PACIFIC STAR
DEVELOPMENT LIMITED

ANNUAL REPORT 2020

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 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 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 2020 (**"FY2020"**).

RECAP OF THE CHALLENGES FOR FY2020

FY2020 was a year filled with unprecedented challenges on the Group's operations arising from the downturn in the global economy. Despite all these challenges and the auditor's disclaimer of opinion on going concern for the Group's financial statements for the financial year ended 30 June 2019, the Group was able to ride out the challenges in FY2020.

On the operational front, the glut of completed residential property projects in Iskandar Puteri and Johor Bahru (Malaysia) created a large oversupply which in turn continued to exert downward pressure on the average selling price of our Puteri Cove Residences (**"PCR"**) project and the number of units sold. This resulted in cash flow strains which slowed down the completion of Tower 3 of PCR.

On the macroeconomic front, the COVID-19 pandemic resulted in an unprecedented tandem of economic shocks and extensive travel disruptions, causing lockdowns in Malaysia, Singapore and all major economies. Unemployment rates have spiked significantly, economic growth turned negative and the spectre of general uncertainties has significantly increased from the perspective of potential buyers. As at the date of this Annual Report, the risk of resurgence of COVID-19 has not subsided for many economies. In fact, we have witnessed dreaded subsequent waves of increased COVID-19 cases in Malaysia, which resulted in a halt on interstate travel. Realistically, it seems increasingly likely that until an effective vaccine is made available worldwide, COVID-19 will continue to be a threat to the global population and global economy. Most companies, including PSDL, will be going through a harsh economic winter.

In addition, as a result of the COVID-19 pandemic, hotel occupancy rates in the Puteri Harbour area have also been severely affected. We have thus delayed the launch of Pan Pacific Serviced Suites Puteri Harbour and we will review the launch date in the second half of 2021.

On 22 June 2020, Minaret Holdings Limited (**"Minaret"**), the Group's joint venture company, submitted a bankruptcy petition against Kanokkorn Pattana Co., Ltd. (**"KNK"**) (the "**KNK Bankruptcy"**). KNK is the developer of a condominium development located in Bangkok, Thailand, known as "The Posh Twelve" (**"P12"**). This was not an easy decision but one which was required in order for the Group's long-term viability since the joint venture partner of the P12 project was not in a position to inject further funds into KNK to complete the construction of P12 and the Group had to avoid allocating the already-stretched financial resources across PCR and P12 if both projects were to continue.

On 16 September 2020, Minaret entered into a legally binding share sale and purchase agreement with a purchaser (the **"SPA"**) to (i) dispose Minaret's shareholding (together with that of Minaret's fellow shareholders who hold shares directly and indirectly) in the entirety of the share capital of KNK, and (ii) assign Minaret's entire shareholders' loans (including interest) to the purchaser for an aggregate consideration of THB 900 million or approximately S$39.33 million (the "**Transaction"**). If the purchaser proceeds with the Transaction, as provided for in the SPA, part of the proceeds of approximately S$10.80 million is scheduled for receipt in the financial year ending 30 June 2021. A substantial portion of the projected receipt of proceeds will be applied to the partial settlement of the Group's S$70 million loan (the **"Loan",** as announced on 24 December 2018) which will reduce the Group's interest burden. However, should the purchaser decide not to complete the Transaction, and in the absence of alternative buyers for KNK, Minaret would have to continue with the KNK Bankruptcy and the recovery, if any, of the Group's investments (including loans) to KNK will be uncertain.

CHAIRMAN'S STATEMENT

In the face of these immense challenges, the Group has thus far obtained continued support from the group of lenders that provided the Group with the Loan (the **"Lenders"**) in the form of interest capitalisation as well as a six-month moratorium on principal repayment from a bank (the **"Bank"**) which provided a loan and overdraft facility (the **"Facility A"**) to Pearl Discovery Development Sdn. Bhd. (**"PDD"**), a subsidiary of the Company and the developer of PCR.

In addition, with the support from the contractors involved in the development of PCR, PDD was able to enter into various schedules of payment with these contractors. This allowed for an orderly settlement of outstanding payments to these contractors which takes into consideration the cash flow needs of both PDD and these contractors. Against the backdrop of the COVID-19 pandemic, all stakeholders are increasingly aware of a need for a mutually beneficial arrangement for both PDD and its stakeholders by granting indulgence to PDD to monetise the unsold PCR units in an orderly manner. PDD continues to work on constructive solutions with its various stakeholders.

THE MARCH FORWARD

In face of the challenges as described earlier, the priority for the coming financial year is to ensure the survival of the Group. The Group will continue its efforts to market and sell the remaining unsold units in PCR in an orderly manner and achieving the most optimal sales price by following up closely on existing leads and aggressively exploring new leads relating to bulk sales and en-bloc sale. In the interim, until a significant proportion of available PCR units are sold, the Group will continue to work closely with the Lenders and the Bank in an endeavour to conclude the tripartite discussions on the proposed additional financing from the Lenders as well as restructuring of the Loan and the Facility A.

The Group will continue to solicit continued support from PCR's contractors to ensure orderly settlements of the amounts owing to them as well as the completion of PCR Tower 3.

It will not be an easy path forward. Difficult decisions will likely have to be made. With the input from the Company's Board of Directors, together with my senior management team as well as professionals who are engaged by the Company, we will face these headwinds with utmost effort and plot the path forward with the interests of all our shareholders foremost in mind.

A NOTE OF APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to all our shareholders, staff, the Lenders, the Bank, contractors and service providers for their continued support.

YING WEI HSEIN
Executive Chairman

KUU Kopitiam

INCOME STATEMENT

REVENUE AND GROSS LOSS

The Group's revenue for the financial year ended 30 June 2020 (**"FY2020"**) increased by $1.24 million from $4.52 million for the financial year ended 30 June 2019 (**"FY2019"**) to $5.76 million for FY2020. This was largely attributable to the reduction in sales reversal for Puteri Cove Residences (**"PCR"**) units sold during FY2020 as compared to FY2019 which was partially offset by a reduction in the average selling price of PCR units.

During FY2020, due to the expected commercial resolution of the final account relating to a contractor, a revision in the estimate of development properties costs amounting to $4.69 million was recorded for PCR units sold prior to FY2020.

The Group's cost of sales increased by $2.68 million from $2.26 million in FY2019 to $4.94 million in FY2020. This was largely attributable to the higher commissions relating to units sold, a $0.19 million impact arising from the revision in estimate of development properties costs due to the expected commercial resolution discussed in the preceding paragraph and prior period adjustments on development properties as discussed in Note 39(a) of the financial statements.

The Group recorded a gross loss of $3.87 million in FY2020 as compared to a gross profit of $2.26 million in FY2019. The reduction in gross profit was largely attributable to the reduction of average selling prices of PCR units and the revision in estimate of development properties costs amounting to $4.69 million for PCR units sold prior to FY2020.

OTHER OPERATING INCOME

Other operating income increased by $3.47 million from $0.90 million in FY2019 to $4.37 million in FY2020. This increase was largely attributable to a $2.22 million of deemed waiver of loan from a related party (see Note 28 of the financial statements), a $0.66 million increase in interest income from joint venture and a $0.21 million increase in forfeiture income relating to cancelled sale and purchase agreements for the purchase of PCR units.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by $2.13 million from $8.49 million in FY2019 to $6.36 million in FY2020. This reduction was largely attributable to a $0.73 million reduction in foreign exchange losses, a $0.58 million reduction in legal and professional costs and a $0.83 million reduction in payroll related costs due to trimming of headcount which took place in the course of FY2020.

OTHER EXPENSES

Other expenses increased by $6.84 million from $4.16 million in FY2019 to $11.00 million in FY2020. The increase was largely attributable to a $9.26 million increase in write-down of the carrying value of unsold PCR units, a $0.29 million increase in adjudication costs and related expenses and a $0.23 million of Goods and Services Tax written off, which was partially offset by a $3.00 million reduction of penalties and fines.

FINANCE COSTS

Finance costs increased by $8.64 million from $11.71 million in FY2019 to $20.35 million in FY2020. This was largely due to an $8.32 million increase of financing costs incurred in relation to the $70 million facility (the **"Loan Facility"**) as a result of further draw down and capitalisation of interest during FY2020 as well as the full year expenses for the Loan Facility in FY2020 (the loan was only obtained in December 2018) and a $0.38 million increase in financing costs relating to the banking facility from UOB Malaysia (the **"Facility A"**) due to further draw down during FY2020.

SHARE OF RESULTS OF JOINT VENTURE AND ASSOCIATE

The share of losses of joint venture and associate increased by $18.94 million from $0.91 million in FY2019 to $19.85 million in FY2020. This increase 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. Please refer to Note 30 of the financial statements for more details.

NET LOSS FOR FY2020

The Group recorded an increase in net loss of $32.57 million from $24.64 million in FY2019 to $57.21 million in FY2020. The $32.57 million increase in net loss was largely attributable to a $18.94 million increase in share of losses of joint venture and associate, a $6.84 million increase in other expenses, a $8.64 million increase in finance costs, a $6.13 million increase in gross loss which was partially offset by a $3.47 million increase in other income, a $2.13 million decrease in administrative expenses, a $1.83 million reduction in income tax expense and a $0.52 million reduction of losses from the Group's discontinued Aluminium Division.

OPERATIONS & FINANCIAL REVIEW

BALANCE SHEET

ASSETS

Total assets decreased by $28.88 million from $176.85 million as at 30 June 2019 to $147.97 million as at 30 June 2020, mainly due to a $29.63 million decrease in current assets which was partially offset by a $0.75 million increase in non-current assets.

The current assets of the Group decreased by $29.63 million from $176.80 million as at 30 June 2019 to $147.17 million as at 30 June 2020. This decrease was due largely to:

- a $19.75 million reduction in other receivables and other current assets due largely to a reclassification of amount due from joint venture and associate against the carrying value of joint venture and associate due to the bankruptcy proceedings against KNK;
- a $7.72 million reduction of trade receivables due to routine collections;
- a $0.46 million decrease in fixed deposits pledged, cash at bank and restricted cash due to net outflow of cash to fund the Group's operations; and
- a $2.71 million reduction in the carrying value of development properties which represented the net effect of transfer to cost of sales for PCR units sold, and write-down of the carrying value of development properties which was partially offset by increase in costs capitalised.

LIABILITIES

The Group's current liabilities increased by $97.51 million from $56.03 million as at 30 June 2019 to $153.54 million as at 30 June 2020. This increase was largely attributable to:

- a $91.67 million increase in loans and borrowings as a result of the reclassification of the Loan Facility and part of the Facility A from non-current liabilities to current liabilities as well as increase in draw down of loans from both the Loan Facility and the Facility A;
- a $9.90 million increase in trade payables which was largely attributable to the accrual of costs relating to the construction of PCR;
- a $0.25 million increase in lease liabilities as a result of the adoption of the new accounting standard relating to leases; and
- partially offset by a $3.53 million reduction in the carrying value of joint venture and associate, a $0.40 million reduction in other payables as well as a $0.49 million reduction in income tax payables due to routine repayment.

The Group's non-current liabilities decreased by $69.51 million from $111.12 million as at 30 June 2019 to $41.61 million as at 30 June 2020. This decrease was largely due to $68.47 million reclassifications of loans and borrowings, a $1.50 million reduction in penalties payables due to reclassification from non-current other payables to current other payables, which was partially offset by a $0.21 million increase in lease liabilities as a result of the adoption of new accounting standard on leases and a $0.25 million increase in trade payables relating to retention sums on contracts with contractors of PCR.

CASH FLOW STATEMENT

Net cash used in operating activities amounted to $7.28 million where $2.53 million of cash flow used by operations was largely attributable to the losses before tax incurred by the Group. This was coupled with the payment of finance costs amounting to $4.43 million, income tax paid amounting to $0.49 million and $0.18 million of interest income received resulting in the total cash used in operating activities amounted to $7.28 million.

The Group's net cash from financing activities amounted to $8.67 million of which $8.08 million and $2.50 million were obtained from the Loan Facility and the Facility A respectively and the release of $0.1 million of fixed deposits pledged. This was partially offset by a $1.76 million increase in restricted cash in form of increase in debt reserve service account relating to the Facility A and $0.25 million of routine repayment of lease liabilities.

BOARD OF DIRECTORS

MR LESLIE YING WEI HSEIN
Executive Chairman

MR YING is the Executive Chairman of the Company and oversees the Group's operations with effect from 1 July 2020. During the financial year ended 30 June 2020, Mr Ying oversaw the Group's finance, human resource and legal functions. Mr Ying has 23 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 ("**CFO**") 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 YEONG WAI CHEONG
Independent Director

MR YEONG serves as the 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 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 is currently the group CFO of I-Serve Technology Limited. 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 LIM HOON TONG
Independent Director

MR LIM serves as the 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
Head of Legal and Vice President

MR CHUA is the Head of Legal and Vice President at PSDL. He acts as the Group's general counsel and oversees the Group's legal matters. In addition, Mr Chua carries out business development and works on the Group's various technology initiatives. Mr Chua has over 8 years' 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
Assistant Vice President, Finance

MS ONG is the Assistant 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 8 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.

