : In connection with the Loan, the Company and the Lenders have agreed to a profit distribution arrangement with the Lenders effective upon the date of the FA, wherein a fixed sum of S\$3.5 million and a variable sum of 12.5% of the distributions to the Group from Puteri Cove Residences will be payable to the Lenders.

Pursuant to Rule 704(33) of the Catalist Rules and as described in paragraph 2.1(v) above, the aggregate amount of facilities which may be affected by such an event will be S\$70,000,000, being the principal amount outstanding under the Loan.

- 2.2. The “Puteri Cove Residences” refers to the property development project known as "Puteri Cove Residences and Quayside", a mixed-use property development comprising condominium units, serviced suites, SOHO and a lifestyle retail centre, located in Iskandar Puteri, Malaysia.
- 2.3. The Group has a 51% interest in Minaret Holdings Limited, a joint venture company of the Group. Minaret Holdings Limited is the holding company of Kanokkorn Pattana Co., Ltd, the

developer of The Posh Twelve. “The Posh Twelve” refers to the Group’s property development project, a mid-end freehold condominium development located at Tiwanon Road, Bangkok, Thailand.

### 3. RATIONALE FOR THE LOAN AND USE OF PROCEEDS

The rationale for obtaining the Loan and the use of proceed is as follows:

3.1. The Loan will be used for the following purposes:

- (i) payment of all transaction costs;
- (ii) payment of the Transaction Amounts (as defined in the Share Repurchase Announcement);
- (iii) retaining a debt service reserve amount with a custodian account;
- (iv) payment of certain monies owing to PSD Holdings Pte. Ltd. (“**PSDH**”, and such sums, the “**PSDH Sums**”);
- (v) funding the development of The Posh Twelve project of the Group; and
- (vi) working capital of the Group.

3.2. The PSDH Sums refer to certain amounts which are currently owing by the Company to PSDH pursuant to the consideration payable in respect of the acquisition by the Company of 100% of the issued and paid-up share capital of PSD Singapore Pte. Ltd. (formerly known as Pacific Star Development Pte. Ltd.) (the “**Reverse Takeover**”). Mr Glen Chan, the CEO and Managing Director of the Company, has a controlling interest in PSDH and as such, will abstain from voting on the directors’ resolutions to approve the entry into the Loan and all other ancillary documents.

### 4. FINANCIAL EFFECTS

The pro forma financial effects set out below have been prepared by taking into account both the Loan and the Share Repurchase Transaction as the funds required for the Transaction Amounts will be obtained through the Loan. The pro forma financial effects of the Loan on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the drawdown of the Loan.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the period beginning 1 January 2017 and ending 30 June 2018 (“**FY2018**”), being the end of the most recently completed financial year.

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

(a) Net tangible assets (NTA) per share

Had the drawdown of the Loan and the Share Repurchase Transaction been completed on 30 June 2018, they would have had the following financial effects on the Group’s NTA per share as at 30 June 2018:

	<b>Before the Loan</b>	<b>After the Loan and the Share Repurchase Transaction</b>

<b>NTA attributable to owners of the Company (S\$'000)</b>	22,711	38,801
<b>No. of shares</b>	499,660,878	499,660,878
<b>NTA per share (cents)</b>	4.55	7.77

(b) Earnings per share (EPS)

Had the drawdown of the Loan and the Share Repurchase Transaction been completed on 1 January 2017, they would have had the following financial effects on the Group's EPS for FY2018:

	<b>Before the Loan</b>	<b>After the Loan and the Share Repurchase Transaction</b>
<b>Profit from continuing operations attributable to owners of the Company (S\$'000)</b>	11,414	25,475
<b>Weighted average number of shares ('000)</b>	490,488	490,488
<b>EPS (cents)</b>	2.33	5.19

(c) Gearing of the Group

Had the drawdown of the Loan and the Share Repurchase Transaction been completed on 30 June 2018, they would have had the following financial effects on the Group's gearing as at 30 June 2018:

	<b>Before the Loan</b>	<b>After the Loan and the Share Repurchase Transaction</b>
<b>Net debt<sup>(1)</sup> (S\$'000)</b>	130,153	143,468
<b>Total equity (S\$'000)</b>	22,711	38,801
<b>Gearing ratio<sup>(2)</sup> (times)</b>	5.73	3.70

Notes:

- (1) Net debt means total liabilities less total provisions, current tax liabilities, deferred tax liabilities and cash and bank balances.
- (2) Gearing ratio is determined based on net debt divided by total equity.

## **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Except as set out in this announcement, none of the Directors and/or the controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in the Loan, save for the interest in PSDH and their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Company and the Group.

## **6. CAUTIONARY STATEMENT**

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

By Order of the Board

Glen Chan  
CEO and Managing Director  
24 December 2018

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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