PACIFIC STAR DEVELOPMENT LIMITED

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

S$30 MILLION LOAN FACILITY AGREEMENT

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 principal subsidiary, Pearl Discovery Development Sdn. Bhd. (the "**Borrower**") has on 1 October 2021 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 up to S$30,000,000 (the "**Loan**").

1.2. The Borrower is a wholly-owned subsidiary of the Company and is the development company of Puteri Cove Residences. Puteri Cove Residences is the Group's 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.

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 follow:

(i)	Principal Amount	:	S$15,000,000 with an increased commitment of another S$15,000,000, amounting to a total of up to S$30,000,000
(ii)	Interest	:	Payment-in-kind (PIK) interest rate: 12.5% per annum compounded at the end of every month and capitalised to the outstanding principal amount.
(iii)	Maturity Date	:	5 October 2023, or if earlier, coterminous with the maturity date of the Borrower's existing loan facility with United Overseas Bank (Malaysia) Bhd (the "**Bank**").
(iv)	Shareholding / Change of Control Provisions	:	Upon the occurrence of a change of control at the Company level, each of the Lenders is entitled by not less than 15 days' notice to the Borrower to cancel its portion of the Loan, whereupon 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 any person or group of persons acting in concert (other than any person who has such control as at the date of the FA) (i) holds (directly or indirectly) 30% or more of the issued shares or issued share capital (as applicable) of the Company (on a fully diluted basis) or otherwise gains control of the Company, (ii) gains control of the appointment of the senior management of the Group or (iii) gains control of the board of directors of the Company or any other member for the Group (excluding Pacific Star Development (Malaysia) Sdn. Bhd. (a dormant company earmarked for striking off), LH Aluminium Industries Pte. Ltd. (in liquidation) and Durabeau Industries Pte Ltd (in liquidation)); and

(b) "**control**" means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (i) exercise all voting rights attaching to that issued share capital or issued shares (as applicable) and (ii) give directions with respect to the operating and financial policies of the entity in which that issued share capital or issued shares (as applicable) is held, with which the management of such entity are obliged or accustomed to comply.

(v) Securities : The Loan is secured by, among others, the security arrangements set out below. Certain of these security arrangements shall rank behind that of the Bank.

(a) first-ranking charge and assignment of a disbursement account of the Borrower held with United Overseas Bank Limited;

(b) second-ranking charge and assignment of certain accounts of the Borrower held with the Bank;

(c) second-ranking debentures over all the assets of the Borrower and each individual unit comprised in PCR that have not been sold by the Borrower;

(d) second-ranking assignment of the rental and sale proceeds from PCR; and

(e) second-ranking charge over each individual unit comprised in PCR that has not been sold by the Borrower on creation thereof after issue of the strata titles for the units in PCR.

Pursuant to Rule 704(33) of the Catalist Rules and as described in paragraph 2.1(iv) above, the aggregate amount of facilities which may be affected by such an event will be S$30,000,000 (being the principal amount under the Loan) or the cumulative principal sum disbursed at that juncture and any interest capitalised and accrued till the date of occurrence of such an event.

3. RATIONALE FOR THE LOAN AND USE OF PROCEEDS

The rationale for obtaining the Loan is to provide for near term funding to the Borrower and the uses of proceeds, to be approved by the Lenders, are as follows:

(i) funding an interest servicing reserve account maintained by the Borrower with the Bank;

(ii) prepayment of a portion of the existing loan provided by the Bank;

(iii) payment of costs and expenses to the Borrower's main contractor, third-party contractors and professional parties in respect of Puteri Cove Residences;

(iv) payment by the Borrower to the Inland Revenue Board of Malaysia in relation to outstanding tax payments and penalties;

(v) payment of the Malaysian Goods and Services tax clawback and penalties to the Royal Malaysian Customs Department;

(vi) payment of other operating expenses, payables and financing the working capital of the Borrower;

(vii) repayment of funding provided by or outstanding to affiliates of the Lenders prior to the utilisation date of the Loan which were applied by the Borrower to fund operating expenses, payables and working capital requirements in the interim; and

(viii) payment of transactional costs relating to the Loan.

4. FINANCIAL EFFECTS

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 unaudited consolidated financial statements of the Group for the financial year ended 30 June 2021 ("**FY2021**"), 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 2021, and (ii) any issuance of new shares in the capital of the Company subsequent to 30 June 2021. The pro forma financial effects take into account the estimated costs and expenses in connection with the Loan of approximately S$700,000.

(a) Net tangible liabilities ("**NTL**") per share

Had the drawdown of the Loan been completed on 30 June 2021, it would have had the following financial effects on the Group's NTL per share as at 30 June 2021:

	Before the Loan	After the Loan
NTL attributable to owners of the Company (S$'000)	75,069	75,069
No. of shares, excluding treasury shares	499,660,878	499,660,878
NTL per share (Singapore cents)	15.02	15.02

(b) Earnings per share (EPS)

Had the full drawdown of the Loan been completed on 1 July 2020, it would have had the following financial effects on the Group's EPS for FY2021:

	Before the Loan	After the Loan
Loss for the financial year attributable to owners of the Company (S$'000)	(27,730)	(32,322)
Weighted average number of shares, excluding treasury shares	499,660,878	499,660,878
EPS (Singapore cents)	(5.55)	(6.47)

(c) Gearing of the Group

Had the full drawdown of the Loan been completed on 30 June 2021, it would have had the following financial effects on the Group's gearing as at 30 June 2021:

	Before the Loan	After the Loan
Net debt [(1)] (S$'000)	203,848	203,848
Total capital deficiency (S$'000)	75,069	75,069
Gearing ratio [(2)] (times)	2.7	2.7

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

None of the Directors and/or the controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Loan, save for their interests by virtue of their shareholdings (if any) 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 stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

ON BEHALF OF THE BOARD

Ying Wei Hsien
Executive Chairman
14 October 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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