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

PORTFOLIO

RESIDENCES

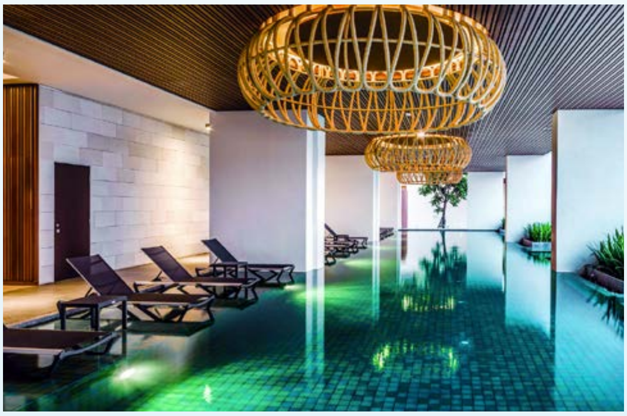
Puteri Cove Residences

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.

Level 3A | Maldives-Inspired Tropical Resort Facilities

Level 3A | Maldives-Inspired Tropical Resort Facilities



Level 17 | Sky Jacuzzi and Lap Pool – Relax under the Sky with Blissful Tranquillity and Breathtaking Marina View

Level 3A | Basketball Court

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.

KUU Kopitiam

KUU Kopitiam by Tea Garden is a restaurant located on the ground floor of Puteri Cove Quayside. It focuses on Nanyang food and beverages, not only in preserving the origin of these delicacies, but also in promoting traditional Nanyang dishes to the public and passing down this unique heritage to our future generations.

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.

78 units of studio suites

Luxurious Lobby

SERVICED SUITES

Pan Pacific Serviced Suites Puteri Harbour

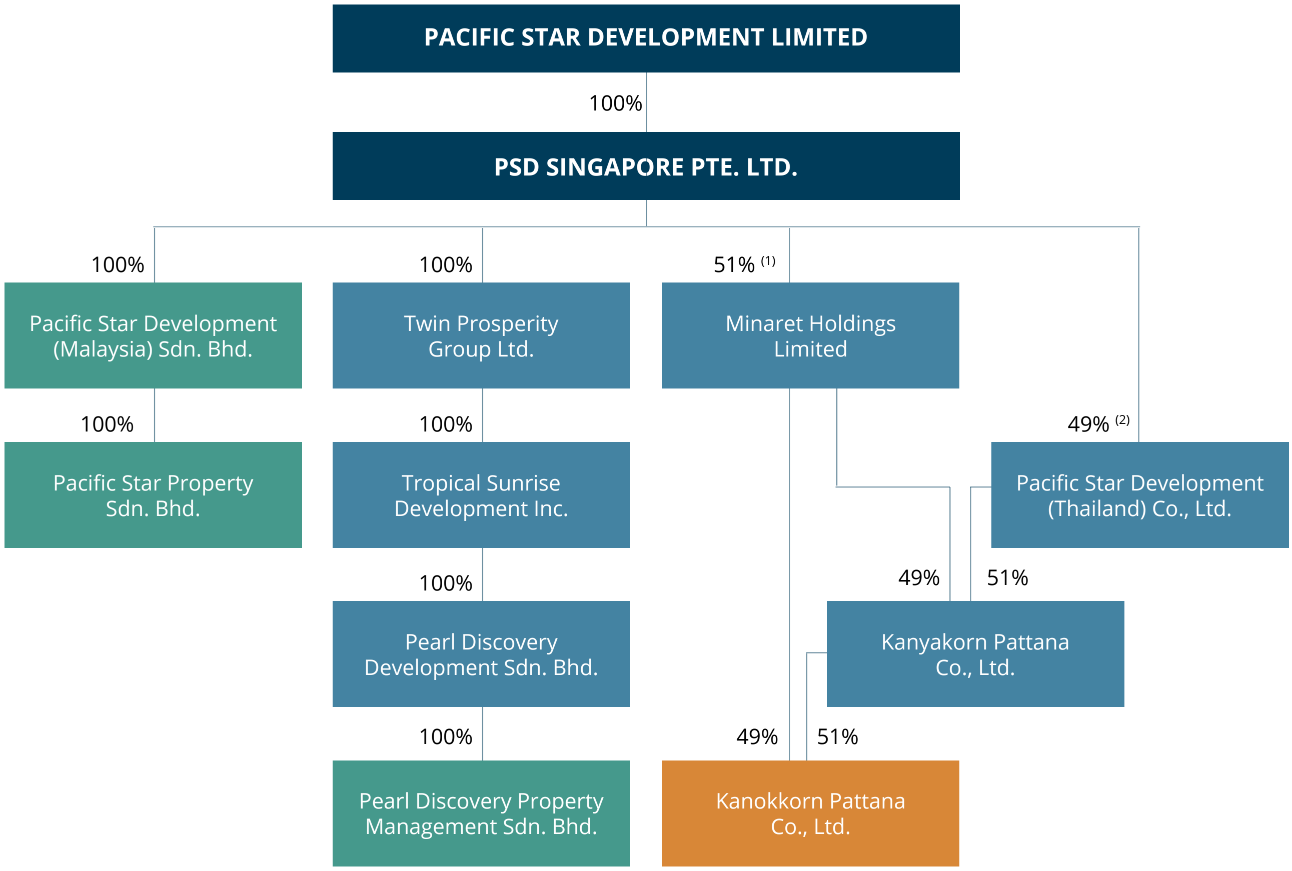
Located in Tower 3 of Puteri Cove Residences, Pan Pacific Serviced Suites Puteri Harbour will be one of the highest quality hospitality offerings in the Iskandar region. Pan Pacific Serviced Suites Puteri Harbour offers 205 smartly-furnished studios, one- and two-bedroom suites. The sizable suites integrate 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.

CORPORATE STRUCTURE

As at 30 June 2020



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

	Entity subjected to bankruptcy petitions as at the date of this Annual Report.
	Entities 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.

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: Mr Ken Ong
(Date of Appointment: Since start of financial year ended 30 June 2020)

COMPANY SECRETARY

Mr Kennedy Chen
(Date of Appointment: 1 August 2019)

SPONSOR

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

The Board of Directors (the "**Board**") is committed to ensure that a high standard of corporate governance is practised throughout Pacific Star Development Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This report describes the Group's corporate governance practices and structures that were in place during the financial year from 1 July 2019 to 30 June 2020 ("**FY2020**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and, where applicable, 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 FY2020, the Group has adhered to the principles and provisions as set out in the Code and the Catalist Rules. Where applicable, it has specified and explained the areas and reasons for any deviations from the Code.

Sustainability Reporting

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. The Company has complied with Rule 711A of the Catalist Rules and had issued its sustainability report for FY2020 on 30 November 2020.

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.

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:

- 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;
- 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;
- Evaluate the adequacy of the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems;
- Approve the nomination of Board members and the appointment of key management personnel (the "**Management**");
- Review Management's performance;
- Identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- Set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulations;
- Approve the Group's annual budget, financial results announcements, announcements, major investments, divestments and funding decisions; and
- 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.

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 Company's directors (the "**Directors**") in the performance of their duties. The Company has established a Code of Business Ethics Policy as well as 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.

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 "**Committees**"). Information on each of the Committees is set out below. These Committees function within clearly defined terms of reference which are reviewed on a regular basis. The Board accepts that while these 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.

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. On 19 November 2019, the Group had adopted an internal delegation of authority matrix governing matters requiring pre-approval from the Board and/the Committees. 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 Executive Director(s);

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

(g) interested person transactions.

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 Committees may also be obtained through circular or written resolutions.

The Constitution of the Company allows Directors to participate in Board or 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 Committees meetings held in FY2020 and the attendance of Directors during these meetings are as follow:

	Board	AC	RC	NC
No. of meetings held	10	9	1	1
No. of meetings attended				
Ying Wei Hsein	10	9*	1*	1*
Glen Chan(1)	7	7*	1*	1*
Leow Chin Boon	10	9	1	1
Yeong Wai Cheong(2)	9	7	N.A.	N.A.
Lim Hoon Tong(3)	5	2	N.A.	N.A.
Low Siew Sie Bob(4)	1	2	1	1

Notes:

(1) Mr Glen Chan stepped down from the Board on 18 March 2020.

(2) Mr Yeong Wai Cheong was appointed as a Director on 30 August 2019.

(3) Mr Lim Hoon Tong was appointed as a Director on 29 February 2020.

(4) Mr Low Siew Sie Bob was appointed as a Director on 4 June 2019 and stepped down from the Board on 31 August 2019.

* Attended by invitation

N.A Not applicable

For the multiple board representation of the Company, please refer to Principle 4 as set out below.

The Company conducts an informal orientation programme for new Directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. To get a better understanding of the Group's businesses, newly appointed Directors will also be given the opportunity to visit the Group's development properties and meet with Management. If a new Director has no prior experience as a director of a listed company in Singapore, the Company will arrange for training for new directors as prescribed by the SGX-ST, pursuant to the amended Rule 406(3)(a) of the Catalist Rules.

All Directors will receive a set of Board papers prior to the Board and Committees meetings. The Board papers are generally circulated to Directors at least three (3) to five (5) working days 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:

- Minutes of the previous Board meeting;
- Minutes of meetings of all Committees held since the previous Board meeting;
- 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
- Major operational and financial issues.

All Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all quarterly meetings of the Board and ensures 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 also attends Committees meetings. Under the direction of the Executive Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and Independent Directors, assisting the Executive Chairman, the Chairperson of each Committee and Management in the development of the agendas for the various Board and Committees meetings; attending and preparing minutes for Board and 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.

The Directors also have access to further relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time, at the expense of 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 Directors' attention information on seminars that may be of relevance or use to them.

Briefings, updates and trainings for the Directors in FY2020 included:

- the External Auditors ("**EA**") had briefed the AC and the Board on changes 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 where necessary.

The newly appointed Directors, namely Mr Yeong Wai Cheong and Mr Lim Hoon Tong, who were appointed onto the Board on 30 August 2019 and 29 February 2020 respectively, have completed the relevant trainings at SID as at October 2020. Mr Leow Chin Boon, who was appointed in the previous financial year, had also completed his relevant training at SID during FY2020.

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.

As at the date of this report, the Board comprises one (1) Executive Director and three (3) Independent Non-Executive Directors as follow:

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 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 "**Independent Directors**"). The Independent Directors 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 Independent Directors as the Executive Chairman is part of the management team and not an Independent Director.

All Independent Directors 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.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The NC had reviewed the independence of each of the Independent Directors post FY2020 at a meeting held on 27 August 2020. The independence of each Director will be reviewed annually by the NC in accordance with the Code.

The Board, on annual basis, determines whether or not a Director is independent. 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 Committee 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 Independent Directors are able to exercise independent judgement in the best interests of the Company in the discharge of their duties as Independent Directors.

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.

As at the date of this report, none of the Independent Directors 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 Independent Director whose tenure exceeds nine (9) years from the date of his first appointment. The independence of such Directors will be subjected to rigorous review.

Following the recent revision to the Code, the Catalist Rules have been amended to be consistent with the 2018 Code. In relation to the assessment of the independence of the directors, specific tests of directors' independence have been hardcoded into the listing 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)(i) and 406(3)(d)(ii) of the Catalist Rules 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 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 Independent Directors or their respective associates has any employment relationships with the Company.

The NC is responsible for examining the size and composition of the Board and 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 Independent Directors.

The NC and Board reviews the size of the Board on an annual basis, and considers the present Board size appropriate for the current scope and nature of the Group's operations. As Independent Directors 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 Independent Directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Directors 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 Independent Directors are also encouraged to meet regularly without the presence of Management.

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 includes 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, 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.

Management provides the Independent Directors with accurate, complete and timely information. Further, the Independent Directors have unrestricted access to Management, the auditors and the Company Secretary. The Independent Directors have access to Management to query and request for further information on proposed significant transactions and the development of business strategies. The Board (including the Independent Directors) reviews the business performance of the Group on a quarterly basis prior to the release of the financial results. The Independent Directors 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 Independent Directors provide their feedback to the Board in relation to Management's performance.

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.

Mr Ying Wei Hsein is the Executive Chairman of the Company. In view of the stepping down of Mr Glen Chan as Managing Director ("**MD**") of the Company in March 2020 and his cessation as CEO in June 2020, Mr Ying Wei Hsein has also taken over the roles and responsibilities of Mr Glen Chan. Due to the current challenging business climate and financial position of the Company, the Company does not intend to seek a replacement for the CEO position in the near future. The Executive Chairman currently has direct oversight of the Group's finance, human resource, legal and operational functions.

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 developing 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.

Since the Executive Chairman is part of the management team, Mr Leow Chin Boon was appointed as the Lead Independent Director 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 head of finance has failed to resolve or is inappropriate. Led by the Lead Independent Director, the Independent Directors would meet, where necessary, without the presence of the other Directors and the Lead Independent Director will provide feedback 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.

The NC comprises three (3) Directors, all of whom, including the Chairman of the NC, are independent. The NC is chaired by an Independent Non-Executive Director 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

The NC has written terms of reference endorsed by the Board that sets out its duties and responsibilities. Amongst them, the NC is responsible for making recommendations to the Board on all board appointments and nominating Directors for re-election in accordance with the Company's constitution at each Annual General Meeting ("**AGM**") of the Company, evaluation of performance of the Board and its Committees, Directors, adequacy of the Board's training and professional development programmes and reviewing the Board's succession plans for Directors.

The NC is also responsible for determining annually, and as and when circumstances require, the independence of Directors according to the Code and the Catalist rules. In doing so, the NC takes into account the circumstances set out in the Code and factors such as relationships with the Company, its related corporations, its 10% shareholders or its officers and whether these relationships interfere with his judgement. Following its annual review for FY2020, the NC has endorsed the independent status of Mr Leow Chin Boon, Mr Yeong Wai Cheong and Mr Lim Hoon Tong.

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 of Directors. 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 independent directors with a broad range of experience and deep industry knowledge are appointed. Factors which are taken into account 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) at least half of the Board shall be Independent Directors; 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.

Currently, the NC does not have a practice of appointing alternate Directors. 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.

Information on each Director's academic and professional qualifications is presented in the "Board of Directors" section of this Annual Report.

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 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 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. In light of the cessation of Mr Glen Chan as a Director on 18 March 2020, the Company currently does not have an MD. The Board currently does not intend to appoint an 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 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 and taking effect of the latest Code, Regulation 86 and Regulation 89 of the Company's Constitution will no longer be in compliance with the Code. However, since the Company does not currently have an MD, the abovementioned regulations in the Company's Constitution in the context of re-election of MD are no longer applicable. Whilst the Company had previously considered amending the Company's Constitution to be in compliance with the Code and the Catalist Rules at the upcoming AGM, in view of the fact that currently the Company does not have an MD and that the Board currently does not intend to appoint an MD, as well as the other more time-sensitive operational work which Management is undertaking, the Company will look to amend its Constitution at a more appropriate time in future.

The NC reviews the independence of each Director annually in accordance with the Code's definition of independence. In respect of the Company's current Independent Directors, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code and any other salient factors. The Independent Directors had also confirmed their independence in accordance with the Code.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

The NC is satisfied that:

(a) no individual or small group of individuals dominates the Board's decision-making process; and

(b) based on the Directors' contributions at meetings of the Board and Committees, their time commitment to the affairs of the Company and the present number of listed company directorships held by and other principal commitments of the Directors, it would not be necessary to put a maximum limit on the number of listed company board representations and other principal commitments of each Director. The NC would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. However, the Board will exercise its discretion in assessing the time commitment of individual Directors in view of their multiple board representations if it arises.

Mr Lim Hoon Tong, who was appointed to the Board on 29 February 2020, will retire pursuant to Regulation 88 of the Company's Constitution and has given his consent for re-election at the forthcoming AGM of the Company.

Mr Ying Wei Hsein, who was previously re-appointed to the Board on 30 October 2019, will retire pursuant to Regulation 89 of the Company's Constitution and has given his consent for re-election at the forthcoming AGM of the Company.

The NC has recommended the re-appointments of Mr Lim Hoon Tong and Mr Ying Wei Hsein following a review of their respective performances and contributions. The Board has accepted the NC's recommendations and accordingly, each of Mr Lim Hoon Tong and Mr Ying Wei Hsein will be offering himself for re-election at the forthcoming AGM of the Company. Each of Mr Lim Hoon Tong and Mr Ying Wei Hsein had abstained from deliberations in respect of his own nomination.

There are no other relationships, including family relationships between the above-named Directors and the remaining Directors, the Company or its 10% shareholders.

Mr Lim Hoon Tong will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, the Chairman of the RC and member of the AC and NC. Mr Lim Hoon Tong is considered by the Board to be independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Ying Wei Hsein will, upon re-election as a Director of the Company, remain as the Executive Chairman of the Company.

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

Name of Director	**Lim Hoon Tong**	**Ying Wei Hsein**
Date of Appointment	29 February 2020	4 June 2019
Date of last reappointment (if applicable)	Not applicable	30 October 2019
Age	45	47
Country of principal residence	Singapore	Singapore

Name of Director	Lim Hoon Tong	Ying Wei Hsein
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process	The re-election of Mr Lim Hoon Tong as Independent Director was recommended by the NC and 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 Ying Wei Hsein as Executive Chairman was recommended by the NC and 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	Executive Mr Ying Wei Hsein will work with the management team as Executive Chairman to oversee the Group's corporate and operational functions.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the RC and Member of the AC and NC.	Executive Chairman
Professional qualifications	● Bachelor of Business (specialising in Financial Analysis) – Nanyang Technological University, Singapore ● Chartered Financial Analyst ● Fellow with Insolvency Practioners Association of Singapore	● Bachelor of Accountancy and minor in Banking and Finance – Nanyang Technological University, Singapore ● Fellow Member of the Institute of Singapore Chartered Accountants ● Member of Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	● Director, AAG Corporate Advisory Pte Ltd (March 2020 – Present) ● Director, Business Restructuring Services, PricewaterhouseCoopers Advisory Services Pte Ltd (October 2018 - February 2020) ● Director, Restructuring Services, Deloitte & Touche Financial Advisory Services Pte Ltd (June 2010 - September 2018) ● Director, Deloitte & Touche Corporate Finance Pte Ltd (January 2009 - May 2010)	● Director, Singularity Consultancy Pte Ltd (May 2015 – Present) ● Chief Financial Officer, China Energy Limited (September 2008 to December 2014)
Shareholding interest in the listed issuer and its subsidiaries	None	None

Name of Director	Lim Hoon Tong	Ying Wei Hsein
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)	Nil	• Kung Management Services Pte Ltd • Spring Advisory Pte Ltd • Caroco Investment SA. • Sirius A Pte Ltd
Present	AAG Corporate Advisory Pte Ltd	• Singularity Consultancy Pte Ltd • East Gate Commodities Pte Ltd • Minaret Holdings Limited • Pacific Star Development (Malaysia) Sdn Bhd (in process of striking off) • Pacific Star Property Sdn Bhd (in process of striking off) • Pearl Discovery Development Sdn Bhd • Pearl Discovery Property Management Sdn Bhd (in process of striking off) • PSD Singapore Pte Ltd • Tropical Sunrise Development Inc • Twin Prosperity Group Ltd
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

Name of Director	Lim Hoon Tong	Ying Wei Hsein
(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
(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

Name of Director	Lim Hoon Tong	Ying Wei Hsein
(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
(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

Name of Director	Lim Hoon Tong	Ying Wei Hsein
(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
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	No, but Mr Lim Hoon Tong has completed the relevant trainings from SID on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.	No, but Mr Ying Wei Hsein has completed the relevant trainings from SID on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

Mr Yeong Wai Cheong (Age 55), a Non-Executive and Independent Director, resides in Singapore is not due for re-election by rotation at the forthcoming AGM. He was initially appointed on 30 August 2019 and his date of last re-election was on 30 October 2019. His present principal commitment includes his role as a practising lawyer as a Partner in Drew & Napier LLC. He is also a director at Spiron Medical Pte. Ltd.

Mr Leow Chin Boon (Age 43), a Non-Executive and Independent Director, resides in Singapore is not due for re-election by rotation at the forthcoming AGM. He was initially appointed on 4 June 2019 and his date of last re-election was on 30 October 2019. His present principal commitment is his role as group CFO of I-Serve Technology Limited. He is also a director at Moppetto Pte Ltd.

The academic and professional qualifications of Mr Yeong Wai Cheong and Mr Leow Chin Boon are set out in the "Board of Directors" section of the Annual Report. None of them holds any shareholding interest in the Company and its subsidiaries. None of them has any relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries. None of them holds any other directorship on any other listed company.

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 taking into account his other principal commitments, and not guided by a numerical limit. 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.

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.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2020. Currently, none of the Directors have multiple listed company board representations.

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.

The Board has implemented a process for assessing its effectiveness as a whole and its Committees and the contribution by each Director to the effectiveness of the Board. The Group has designed and implemented internally the board evaluation process conducted by way of a questionnaire. The Board assessment considered the following key performance criteria:

- Board size and composition;
- Board process;
- Board effectiveness and training;
- Committee process;
- Provision of information to the Board;
- Standards of conduct;
- Financial performance; and
- Risk management.

Based on the results of the evaluation, the Executive Chairman will give feedback to the NC on the appointment of new Directors or retirement/resignation of existing Directors and the NC will take into consideration his views in this regard before making recommendations to the Board. For FY2020, the Board has not engaged any external facilitator in conducting the assessment of the effectiveness of the Board as a whole and its Committees. Where relevant and when the need arises, the NC will consider such an engagement.

The Directors had carried out an evaluation of the Board on several levels. Each of the Directors had carried out a self-evaluation, as well as evaluated each of the Committees and the Board as a whole. These were carried out through the review and filling up of evaluation forms which were collated and discussed at a meeting of the Directors in August 2020. It was also noted that the Board had convened multiple times over and above the typical quarterly meetings during FY2020.

The Board, having reviewed the feedback from the NC, was of the view that the Board has met its performance objectives for FY2020. Each member of the NC abstained from making any recommendations and/or participating in any deliberation concerning the NC and voting on any resolution in respect of the assessment of his own performance or re-nomination as a Director (where applicable).

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.

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 Management.

The RC comprises three (3) Non-Executive Directors, 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

The RC has written terms of reference which are endorsed by the Board and set out its duties and responsibilities. Its key terms of reference are as follow:

(a) Reviewing and recommending to the Board for endorsement a framework of remuneration for the Board and key executives with the aim of building a capable and committed Board and Management through competitive compensation and focused management and progressive policies;

(b) Recommending specific remuneration packages and terms of employment for each Executive Director and key executive;

(c) Reviewing and recommending Directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and

(d) Administering the Company's Employee Share Option Scheme.

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

The RC reviews the fairness and reasonableness of the contracts of service of the Executive Directors and key management personnel. The RC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and benefits-in-kind.

If required, the RC will seek expert advice inside or outside the Company on remuneration of all Directors and key management personnel. 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 FY2020.

There is a formal and transparent procedure for fixing the remuneration packages of the Non-Executive Directors. It comprises of a basic retainer fee and additional fees for appointment as Chairman of Committees and for additional meetings beyond the usual quarterly meetings. Directors' fees are not paid to Executive Directors.

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 terms and conditions of service agreements of the Executive Directors and key management personnel before their execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Directors and key management personnel, 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 key management personnel under their respective service contracts are less than six (6) months.

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.

The remuneration package of Executive Directors consists of the following components:

- The fixed components comprise a basic salary and Central Provident Fund ("**CPF**") contribution. To ensure that the Executive Directors' remuneration are 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.
- The variable components comprise a variable bonus based on the Group's and the individual's performance. Bonuses payable to Executive Directors 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 Mr Ying Wei Hsein during FY2020.
- Benefits provided are consistent with market practice and include medical benefits, car and mobile phone allowance.

Following the cessation of Mr Glen Chan as MD in March 2020 and his cessation as CEO in June 2020, the Executive Chairman (Mr Ying Wei Hsein) is the sole Executive Director on the Board.

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

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

- The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel. 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 Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

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.

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the top five key management personnel (who are not Directors or the CEO of the Company) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the Group's financial statements.

The remuneration of each individual Director and key management personnel of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interests, affect the retention or recruitment of competent personnel as well as the competitive pressures in the talent market given the highly competitive environment it is operating in. Additionally, the Company has experienced turnover of Directors and senior employees during FY2020 and the disclosure of remuneration packages does not give a meaningful picture to shareholders. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

Discretion and independent judgement are exercised by the RC in ensuring that the compensation structure aligns with shareholders' interest and promotes long-term success of the Group while discouraging behaviour contrary to the Group's risk profile. The total Directors' fees for FY2020 amounted to $125,239 which will be subject to shareholders' approval at the forthcoming AGM.

The RC and Board is of the opinion that due to confidentiality and sensitivity issues attached to remuneration matters, it would not be in the best interests of the Company to disclose the remuneration of each individual Director to the nearest thousand as recommended by the Code. The RC has also reviewed the practice of the industry and considered the pros and cons of such disclosure. Instead, remuneration has been disclosed in bands and further broken down to various remuneration components.

Disclosure on Directors' Fees and Remuneration

The breakdown of remuneration of the Directors of the Company for FY2020 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 Yeong Wai Cheong	–	100%	–	–
Mr Lim Hoon Tong	–	100%	–	–
Mr Low Siew Sie Bob (1)	–	100%	–	–
Between $50,001 to $100,000				
Mr Leow Chin Boon	–	100%	–	–
Between $150,000 to $200,000				
Mr Ying Wei Hsein	100%	–	–	–
Between $350,000 to $400,000				
Mr Glen Chan (2)	100%	–	–	–

Notes:

1 Mr Low Siew Sie Bob was appointed Director of the Company on 4 June 2019 and stepped down from the Board on 31 August 2019. There was additional *ad-hoc* work relating to the independent review on the internal controls relating to the revenue reversal adjustments to assess the appropriateness of revenue recognised (the "**Review**") by the Company's former Internal Auditors ("**IA**"), RSM Risk Advisory Pte Ltd ("**RSM**"). The Review was carried out during his time on the Board, the report of which was announced by the Company on 10 October 2019. Notwithstanding that the announcement on the Review was made on 10 October 2019, during Mr Low Siew Sie Bob's time on the Board, he was AC Chairman and one of the two AC members who was involved in the Review and various discussions with the Company's IA on this matter. Part of the fees for Mr Low Siew Sie Bob pertains to this additional *ad-hoc* work.

2 Mr Glen Chan stepped down from the Board on 18 March 2020. The disbursement of remuneration is made for the period of 1 July 2019 to 18 March 2020 for his role as CEO and MD, and for the period from 19 March 2020 to 30 June 2020 for his role as CEO of the Group. As announced by the Company on 30 June 2020, Mr Glen Chan's appointment as CEO ceased with effect from 30 June 2020.

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.

The Executive Directors do not receive any Director's fee. The Company advocates a performance-based remuneration system for Executive Directors and key management personnel 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 Executive Directors and key management personnel 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 FY2020; hence no performance bonus was granted to Executive Directors and Management. However, for certain members of the senior management team (not including the Executive Directors), the Group had paid them an *ex-gratia* payment in FY2020. This *ex-gratia* payment was paid taking into account a range of factors such as the above qualitative criteria as well as the significantly-increased workload arising from the recent business climate faced by the Group.

Disclosure on Key Management Personnel's Remuneration

The Group had six (6) key management personnel (excluding Executive Directors) for FY2020 of whom one (1) resigned during FY2020. The gross remuneration received by the key management personnel (excluding Executive Directors) for FY2020 and the breakdown of the level and mix of the remuneration of the key management personnel is as follow.

Remuneration Bands	**FY2020**
$100,000 to below $200,000	4*
Below $100,000	2

* Includes members of key management personnel who resigned during FY2020

The RC and the Board are of the opinion that the disclosure of the names and remuneration of each of the key management personnel 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) key management personnel, namely Mr Darren Chua (Head of Legal and Vice President), Ms Ong Mei Ki (Assistant Vice President, Finance, also referred to as "**AVP Finance**"), Mr Patrick Yeoh (Director of Sales), Mr Edward Teng (General Manager) and Ms Lee Pei Yuen (Senior Finance Manager).

The aggregate remuneration paid to key executives (excluding Executive Directors and the CEO) for FY2020 was approximately $704,317.

There were no termination or retirement benefits, as well as post-employment benefits that were granted to the Executive Directors and key management personnel.

There were no employees of the Group who are immediate family members of any Director, the CEO and MD or a substantial shareholder and whose remuneration exceeds $100,000 during FY2020.

The Directors (including Executive as well as Non-Executive Directors), senior management and staff with at least twelve (12) months of service, or such shorter period as the RC may determine, are eligible for the grant of options under the Company's Employee Share Option Scheme. The options granted will vest only one (1) year after the offer date for options granted without discount and two (2) years after the offer date for options granted at a discount. The Directors, senior management and staff are encouraged to hold their shares beyond the vesting period. No share options were granted in FY2020. The RC will continue to review the need to include share based compensation as part of the Group's remuneration framework. Pursuant to Section 77 of the Companies Act, the maximum lifespan for options granted to Non-Executive Directors is five (5) years. The Company intends to implement a share award plan (the "**Performance Share Plan**") to augment the suite of non-cash remuneration and reward incentives for employees and Directors of the Group. More details regarding the Performance Share Plan are set out in the Shareholders' Circular dated 14 January 2021. The Performance Share Plan will be subject to shareholders' approval at an Extraordinary General Meeting ("**EGM**") to be held immediately after the conclusion of the upcoming AGM.

The annual reviews of the compensation of Directors and key management personnel 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 key management and executive personnel is reviewed periodically by the RC and the Board.

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.

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 37 of 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.

The Group currently does not have a Risk Management Committee but the 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. The Management reviews all significant control policies and procedures and will highlight all significant matters to the Board and the AC.

The Board with the assistance of the Management and the IA has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the Board during FY2020 together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2020.

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 Company'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.

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 losses, 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.

The 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.

RSM, the Company's former IA, was engaged to conduct the Review to assess the appropriateness of revenue recognised. The Review was initiated by the AC after being made aware by the former Group Financial Controller of non-fulfillment of certain Sale and Purchase Agreements (the "**SPAs**") pertaining to seventeen (17) units in Puteri Cove Residences ("**PCR**"), of which ten (10) units and five (5) units were recognised as sales in the second ("**2Q**") and third quarter ("**3Q**") of FY2019 respectively whilst two (2) units were recognised as sales in prior years (in 2014 and 2015). Pursuant to the Review, RSM provided its findings and recommendations in a report (the "**Report**"). The Company made an announcement relating to the Report on 10 October 2019. Subsequent to the Report, the Company has implemented the recommendations provided by RSM over the course of FY2020. The current IA, Wensen Consulting Asia (S) Pte. Ltd. ("**Wensen**") has performed a follow up of the implementation of RSM' recommendations as stated in the Report and reported to the AC. Thus far, no material issues were noted in their follow-up findings.

The Board has obtained a written confirmation from the Executive Chairman and AVP Finance:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Taking into account the size of the Group's operations, straight forward business model and non-complex information technology system, the Board, with the concurrence of the AC, is of the opinion that the current set of internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, is adequate and effective.

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

The AC comprises three (3) Non-Executive Directors, 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 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 has written terms of reference which are endorsed by the Board and set out the AC's duties and responsibilities. The AC is authorised by the Board to investigate any matter within its terms of reference and has full access to, and cooperation of Management, with full discretion to invite any Director or executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its functions properly.

The AC is guided by its terms of reference as follow:

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

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

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

(iv) 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;

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

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

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

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

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

(x) Reviewing and discussing with the EA, any suspected fraud or irregularity, or suspect 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;

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

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

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

(xiv) 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;

(xv) 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;

(xvi) 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;

(xvii) 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;

(xviii) 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;

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

(xx) Reviewing interested person transactions falling within the scope of the listing rules;

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

(xxii) Undertaking such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The AC meetings were attended by the Executive Chairman, CEO and MD (prior to his cessation) and GFC (prior to his cessation) at the invitation of the AC. The Head of Legal and AVP Finance also attended these meetings.

The Company's IA and EA were also present at the relevant junctures during these meetings. The AC has also met the EA and 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.

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 its dormant subsidiaries 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 is in compliance with Rule 712 and 716 of the Catalist Rules.

The details of the fees of the auditors of the Group during FY2020 are set out as follow:

Fees on Audit Services to Independent Auditors:	**$'000**
Company's EA	110
Other Independent Auditors relating to the Group's overseas subsidiaries	–*
Total	110
Fees on Non-Audit Services to Independent Auditors:	
Company's EA	20
Other Independent Auditors relating to the Group's overseas subsidiaries	4
	24

* Less than $1,000

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 the Group's overseas subsidiaries is a firm of Chartered Accountants registered with the Malaysian Institute of Accountants.

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would 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 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 for 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 FY2020, there has been no reported whistle blowing incident.

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.

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. The appointment of the auditing firm to perform such services is 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, IA and the EA. Despite the changes to the composition of the Board and the Committees during FY2020, the AC, together with the Board, continues to assess 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 during FY2020. The IA was changed from RSM to Wensen on 27 May 2020. The AC has also met the new IA separately without the presence of Management during the AC meeting on 27 August 2020. 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 the financial year, 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. 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 the Institute of Singapore Chartered Accountants (ISCA), a Member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom. The Wensen team members supporting Mr Edward Yap are Ms Sin Siew Mun and Mr Shawn Lee, who are dedicated internal audit specialists with extensive knowledge and experience. Ms Sin Siew Mun and Mr Shawn Lee have 13 years and 9 years of experience in internal audit respectively. The AC is satisfied that Wensen has the relevant qualifications and experience to carry out its role and function as IA adequately and satisfactorily.

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.

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.

The Group strongly encourages shareholder participation during the AGM and/or EGM. 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 AGM and/or EGM.

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. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications justifying the same.

At each AGM, the Executive Chairman presents the performance of the Group and encourages shareholders to participate in the 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, and other general meetings 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.

The Company prepares minutes of general meetings, which include substantive comments or queries from shareholders and responses from the Directors and Management. These minutes are available to shareholders upon their request.

For the forthcoming AGM for FY2020 to be held on 29 January 2021 the minutes will be made available on the Company's website within one month of the AGM.

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.

Registered shareholders including corporations and custodial services providers who are unable to attend the AGM or EGM are provided the option to appoint not more than two (2) proxies. This allows shareholders who hold shares through corporations to attend and participate in the AGM or EGM via proxies. The Companies Act allows certain members who are relevant intermediaries (the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50) such as corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors, to appoint multiple proxies to attend and participate in general meetings.

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.

For the forthcoming AGM and EGM, due to the current COVID-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM and EGM in person. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM and EGM by:

(a) observing and/or listening to the AGM and EGM proceeding via "live" audio-visual webcast or "live" audio-only stream;

(b) submitting questions in advance of the AGM and EGM; and

(c) appointing the Chairman of the meetings as proxy to attend, to speak and to vote on their behalf at the AGM and EGM.

To ensure that questions are received by the Company by the stipulated deadline, shareholders are strongly encouraged to submit questions via the pre-registration website. The Company will endeavour to address substantial and relevant questions received from shareholders. Answers to substantial and relevant questions will be published on the SGXNet. The logistics relating to the AGM and EGM (including the instructions for submission of questions) has been set out in the respective notes to their respective notices of meetings.

The Company also solicits the views of the shareholders through analyst briefings and meetings with investors and fund managers, where necessary. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure.

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.

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 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.

For the forthcoming AGM and EGM, 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, the Company shall hold its AGM and EGM via electronic means. The notices and proxy forms of the AGM and EGM, FY2020 Annual Report and the circular for the EGM, will be distributed electronically via SGXNet, and if requested, can be sent to the relevant shareholder in hardcopy.

The Company currently does not have an investor relations policy as the correspondence with shareholders is relatively low in volume. The Company will assess the need to have such a policy as and when there is a substantial increase in such correspondence.

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.

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. Please refer to the Company's Sustainability Report which was released on the SGXNet on 30 November 2020 for further details.

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 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.

DIVIDEND POLICY

The Group currently does not have a formal dividend policy. No dividend was declared for FY2020 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.

DEALINGS IN SECURITIES OF THE COMPANY

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.

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 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 Interested Person Transactions ("**IPTs**") to ensure that they are properly documented and reported on 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 Group does not have any IPTs for FY2020 that is more than $100,000. The AC has reviewed the IPTs for FY2020 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

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

Mr Glen Chan resigned as director of the Company on 18 March 2020 and stepped down as CEO of the Company on 30 June 2020.

As at the end of FY2020, there subsists a material contract between the PSD Singapore Pte. Ltd. (a wholly-owned subsidiary of the Company) and PSD Holdings Pte. Ltd. (a company previously controlled by Mr Glen Chan) in the form of a loan facility agreement (the "**PSDH Facility**"). Under the PSDH Facility, PSD Holdings Pte. Ltd. is the lender whilst PSD Singapore Pte. Ltd. is the borrower. Please refer to Note 28 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.

As a matter of further disclosure, subsequent to Mr Glen Chan's cessation as CEO of the Company, on 30 June 2020, the following contracts were entered into between the Group and Mr Glen 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 Company) and Mr Glen Chan (the "**Technical Advisory Agreement**"). Under this agreement, PDD appointed Mr Glen 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 Glen Chan was paid 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 Glen Chan (the "**PCR Agency Agreement**"). Under this agreement, PDD has appointed Mr Glen Chan as a non-exclusive sales and marketing agent for PCR with the objective for Mr Glen 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. 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 Glen Chan (the "**P12 Agency Agreement**"). Under this agreement, Minaret has appointed Mr Glen Chan as a non-exclusive sales and marketing agent for the Posh Twelve ("**P12**") with the objective for Mr Glen 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. As at the date of this report, the PCR Agency Agreement continues to subsist. Reference is made to the sale of Kanokkorn Pattana Co., Ltd. and its shareholder loans to a purchaser (the "**KNK Transaction**"), which was announced by the Company on 17 September 2020. Mr Glen Chan had been involved in the Transaction as one of the brokers. For the purposes of the KNK Transaction, noting the number and involvement of other brokers therein, Mr Glen Chan's commission was adjusted to 5%. Further details of the KNK Transaction can be found in the aforementioned announcement.

For so long as Mr Glen 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 FY2020 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 FY2020.

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 2020.

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 2020 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	(appointed on 30 August 2019)
Lim Hoon Tong	(appointed on 29 February 2020)

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, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There was no change in the above-mentioned interest between the end of financial year and 21 July 2020.

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 on 25 April 2013 and is administered by the Remuneration Committee (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.

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 in respect of 100 shares or a multiple thereof, on the payment of the exercise price.

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, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding that date.

During the financial year, the Company did not grant any option and as at 30 June 2020, the Company had no outstanding instruments convertible into shares of the Company. There was no share option outstanding, cancelled and lapsed during the financial year ended 30 June 2020, details of which are disclosed in Note 32(c) to the financial statements.

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

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

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 suspect 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;

Audit Committee (cont'd)

- 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 Listing Manual.

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 2020, 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
14 January 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 Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the balance sheets of the Group and the Company as at 30 June 2020, 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

Use of the going concern assumption

As at 30 June 2020, the Group's loans and borrowings amounted to $137,320,000, of which $96,224,000 were classified as current liabilities and as at that date, the Group is in net liability position of $47,189,000. The Group's current assets of $147,166,000 mainly comprise development properties amounting to $135,236,000 as at 30 June 2020. The Company incurred a net loss of $37,598,000 during the financial year ended 30 June 2020 and as at that date, the Company's current liabilities exceeded its current assets by $14,330,000. The Group's results for the year were adversely affected by the challenging conditions affecting the property market in Johor, Malaysia and incurred a net loss of $57,212,000. These factors and the continuing challenges faced by the Group in selling its development properties 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 plan to address its liquidity challenges cannot be reasonably determined at this time and the ability of the Group to realise its development properties as planned is uncertain.

The carrying value of the assets as recorded on the balance sheets of the Group and Company as at 30 June 2020 has been determined based on the continuation 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.

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 Group and Company's 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.

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 Ong Beng Lee Ken.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

14 January 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	2020 $'000	2019 $'000 (Restated)
	39		
Continuing operations			
Revenue	4	5,763	4,519
Cost of sales		(4,940)	(2,257)
Development properties cost adjustment	17	(4,691)	–
Gross (loss)/profit		(3,868)	2,262
Other operating income	5	4,374	901
Expenses:			
Marketing and distribution		(124)	(145)
Administrative		(6,360)	(8,487)
Other expenses	6	(10,995)	(4,164)
Finance costs	7	(20,351)	(11,712)
Share of results of joint venture		(15,840)	(482)
Share of results of associate		(4,011)	(427)
Loss before tax from continuing operations	8	(57,175)	(22,254)
Income tax expense	9	(37)	(1,865)
Net loss from continuing operations		(57,212)	(24,119)
Net loss from discontinued operations, net of tax	10	–	(519)
Net loss for the financial year		(57,212)	(24,638)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from			
- associate		307	(614)
- consolidation		54	(1,348)
- joint venture		(37)	2,675
		324	713
Total comprehensive loss for the financial year		(56,888)	(23,925)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(57,212)	(23,916)
Loss from discontinued operations, net of tax		–	(519)
Loss for the financial year attributable to owners of the Company		(57,212)	(24,435)
Non-controlling interests			
Loss from continuing operations, net of tax		–	(203)
Loss for the financial year attributable to non-controlling interest		–	(203)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	2020 $'000	2019 $'000 (Restated)
	39		
Attributable to:			
Owners of the Company		(56,888)	(23,518)
Non-controlling interest		–	(407)
Total comprehensive loss for the financial year		(56,888)	(23,925)
Attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax		(56,888)	(22,999)
Total comprehensive loss from discontinued operations, net of tax		–	(519)
Total comprehensive loss for the financial year attributable to owners of the Company		(56,888)	(23,518)

Earnings per share		Singapore cents per share	Singapore cents per share (Restated)
Loss from continuing operations attributable to owners of the Company			
Basic and diluted	11(a)	(11.45)	(4.79)
Loss for the financial year attributable to owners of the Company			
Basic and diluted	11(b)	(11.45)	(4.89)

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

BALANCE SHEETS
As at 30 June 2020

	Note	Group			Company		
		30 June 2020	30 June 2019	1 July 2018	30 June 2020	30 June 2019	1 July 2018
		$'000	$'000	$'000	$'000	$'000	$'000
	39		(Restated)	(Restated)			
Assets							
Non-current assets							
Property, plant and equipment	12	69	52	129	–	–	12
Right-of-use assets	13	424	–	–	–	–	–
Investment in subsidiaries	14	–	–	–	13,246	49,198	169,647
Deferred costs	15	306	–	–	–	–	–
Trade receivables	19	–	–	59	–	–	–
Total non-current assets		799	52	188	13,246	49,198	169,659
Current assets							
Deferred costs	15	87	–	–	–	–	–
Marketable security	16	–	–	4	–	–	–
Development properties	17	135,236	137,942	137,868	–	–	–
Inventories	18	–	–	574	–	–	–
Trade receivables	19	5,934	13,652	38,194	–	–	–
Other receivables and other current assets	20	841	20,595	13,862	3,254	241	2,244
Fixed deposits pledged	21	–	103	501	–	103	501
Cash at bank	21	3,320	1,965	2,015	104	5	119
Restricted cash	22	1,748	2,544	–	–	–	–
Total current assets		147,166	176,801	193,018	3,358	349	2,864
Total assets		147,965	176,853	193,206	16,604	49,547	172,523
Liabilities							
Non-current liabilities							
Loans and borrowings	23	41,096	109,563	26,938	–	–	–
Loans from non-controlling interests	24	–	–	15,205	–	–	–
Lease liabilities	25	205	–	–	–	–	–
Provision for warranty	26	–	–	1,129	–	–	–
Trade payables	27	249	–	–	–	–	–
Other payables	28	60	1,557	–	–	–	–
		41,610	111,120	43,272	–	–	–

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

	Note	Group			Company		
		30 June 2020	30 June 2019	1 July 2018	30 June 2020	30 June 2019	1 July 2018
		$'000	$'000	$'000	$'000	$'000	$'000
	39		(Restated)	(Restated)			
Current liabilities							
Loans and borrowings	23	96,224	4,558	25,592	–	–	–
Lease liabilities	25	248	–	–	–	–	–
Trade payables	27	21,273	11,376	22,212	–	–	–
Other payables	28	25,285	25,683	27,722	17,612	13,033	12,955
Advance billings		–	–	11,724	–	–	–
Deferred income	29	114	–	–	76	–	–
Joint venture	30	–	1,353	3,547	–	–	–
Associate	31	–	2,174	1,132	–	–	–
Current tax liabilities		10,400	10,890	13,381	–	–	–
Total current liabilities		153,544	56,034	105,310	17,688	13,033	12,955
Total liabilities		195,154	167,154	148,582	17,688	13,033	12,955
Net (liabilities)/assets		**(47,189)**	**9,699**	**44,624**	**(1,084)**	**36,514**	**159,568**
Equity							
Capital and reserves attributable to owners of the company							
Share capital	32(a)	47,801	47,801	47,801	197,055	197,055	197,055
Treasury shares	32(b)	–	–	–	(513)	(513)	(513)
(Accumulated losses)/ Retained earnings		(96,323)	(39,111)	2,143	(197,626)	(160,028)	(35,546)
Reserves	33	1,333	1,009	(30,879)	–	–	(1,428)
(Capital deficiency)/Equity attributable to owners of the Company		(47,189)	9,699	19,065	(1,084)	36,514	159,568
Non-controlling interest		–	–	25,559	–	–	–
(Total capital deficiency)/ Total equity		**(47,189)**	**9,699**	**44,624**	**(1,084)**	**36,514**	**159,568**

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 2020

Group	Note	Share Capital $'000 Note 32(a)	(Accumulated losses)/ Retained earnings $'000 (Restated)	Reserves $'000	Foreign currency translation reserve $'000 (Restated) Note 33	Total $'000 (Restated)	Non-controlling interest $'000	Total Equity $'000 (Restated)
		Attributable to owners of the Company						
2020								
Balance as at 1 July 2019 as previously reported		47,801	(39,479)	–	1,012	9,334	–	9,334
Prior year adjustment	39(a)	–	368	–	(3)	365	–	365
Balance as at 1 July 2019, restated		47,801	(39,111)	–	1,009	9,699		9,699
Net loss for the financial year		–	(57,212)	–	–	(57,212)	–	(57,212)
Other comprehensive income for the financial year, net of tax								
Currency translation differences arising from:								
- associate		–	–	–	307	307	–	307
- consolidation		–	–	–	54	54	–	54
- joint venture		–	–	–	(37)	(37)	–	(37)
Total comprehensive loss for the financial year		–	(57,212)	–	324	(56,888)	–	(56,888)
Balance as at 30 June 2020		**47,801**	**(96,323)**	**–**	**1,333**	**(47,189)**	**–**	**(47,189)**
2019								
Balance as at 1 July 2018		47,801	5,789	(30,971)	92	22,711	29,405	52,116
Prior year adjustment	39(a)	–	(213)	–	–	(213)	–	(213)
Effects of adoption of IFRSIC Conclusion	39(b)	–	(3,433)	–	–	(3,433)	(3,846)	(7,279)
Balance as at 1 July 2018, restated		47,801	2,143	(30,971)	92	19,065	25,559	44,624
Net loss for the financial year		–	(24,435)	–	–	(24,435)	(203)	(24,638)
Other comprehensive income for the financial year, net of tax								
Currency translation differences arising from:								
- joint venture		–	–	–	2,675	2,675	–	2,675
- consolidation		–	–	–	(1,144)	(1,144)	(204)	(1,348)
- associate		–	–	–	(614)	(614)	–	(614)
Total comprehensive loss for the financial year		–	(24,435)	–	917	(23,518)	(407)	(23,925)
Acquisition of investment in a subsidiary from non-controlling interest	14(e)	–	14,152	–	–	14,152	(25,152)	(11,000)
Total transactions with owners of the Company		–	14,152	–	–	14,152	(25,152)	(11,000)
Transfer of other reserves to accumulated losses		–	(34,000)	34,000	–	–	–	–
Transfer of capital reserves to accumulated losses		–	3,029	(3,029)	–	–	–	–
Balance as at 30 June 2019		**47,801**	**(39,111)**	**–**	**1,009**	**9,699**	**–**	**9,699**

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

Company	Share capital $'000 Note 32(a)	Treasury shares $'000	Accumulated losses $'000	Share options reserve $'000 Note 33	Reserves $'000 Note 33	Total equity $'000
2020						
Balance as at 1 July 2019	197,055	(513)	(160,028)	–	–	36,514
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)
2019						
Balance as at 1 July 2018	197,055	(513)	(35,546)	42	(1,470)	159,568
Loss for the financial year, representing total comprehensive loss for the financial year*	–	–	(123,054)	–	–	(123,054)
Contributions by owners						
Expiry of employee share options	–	–	42	(42)	–	–
Total transactions with owners in their capacity as owners of the Company	–	–	42	(42)	–	–
Transfer of other reserves to accumulated losses	–	–	(1,470)	–	1,470	–
Balance as at 30 June 2019	197,055	(513)	(160,028)	–	–	36,514

* The loss for the financial year ended 30 June 2020 included $35,952,000 (30 June 2019: $120,449,000) 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 2020

	2020 $'000	2019 $'000 (Restated)
Cash flows from operating activities		
Loss before income tax from continuing operations	(57,175)	(22,254)
Loss before income tax from discontinued operations	–	(519)
Loss before tax	(57,175)	(22,773)
Adjustments for:		
Finance costs	20,351	11,712
Share of results of joint venture	15,840	482
Write-down of development properties	10,269	1,005
Share of results of associate	4,011	427
Depreciation of right-of-use assets	254	–
GST written off	225	–
Amortisation of deferred costs	29	–
Depreciation of property, plant and equipment	26	113
Bad debts written off - non-trade	19	49
Expected credit losses on trade receivables	9	–
Deposits and prepayment written off	6	–
Deemed waiver of loans from a related party	(2,220)	–
Interest income	(1,316)	(377)
Forfeiture income	(627)	(418)
Write-back of amount due to third parties	(60)	–
Others	(4)	–
Accrual for penalties payable to Malaysia Inland Revenue Board	–	3,060
Loss on liquidation of subsidiaries	–	519
Operating cash flow before working capital changes	(10,363)	(6,201)
Movement in working capital:		
Changes in development properties	1,598	(10,546)
Changes in deferred costs	(96)	–
Changes in trade, other receivables and other current assets	5,689	14,630
Changes in trade, other payables and provision for warranty	270	4,786
Changes in deferred income	70	–
Changes in advance billings	–	(10,344)
Effects of currency translation on working capital	299	(2,947)
Cash flows used in operations	(2,533)	(10,622)
Interest income received	180	98
Finance costs paid	(4,431)	(9,180)
Income tax paid	(493)	(4,356)
Net cash used in operating activities	(7,277)	(24,060)
Cash flows from investing activity		
Purchase of property, plant and equipment	(43)	(64)
Net cash used in investing activity	(43)	(64)

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 2020

	2020 $'000	2019 $'000 (Restated)
Cash flows from financing activities		
Proceeds from loan from Lenders	8,079	61,921
Net proceeds from/(repayment of) bank loan	2,496	(1,973)
Movement in fixed deposits pledged with banks	103	398
Movement in restricted cash	(1,764)	(2,544)
Repayment of lease liabilities	(249)	(58)
Advances from a related party	–	1,600
Repayment of loan from non-controlling interest	–	(15,205)
Acquisition of subsidiaries, net of cash	–	(11,000)
Repayment to a related party	–	(9,600)
Deemed disposal of cash and cash equivalent	–	(4)
Net cash generated from financing activities	8,665	23,535
Net increase/(decrease) in cash and cash equivalents	1,345	(589)
Effects of currency translation on cash and cash equivalents	6	(27)
Cash and cash equivalents at the beginning of the financial year	(446)	170
Cash and cash equivalents at the end of the financial year (Note 21)	905	(446)

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

1. Corporate information

Pacific Star Development Limited (Co. Reg. 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 14(a).

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 Dollars (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 2020 were adversely affected by the weak property market in Iskandar, Malaysia and incurred a net loss of $57,212,000. As at 30 June 2020, the Group's capital deficiency amounted to $47,189,000 and the Group's loans and borrowings amounted to $137,320,000, of which $96,224,000 were classified as current liabilities. The Group's current assets of $147,166,000 mainly comprise development properties amounting to $135,236,000 as at 30 June 2020.

The Company incurred a net loss of $37,598,000 for the financial year ended 30 June 2020 and as at that date, the Company's current liabilities exceeded its current assets by $14,330,000. The Company's current liabilities of $17,688,000 as at 30 June 2020, comprise mainly $3,651,000 due to PSD Holdings Pte. Ltd. (the "**Amount Due To PSDH**") which is subordinated to the $70,000,000 Loan Facility provided by a group of lenders (the "**Loan Facility**") and $13,235,000 due to subsidiaries (the "**Due To Subsidiaries**") .

The above factors and the challenging property market condition in Iskandar, Malaysia, could adversely impact the sale of the Group's development properties and give rise to material uncertainties on the ability of the Group and Company to continue as going concern.

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

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

(ii) The completion of the disposal of the Group's interest in Kanokkorn Pattana Co., Ltd. ("**KNK**") as announced by the Company on 17 September 2020 (the "**Disposal of KNK**") (Note 40(e)) and the timely repatriation of the Group's share of the scheduled receipt of the Group's consideration (net of commission payable) pursuant to the Disposal of KNK for the financial year ending 30 June 2021 amounting to approximately $10,804,000; and

(iii) The going concern of the Group.

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

2.1 Basis of preparation (cont'd)

Going concern assumption (cont'd)

As at the date of the issuance of these financial statements, there is no indication that the Amount Due To PSDH and the Due To Subsidiaries will be recalled.

The ability of the Group to continue as a going concern is dependent on materialisation of the proposed additional financing from the group of lenders who provided the Loan Facility (the "**Additional Financing**"), the sale of the Group's unsold units at PCR, and the timely receipt of the Group's share of the proceeds from the Disposal of KNK.

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

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

(2) The Group is in various stages of discussions with various parties in relation to the en bloc sale of Tower 3 in PCR as well as bulk sale of between 10 to 50 units in Tower 1 & 2 of PCR;

(3) The Group is in discussions with the group of lenders who provided the Loan Facility (the "**Lenders**") for Additional Financing and has received a draft term sheet. Discussions are on-going with the Lenders and lender of Facility A. The Additional Financing, if this materialises, will enable the Group to meet its short-term obligations;

(4) In relation to the Loan Facility, the Group has received a draft term sheet relating to amendments of existing contractual terms, including the extension of maturity of the Loan Facility (originally due on 24 December 2020). The amendments to the contractual terms of the Loan Facility, the Additional Financing, the waiver of the breaches of covenants (Note 23(b)) as well as the amendment to the contractual terms of Facility A (arising from the Additional Financing, if any required) are commercially viewed as a package deal ("**Package Deal**"). The significance of the Package Deal is that it will enable the Group to restructure a significant portion of its loans and borrowing from current to non-current, provide additional funding to the Group and enable the Group to avoid the risks of contractual defaults and cross defaults. In relation to the Group's request for extension of the maturity of the Loan Facility, the Lenders are currently evaluating various options and will respond more definitively in due course. The Lenders have indicated that they understand the restrictions to sales and marketing efforts as a result of the COVID-19 pandemic situation in Malaysia and regionally, and remain supportive of the Group. In the interim, the Lenders continue to reserve their rights in relation to the expiry of the maturity of the Loan Facility;

(5) The scheduled receipt of the Group's share of the consideration (net of commission payable) pursuant to the Disposal of KNK for the financial year ending 30 June 2021 amounting to approximately $10,804,000;

(6) An appeal has been made to the Malaysia Inland Revenue Board for a deferment of payment of a subsidiary's overdue corporate income tax of $10,390,000; and

(7) The Group's cash flow projection for the next 12 months.

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

2.1 Basis of preparation (cont'd)

Going concern assumption (cont'd)

The Board considered the above and concluded:

(a) Unless the COVID-19 pandemic is brought under control globally, the fruition of such discussions as presented in item (2) above will likely be delayed. Despite the Group's best efforts, the fruition of such measures as described in items (2) 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;

(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 lift travel restrictions;

(d) The progress of the commercial discussions on the Package Deal has not been concluded; and

(e) The first payment from the buyer of KNK was contractually due on 5 January 2021 (extended from 15 December 2020) and until then, the buyer, subjected to conditions as provided for contractually, has the right to terminate the sales and purchase agreement. A final ultimatum has been given to the buyer to make the first payment by 15 January 2021.

Based on current circumstances, there is uncertainty 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 is uncertainty as to their respective abilities to continue as a going concern for the next 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 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.

2.2 Changes in accounting policies

New accounting standards effective on 1 July 2019

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2019. The adoption of these standards, except for SFRS(I) 16 *Leases*, did not have any material effect on the financial performance or positions of the Group and the Company.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes FRS 17 *Leases*, SFRS(I) INT 4 *Determining Whether an Arrangement Contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives and SFRS(I) 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from FRS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in FRS 17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

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

2.2 Changes in accounting policies (cont'd)

SFRS(I) 16 Leases (cont'd)

The Group applied SFRS(I) 16 using the modified retrospective approach. Accordingly, the comparative information presented for the financial year ended 30 June 2019 is not adjusted for the effect arising from the adoption of SFRS(I) 16 and it is presented, as previously reported, under FRS 17 *Leases* and related interpretations.

On transition to SFRS(I) 16, the Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

On adoption of SFRS(I) 16, the Group recognised $657,000 of right-of-use assets (Note 13) and lease liabilities of $657,000 (Note 25) for its leases previously classified as operating lease as of 1 July 2019.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2020 as follows:

Operating lease commitments as at 30 June 2019	$730,000
Weighted average incremental borrowing rate as at 1 July 2019	6.50%
Discounted operating lease commitments/Lease liabilities as at 1 July 2020	$657,000

2.3 Standards issued but not yet effective

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

On 28 May 2020, 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. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted and the Group has early adopted the amendment in current financial year.

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

	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2 Summary of significant accounting policies (cont'd)

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.

(b) Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) 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 Summary of significant accounting policies (cont'd)

2.5 Foreign currency

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.

2.6 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 term on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (cont'd)

2.6 Revenue recognition (cont'd)

(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

The accounting for leases before 1 July 2019 was as follows:

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Where a sale-and-leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments by the Group at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.6(b). Contingent rents are recognised as revenue in the period in which they are earned.

The accounting for leases after 1 July 2019 is as follows:

(c) 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.

(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

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

2.7 Leases (cont'd)

(c) As lessee (cont'd)

(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 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.

(d) 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 are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

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 plans

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.

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 of 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 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. The net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.13 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.

2.14 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.

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 or 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)

2.15 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.

2.16 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.

Development properties are measured at lower of cost and NRV

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.

2.17 Financial instruments

(a) Financial assets

Initial recognition and measurement

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)

2.17 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)

2.17 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.

2.18 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss 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 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)

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits 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.

2.20 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.

2.21 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 life 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.

2.22 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.

2.23 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 judgments 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 net realisable value 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 2020 is $135,236,000 (30 June 2019: $137,942,000, 1 July 2018: $137,868,000).

During the financial year ended 30 June 2020, $10,269,000 (2019: $1,005,000) of write-down of development properties was charged to the Group's profit or loss.

(b) Provision for expected credit losses 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 of 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 2020 is $5,934,000 (30 June 2019: $13,652,000, 1 July 2018: $38,253,000).

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 2020 is $13,246,000 (30 June 2019: $49,198,000, 1 July 2018: $169,647,000).

During the financial year ended 30 June 2020, impairment of investment in subsidiaries amounted to $35,952,000 (30 June 2019: $120,449,000) was charged to the Company's profit or loss.

4. Revenue

	Group	
	2020	**2019**
	$'000	**$'000**
Sale of development properties	5,763	4,519

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

	Group	
	2020	**2019**
	$'000	**$'000**
Receivables from contracts with customers (included in "**Trade receivables**") (Note 19)	5,305	8,823

Contract balances

	Group	
	2020	**2019**
	$'000	**$'000**
Beginning balance	–	11,724
Revenue recognised for the financial year	–	(4,519)
Ending balance	–	–

5. Other operating income

	Group	
	2020 $'000	2019 $'000
Deemed waiver of loans from a related party (Note 28)	2,220	–
Interest income	1,316	377
Forfeiture income	627	418
Write-back of amount due to third parties	60	–
Others	60	44
Government grant	49	–
Rental income	42	62
	4,374	901

6. Other expenses

	Group	
	2020 $'000	2019 $'000 (Restated)
Write-down of development properties	10,269	1,005
Adjudication costs and related expenses	294	–
Goods and Services Tax ("**GST**") written off	225	–
Penalties and fine	110	3,110
Aluminium division expenses, currently under liquidation	63	–
Bad debts written off - non-trade	19	49
Expected credit loss on trade receivables	9	–
Deposits and prepayment written-off	6	–
	10,995	4,164

7. Finance costs

	Group	
	2020 $'000	2019 $'000 (Restated)
Loan from Lenders:		
- interest expense	15,889	8,027
- amortisation of transactional costs	936	478
Loan from a bank:		
- interest expense	3,037	2,851
- amortisation of transactional costs	216	69
Interest expense on:		
- bank overdraft	167	124
- amount due to a related party	70	161
- lease liabilities	36	–
- finance lease liabilities	–	2
	20,351	11,712

Reclassifications of amortisation of transactional costs relating to loans from Lenders and a bank for the financial year ended 30 June 2019 amounting to $547,000 were made from the administrative expenses to conform to the presentation in current year.

8. Loss before tax from continuing operations

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

	Group	
	2020 $'000	2019 $'000 (Restated)
Write-down of development properties	10,269	1,005
Employee benefit expense (including directors):		
- salaries and bonuses	2,206	2,834
- contributions to defined contribution plans	266	280
- staff welfare	10	195
Amortisation of transaction costs:		
- loan from Lenders	936	478
- bank loan	216	69
Depreciation:		
- right-of-use assets	254	–
- property, plant and equipment	26	113
Audit fees:		
- auditor of the Company	110	136
- other auditors	–*	2
Non-audit fees:		
- auditor of the Company	20	8
- other auditors	4	16
GST written off	225	–
Foreign exchange net loss	140	871
Amortisation of deferred costs	29	–
Bad debts written off – non-trade	19	49
Expected credit losses on trade receivables	9	–
Deposits and prepayment written off	6	–
Operating lease expenses	–	371
Deemed waiver of loan from a related party	(2,220)	–
Interest income	(1,316)	(377)
Forfeiture income	(627)	(418)
Write-back of amount due to third parties	(60)	–

* - Less than $1,000

9. Income tax expense

Major components of income tax expense

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

	Group	
	2020	**2019**
	$'000	**$'000**
Consolidated Statement of Comprehensive Income		
Current income tax – continuing operations:		
- Under-provision in respect of previous years	37	1,865
Income tax attributable to continuing operations/Income tax expense recognised in profit or loss	37	1,865

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	
	2020	**2019**
	$'000	**$'000**
		(Restated)
Loss before tax from continuing operations	(57,175)	(22,254)
Loss before tax from discontinued operations (Note 10)	–	(519)
Accounting loss before tax	(57,175)	(22,773)
Tax calculated using Singapore tax rate at 17% (2019: 17%)	(9,720)	(3,871)
Effects of share of results of joint venture	2,693	82
Deferred tax assets not recognised	2,688	1,096
Effects of tax rates in foreign jurisdictions	2,313	808
Expenses not deductible for tax purposes	1,872	1,790
Effects of share of results of associate	682	73
Under-provision in respect of prior years	37	1,865
Income not subjected to tax	(439)	–
Others	(89)	22
Income tax expense recognised in profit or loss	37	1,865

Unrecognised tax losses

As at 30 June 2020, deferred tax assets have not been recognised in respect of tax losses of the Group amounting to approximately $14,698,000 (2019: $3,912,000) 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. Discontinued operations

Financial year ended 30 June 2019

On 22 May 2019, the Company announced its decision to liquidate two of its wholly-owned subsidiaries, Durabeau Industries Pte Ltd and LH Aluminium Pte. Ltd. (collectively, the "**Aluminium Division**"). On 30 May 2019, the control of Aluminium Division was transferred to its liquidators. Accordingly, the results of Aluminium Division are presented separately as "Net loss from discontinued operations, net of tax".

At the date of issue of this set of financial statements, the liquidation is still on-going.

Balance sheet disclosures

The major classes of assets and liabilities of the Aluminum Division which commenced liquidation during the financial year ended 30 June 2019 are as follow:

	30 May 2019
	$'000
Assets:	
Property, plant and equipment	1
Inventories	13
Trade and other receivables	2,035
Cash and short-term deposits	4
Assets of discontinued operations	2,053
Liabilities:	
Trade and other payables	6,806
Liabilities of discontinued operations	6,806
Net liabilities of discontinued operations	(4,753)

Income statement disclosures

The results of the Aluminium Division are as follow:

	2019
	$'000
Revenue	2,479
Expenses	(7,751)
Loss from discontinued operations	(5,272)
Gain on liquidation of subsidiaries	4,753
Net loss from discontinued operations, net of tax	(519)

Loss per share disclosures

	2019
	Singapore cents per share
Loss per share from discontinued operations attributable to owners of the Company	
Basic and diluted	(0.10)

10. Discontinued operations (cont'd)

Loss per share disclosures (cont'd)

The basic loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company, by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year ended 30 June 2019.

The diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, 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 in issue (excluding treasury shares) as adjusted for the effects of all dilutive potential ordinary shares during the financial year ended 30 June 2019.

These losses and share data are presented in Note 11. The basic and diluted loss per share for discontinued operations were the same as the outstanding share options were anti-dilutive.

11. Earnings per share

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the Company, by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, 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) outstanding during the financial year 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 2020 are the same as there were no potentially dilutive instruments in issue. The basic and diluted earnings per share for the financial year ended 30 June 2019 were the same because the share options of the Company were anti-dilutive.

The following tables reflect the loss and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	Group	
	2020 $'000	**2019 $'000 (Restated)**
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	(57,212)	(23,916)
	No. of Shares '000	**No. of Shares '000**
Weighted average number of ordinary shares for basic and diluted earnings per share	499,661	499,661
	Singapore cents per share	**Singapore cents per share (Restated)**
Earnings per share Basic and diluted	(11.45)	(4.79)

11. Earnings per share (cont'd)

(b) Earnings per share computation

	Group	
	2020	**2019**
	$'000	**$'000**
		(Restated)
Loss attributable to owners of the Company used in the computation of basic and diluted earnings per share	(57,212)	(24,435)
	No. of Shares '000	**No. of Shares '000**
Weighted average number of ordinary shares for basic and diluted earnings per share	499,661	499,661
	Singapore cents per share	**Singapore cents per share**
		(Restated)
Earnings per share		
Basic and diluted	(11.45)	(4.89)

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 2020 are the same as there were no potentially dilutive instruments in issue. The basic and diluted earnings per share for the financial year ended 30 June 2019 were the same because the share options of the Company were anti-dilutive.

12. 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 2018	1,111	749	212	508	309	2,991	5,880
Additions	–	17	6	–	41	–	64
Attributable to discontinued operations	(101)	(243)	(136)	–	(52)	(1,710)	(2,242)
Disposals/written off	(473)	–	–	–	–	–	(473)
Exchange differences	2	3	–	–	–	–	5
At 30 June 2019 and 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	534	526	78	490	298	–	1,926
Accumulated depreciation:							
At 1 July 2018	1,111	720	203	508	245	2,964	5,751
Depreciation charged	–	37	8	–	68	–	113
Attributable to discontinued operations	(101)	(243)	(136)	–	(52)	(1,683)	(2,215)
Disposals/written off	(473)	–	–	–	–	–	(473)
Exchange differences	2	2	2	–	–	–	6
At 30 June 2019 and 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	534	525	38	490	270	–	1,857
Net carrying amount:							
At 1 July 2018	–	29	9	–	64	27	129
At 30 June 2019	–	10	5	–	37	–	52
At 30 June 2020	–	1	40	–	28	–	69

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

Company	Motor vehicles	Computer equipment	Office equipment and furniture and fittings	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 July 2018	311	329	43	1,238	1,921
Disposals/written off	(311)	–	–	–	(311)
At 30 June 2019 and 1 July 2019	–	329	43	1,238	1,610
Disposals/written off	–	–	(42)	(1,238)	(1,280)
At 30 June 2020	–	329	1	–	330
Accumulated depreciation:					
At 1 July 2018	311	317	43	1,238	1,909
Depreciation charged	–	12	–	–	12
Disposals/written off	(311)	–	–	–	(311)
At 30 June 2019 and 1 July 2019	–	329	43	1,238	1,610
Disposals/written off	–	–	(42)	(1,238)	(1,280)
At 30 June 2020	–	329	1	–	330
Net carrying amount:					
At 1 July 2018	–	12	–	–	12
At 30 June 2019	–	–	–	–	–
At 30 June 2020	–	–	–	–	–

As at 30 June 2020, the net book value of the Group's motor vehicles of $Nil (30 June 2019 and 1 July 2018: $Nil) is pledged as securities in relation to the associated obligations under finance leases (Note 23(c)).

13. Right-of-use assets

Group	Office space	Rental of equipment	Motor vehicle	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 July 2018 and 30 June 2019	–	–	–	–
Effect of adopting SFRS(I) 16	546	20	91	657
Addition	–	21	–	21
At 30 June 2020	546	41	91	678
Accumulated depreciation:				
At 1 July 2018 and 30 June 2019	–	–	–	–
Depreciation charged	199	16	39	254
At 30 June 2020	199	16	39	254
Net carrying amount:				
At 1 July 2018 and 30 June 2019	–	–	–	–
At 30 June 2020	347	25	52	424

Further information on the lease liability is set out in Note 25.

14. Investment in subsidiaries

On 15 February 2017, the Company completed its acquisition of the entire share capital of PSD Singapore Pte. Ltd. ("**PSDS**") (formerly known as Pacific Star Development Pte. Ltd.) (the "**Target**" and together with its subsidiaries, the "**Target Group**") ("**Reverse Acquisition**") via the issuance of ordinary shares in the Company to the shareholders of the Target Group. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the Target Group became the controlling shareholders of the Company on completion of the transaction. Accordingly, the Target Group (being the legal subsidiary in the transaction) is regarded as the "**Accounting Acquirer**", and the Company (being the legal parent in the transaction) is regarded as the "**Accounting Acquiree**".

The consolidated financial statements represent a continuation of the financial position, performance and cash flows of the Target Group. The balance sheet of the Group as at 1 July 2018 refers to the balance sheet of the Target Group and the Company as at 1 July 2018.

As at 1 July 2018, the subsidiaries of the Company relate to entities held directly or indirectly by the Company subsequent to the Reverse Acquisition.

	Company		
	30 June 2020	**30 June 2019**	**1 July 2018**
	$'000	**$'000**	**$'000**
Cost of investments			
Beginning balance	167,838	197,188	27,555
Liquidation of subsidiaries	–	(29,350)	–
Acquisition of the Target Group arising from the Reverse Acquisition	–	–	167,838
Additional investments via:			
Capitalisation of inter-company loan	–	–	2,250
Cash	–	–	1,500
Disposal of subsidiaries	–	–	(1,955)
Ending balance	167,838	167,838	197,188
Less: Allowance for impairment losses	(154,592)	(118,640)	(27,541)
	13,246	49,198	169,647

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

	Company	
	30 June 2020	**30 June 2019**
	$'000	**$'000**
At beginning of the financial year	118,640	27,541
Impairment loss charged to profit or loss	35,952	120,449
Liquidation of subsidiaries[1]	–	(29,350)
At end of the financial year	154,592	118,640

[1] Commencement of liquidation of Durabeau Industries Pte Ltd and LH Aluminium Pte. Ltd. in May 2019.

14. Investment in subsidiaries (cont'd)

(a) Composition of the Group

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

Name	Principal activities	Principal place of business/ incorporation	Effective ownership interest		
			30 June 2020 %	30 June 2019 %	1 July 2018 %
Held by the Company					
PSD Singapore Pte. Ltd.(1)(8)	Investment holding, real estate investment and development advisory services	Singapore	100	100	100
Durabeau Industries Pte Ltd(1)(5)	Manufacturer of aluminium grilles, windows and doors	Singapore	–	–	100
LH Aluminium Industries Pte. Ltd.(1)(5)	Design, engineering, fabrication and installation of aluminium architectural and engineering products	Singapore	–	–	100
Held through subsidiaries					
Twin Prosperity Group Ltd.(2)(6)(8)	Investment holding	British Virgin Islands	100	100	51
Tropical Sunrise Development Inc.(2)(6)(8)	Investment holding	British Virgin Islands	100	100	51
Pearl Discovery Development Sdn. Bhd.(3)(6)(8)	Real estate developer	Malaysia	100	100	51
Pearl Discovery Property Management Sdn. Bhd.(3)(6)(7)	Provision of property management services, project management services, marketing, leasing and sales services	Malaysia	100	100	51
Pacific Star Development (Malaysia) Sdn. Bhd.(4)(7)	Provision of project management services	Malaysia	100	100	100
Pacific Star Property Sdn. Bhd.(4)(7)	Investment holding	Malaysia	100	100	100

14. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

(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) During the financial year ended 30 June 2019, the Group acquired 49% equity interest from the non-controlling interest. For further details on the acquisition, please refer to Note 14(e).

(7) Applications made to strike off from the register of companies in Malaysia subsequent to financial year ended 30 June 2020. Hence, no statutory audit is required.

(8) Subjected to share charge pursuant to the Loan Facility (Note 23(b)).

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

As at 1 July 2018, the Group has the following subsidiaries that have NCI that are material to the Group. Twin Prosperity Group Ltd. ("**TPG**"); Tropical Sunrise Development Inc. ("**TSD**"); Pearl Discovery Development Sdn. Bhd. ("**PDD**"); and Pearl Discovery Property Management Sdn. Bhd. is collectively referred to as the "**TPG Group**".

		Group		
Name of subsidiary	**Principal place of business/ incorporation**	**Proportion of ownership interest held by non-controlling interest**	**(Loss)/Profit allocated to NCI during the reporting period**	**Accumulated NCI at the end of reporting period**
			$'000	**$'000**
1 July 2018				
Twin Prosperity Group Ltd.	British Virgin Islands	49%	(641)	(453)
Tropical Sunrise Development Inc.	British Virgin Islands	49%	1,781	3,238
Pearl Discovery Development Sdn. Bhd.	Malaysia	49%	14,756	22,770
Pearl Discovery Property Management Sdn. Bhd.	Malaysia	49%	2	4
			15,898	25,559

14. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

On 28 December 2018, PSDS acquired an additional 49% equity interest in TPG Group (Note 14(e)). Summarised financial information including consolidation adjustments and intercompany eliminations of subsidiaries with material non-controlling interest are as follow:

	1 July 2018
	$'000
TPG Group	
Summarised statement of comprehensive income	
Revenue	117,417
Profit before income tax	43,676
Income tax expense	(12,102)
Profit after tax	31,574
Other comprehensive income	871
Total comprehensive income	32,445
Summarised balance sheet	
Non-current assets	13
Current assets	172,020
Non-current liabilities	(44,006)
Current liabilities	(75,866)
Net assets	52,161
Other summarised information	
Net assets attributable to NCI	25,559
Cash flows used in operating activities	(19,646)
Cash flows generated from financing activities	15,513
Cash flows used in investing activities	(49)
Net decrease in cash and cash equivalents	(4,182)

14. Investment in subsidiaries (cont'd)

(d) Liquidation of Aluminium Division

On 22 May 2019, the Group announced the discontinuation of its aluminium business division ("**Aluminium Division**") by way of creditors voluntary liquidation. The liquidation commended on 30 May 2019, on which date control of Aluminium Division passed to the liquidator.

The value of assets of Aluminium Division recorded in the consolidated financial statements as at 30 May 2019, and the effects of the liquidation were:

	Durabeau Industries Pte Ltd	LH Aluminium Pte. Ltd.	Total
	$'000	$'000	$'000
Property, plant and equipment	–	1	1
Inventories	12	1	13
Trade receivables	570	584	1,154
Other receivables and other current assets	100	781	881
Cash and bank balances	2	2	4
	684	1,369	2,053
Trade payables	(2,210)	(2,892)	(5,102)
Other payables	(1,598)	(106)	(1,704)
Net liabilities of subsidiaries liquidated	(3,124)	(1,629)	(4,753)
Gain on liquidation:			
Net liabilities de-recognised	(3,124)	(1,629)	(4,753)
Gain on liquidation (reversal of net liabilities)	3,124	1,629	4,753

(e) Acquisition of ownership interest in a subsidiary

On 28 December 2018, the Group's wholly-owned subsidiary company, PSDS, acquired an additional 49% equity interest in TPG from its non-controlling interests for a cash consideration of $11,000,000 and loan repayment sum of $15,000,000. As a result of this acquisition, TPG Group became wholly-owned subsidiaries of PSDS. The carrying value of the TPG Group's net assets as at 28 December 2018 was approximately $44,898,000 and the carrying value of the additional interest acquired was approximately $22,000,000. The difference of $11,000,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Acquisition of investment in a subsidiary from non-controlling interest" within equity.

The following summarises the effects of the change in the Group's ownership interest in TPG Group on the equity attributable to owners of the Company:

	$'000
Consideration paid for acquisition of non-controlling interests	11,000
Decrease in equity attributable to non-controlling interests	(25,152)
Increase in equity attributable to owners of the Company	(14,152)

15. Deferred costs

As at 30 June 2020, deferred costs pertain to renovation subsidies provided to retail tenants (1 July 2018: sales commission).

	Group		
	30 June 2020 $'000	**30 June 2019 $'000**	**1 July 2018 $'000**
Beginning balance	–	–	3,257
Addition during the financial year/period	422	–	1,830
Amortisation during the financial year/period	(29)	–	(5,237)
Exchange differences	–	–	150
Ending balance	393	–	–
Presented as:			
Non-current	306	–	–
Current	87	–	–
	393	–	–

16. Marketable security

	Group		
	30 June 2020 $'000	**30 June 2019 $'000**	**1 July 2018 $'000**
At fair value through profit or loss			
- Equity securities (quoted)	–	–	4

17. Development properties

	Group		
	30 June 2020 $'000	**30 June 2019 $'000 (Restated)**	**1 July 2018 $'000 (Restated)**
Land costs	30,416	30,518	31,536
Development costs	222,725	206,954	202,554
Borrowing costs	2,120	2,127	2,198
	255,261	239,599	236,288
Accumulated costs of properties sold and recognised to profit and loss	(109,018)	(100,660)	(98,420)
Development properties written down	(11,007)	(997)	–
	135,236	137,942	137,868

The development properties written down of $11,007,000 (30 June 2019: $997,000, 1 July 2018: $Nil) is denominated in Malaysian Ringgit and was translated using year exchange rate while the charge to other expenses of $10,269,000 (2019: $1,005,000) was translated using the average exchange rate ruling during the financial year.

17. Development properties (cont'd)

As at 30 June 2020, the development properties of the Group has been pledged as security for bank loan (Note 23(a)).

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 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 two 32-storey residential towers, four Soho blocks and 2-storey lifestyle retail centre. Phase 2 consisting one 32-storey serviced apartment tower; construction completion expected by 2021.

18. Inventories

	Group		
	30 June 2020	**30 June 2019**	**1 July 2018**
	$'000	**$'000**	**$'000**
Raw materials	–	–	498
Consumable stocks	–	–	76
	–	–	574
Inventories recognised as an expense in cost of sales inclusive of the following (credit)/charge:			
- Inventories written down	–	–	199
- Reversal of write down of inventories	–	–	(95)

19. Trade receivables

	Group			Company		
	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Non-current						
Retention receivables:						
- third parties	–	–	59	–	–	–
Current						
Due from:						
- third parties	5,305	8,823	37,146	–	–	–
- related parties	–	–	170	–	–	–
Retention receivables:				–	–	–
- third parties	638	4,829	980	–	–	–
	5,943	13,652	38,296	–	–	–
Less: Expected credit losses						
- third parties	(9)	–	(102)	–	–	–
	5,934	13,652	38,194	–	–	–
Total trade receivables	5,934	13,652	38,253	–	–	–
Add:						
Cash at bank (Note 21)	3,320	1,965	2,015	104	5	119
Fixed deposits pledged (Note 21)	–	103	501	–	103	501
Restricted cash (Note 22)	1,748	2,544	–	–	–	–
Other receivables (excluding prepayments) (Note 20)	628	20,313	13,637	3,221	208	2,219
Less:						
Net GST receivables (Note 20)	(348)	(612)	(252)	(1)	(39)	–
Total financial assets carried at amortised cost	11,282	37,965	54,154	3,324	277	2,839

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.

The amounts due from related parties are trade in nature, unsecured, interest-free and repayable on normal credit terms.

19. Trade receivables (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $5,241,000 (30 June 2019: $1,812,000, 1 July 2018: $16,889,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		
	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Trade receivables past due but not impaired:			
Lesser than 30 days	1	1	1,742
31 - 60 days	4	376	3,550
61 - 90 days	–	3	732
91 - 120 days	18	422	1,146
More than 120 days	5,218	1,010	9,719
	5,241	1,812	16,889

The Group's and the Company's exposure to credit risk and impairment losses are disclosed in Note 37(a).

Trade receivables that are neither past due nor impaired

The Group has trade receivables amounting to $693,000 (30 June 2019: $11,840,000, 1 July 2018: $21,364,000) that are neither past due nor impaired at the end of the financial year/period. These are receivables from billings to purchasers of PCR units.

20. Other receivables and other current assets

	Group			Company		
	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Net GST receivables	348	612	252	1	39	–
Deposits	217	405	508	7	169	169
Grants receivables	42	–	–	33	–	–
Sundry debtors	21	48	–	6	–	325
Due from:						
- joint venture	–	13,852	7,736	–	–	–
- associate	–	5,396	4,934	–	–	–
- subsidiaries	–	–	–	3,174	–	1,922
Other receivables	–	–	207	–	–	–
	628	20,313	13,637	3,221	208	2,416
Less: Allowance for impairment						
- subsidiaries (Note 37(a))	–	–	–	–	–	(197)
	628	20,313	13,637	3,221	208	2,219
Other current assets:						
Other prepayments	213	60	136	33	33	25
Prepaid interest	–	222	–	–	–	–
Prepayment to suppliers	–	–	89	–	–	–
Total other receivables and other current assets	841	20,595	13,862	3,254	241	2,244

20. Other receivables and other current assets (cont'd)

The amount due from subsidiaries and associate are non-trade in nature, unsecured, interest-free and repayable on demand. As at 30 June 2019, amount due from joint venture are non-trade in nature, unsecured, repayable on demand and interest free, except for $5.7 million (1 July 2018: $Nil) bears interest at 12% per annum.

During the financial year ended 30 June 2020, amount due from joint venture and associate were reclassified against the carrying value of investment in joint venture and associate, please see Note 30 and 31 respectively for further details.

The Company did not charge any impairment loss on amount due from its subsidiaries during the financial year ended 30 June 2020 and 30 June 2019. The Company's impairment losses on the amount due from subsidiaries are disclosed in Note 37(a).

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.

21. Cash and cash equivalents

	Group			Company		
	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Cash at bank	3,320	1,965	2,015	104	5	119
Fixed deposits pledged	–	103	501	–	103	501
	3,320	2,068	2,516	104	108	620
Less:						
Fixed deposits pledged	–	(103)	(501)	–	(103)	(501)
Add:						
Bank overdrafts (Note 23)	(2,415)	(2,411)	(1,845)	–	–	–
Cash and cash equivalents	905	(446)	170	104	5	119

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

During the financial year ended 30 June 2019, fixed deposits pledged earned an average effective interest rate of 0.75% (1 July 2018: ranging from 0.25% to 0.75%) per annum and mature in 7 months (1 July 2018: between 7 to 12 months) and are pledged to a bank as security for banking facilities amounting to $100,000 (1 July 2018: $500,000).

As at 30 June 2020, the Group's cash at bank amounting $2,544,000 (30 June 2019: $1,394,000, 1 July 2018: $Nil) are subject of debentures granted to the Lenders in relation to the Loan Facility (Note 23(b)).

As at 30 June 2020, the Company's cash at bank amounting to $104,000 (30 June 2019: $5,000, 1 July 2018: $Nil) are subject of debentures granted to the Lenders in relation to the Loan Facility (Note 23(b)).

As at 30 June 2019, the Company has bank guarantees of $100,000 (1 July 2018: $403,000) which are secured with pledged fixed deposits.

21. Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in the respective entities' foreign currencies are as follow:

	Group			Company		
	30 June 2020	30 June 2019	1 July 2018	30 June 2020	30 June 2019	1 July 2018
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollars	2	4	13	–	–	–
Chinese Renminbi	–	–	5	–	–	–

22. Restricted cash

As at 30 June 2020, the restricted cash pertains to the Debt Service Reserve Account ("**DSRA**") placement in relation to a Facility A (Note 23(a)).

As at 30 June 2019, restricted cash relates to the DSRA under escrow in relation to the Loan Facility (Note 23(b)). During the financial year ended 30 June 2020, the restricted cash was applied towards the payment of interest on the Loan Facility.

23. Loans and borrowings

	Group		
	30 June 2020	30 June 2019	1 July 2018
	$'000	$'000	$'000
		(Restated)	
Non-current			
Bank loan	41,626	44,447	26,922
Loan from Lenders	–	67,241	–
Obligations under finance leases (Note 34(c))	–	–	16
	41,297	111,688	26,938
Less: Unamortised transaction costs			
- bank loan	(530)	(731)	–
- loan from Lenders	–	(1,394)	–
	41,096	109,563	26,938
Current			
Bank loan	7,687	2,571	23,688
Bank overdrafts	2,415	2,411	1,845
Loan from Lenders	87,006	–	–
Obligations under finance leases (Note 34(c))	–	17	59
	97,108	4,999	25,592
Less: Unamortised transaction costs			
- bank loan	(426)	(441)	–
- loan from Lenders	(458)	–	–
	96,224	4,558	25,592
Total loans and borrowings	137,320	114,121	52,530

23. Loans and borrowings (cont'd)

(a) Bank loan and overdrafts (Facility A)

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

As at 30 June 2020, the bank loan facility amounted to $53.81 million, equivalent to RM165.1 million (30 June 2019: $53.99 million, equivalent to RM 165.1 million, 1 July 2018: $74.34 million, equivalent to RM217.40 million), is denominated in Malaysian Ringgit ("**RM**") and bears interest at 2.75% + KLIBOR per annum (30 June 2019: 2.75% + KLIBOR, 1 July 2018: 2.25% - 2.75% + KLIBOR) and is repayable on a monthly basis, after a six months moratorium, beginning January 2021 (30 June 2019: May 2020, 1 July 2018: March 2019). The undrawn facility as at 30 June 2020 amounted to $1.93 million (30 June 2019: $6.97 million, 1 July 2018: $5.41 million).

As at 30 June 2020, the bank overdrafts facility amounted to $2.61 million, equivalent to RM8.0 million (30 June 2019: $2.62 million, equivalent to RM8.0 million, 1 July 2018: $2.64 million, equivalent to RM8.0 million), is denominated in Malaysian Ringgit and bears interest at 1.25% + bank base lending rate per annum (30 June 2019 and 1 July 2018: 1.25% + bank base lending rate) is payable on demand. The undrawn bank overdraft facility as at 30 June 2020 amounted to $0.19 million (30 June 2019: $0.21 million, 1 July 2018: $0.86 million).

The bank loan and overdrafts are 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 PSDS, a wholly-owned subsidiary of the Company.

Pursuant to the letter of offer signed in relation to the bank loan and overdraft facilities (the "**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 Letter of Offer. Pursuant to a letter dated 10 June 2020, the bank agreed to a 6-month moratorium for the repayment of principal, for the period from July 2020 to December 2020, to recommence from January 2021 and thereafter re-assessment of the aforesaid covenant for the calendar year 2020. Hence, no reclassification of non-current loan to current has been made. PDD continues to be in constructive discussions with the bank in relation to the Additional Financing and the Package Deal.

(b) Loan from Lenders (Loan Facility)

On 24 December 2018 the Group obtained a $70.0 million facility from the Lenders ("**Loan Facility**"), 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. The Loan Facility consists of various tranches earmarked for specific purposes.

Further, the 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 Loan Facility is repayable in full when it matures in December 2020. Please see Note 40(i) on the Group's request for the extension of maturity of the Loan Facility. As at 30 June 2020, the undrawn facility amounted to $Nil (30 June 2019: $8.10 million). The Loan 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 ("**P12**") which is held through the Group's joint venture and associate;

23. Loans and borrowings (cont'd)

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

(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 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 (Minaret as defined in Note 30) and the Group's associate (PSDT as defined in Note 31).

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

- 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 ("**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, together with accrued interest, and all other amounts accrued under the finance documents relating to the 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, in the event that the trading halt of the Company's shares on the SGX-ST continues for a period of 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 ("**Trading Disruption**"), this would constitute an event of default under the Loan Facility and the Lenders would have the right to accelerate the Loan Facility and declare all or part of the Loan Facility, together with accrued interest, and all other amounts accrued or outstanding under the finance documents relating to the Loan Facility immediately due and payable;

- The 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 2020;

- The 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 22) to be applied to payment of interest on the Loan Facility, as at 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, together with accrued interest, and all other amounts accrued under the finance documents relating to the Loan Facility; and

- The 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.

The Lenders have considered the Company's request for waivers of the above-mentioned breaches of covenants and at the date of this set of financial statements, the Lenders are not in the position to grant such waivers but the Lenders remain fully supportive of the Group and are continuing constructive engagement with the Group and its management towards the stability and ongoing operations of the Group.

During the financial year ended 30 June 2019, whilst the Group was not able to meet the Sales Covenants for the period of January to March 2019, the Group had obtained a waiver from the Lenders in May 2019 in respect of the Sales Covenants for the aforesaid quarter. In the absence of such waivers, the non-fulfillment of the Sales Covenants may be regarded as an event of default under the Loan Facility.

23. Loans and borrowings (cont'd)

(c) Obligations under finance leases

As at 30 June 2019, finance leases pertain to the purchase of motor vehicles and are denominated in both SGD and RM, bears interest at 3.66% to 4.46% per annum (1 July 2018: 3.66% to 4.46% per annum) and were secured by motor vehicles (Note 12).

(d) 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 2019	Cash flows	Non-cash changes		30 June 2020
			Foreign exchange movement	Other[1]	
	$'000 (Restated)	$'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

	1 July 2018	Cash flows	Non-cash changes		30 June 2019
			Foreign exchange movement	Other[1]	
	$'000	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)
Bank loan	50,610	(1,973)	(1,619)	(1,172)	45,846
Obligations under finance leases	75	(58)	–	–	17
Loan from Lenders	–	61,921	–	3,926	65,847
	50,685	59,890	(1,619)	2,754	111,710

(1) Included the movement in unamortised transaction costs, capitalisation of interest relating to loan from Lenders and effects of adopting SFRS(I) 16 (during the financial year ended 30 June 2020 for obligations under finance lease only).

24. Loans from non-controlling interests

As at 1 July 2018, the loans from non-controlling interests are unsecured, interest-free and repayable on demand. The amount was fully repaid during the financial year ended 30 June 2019 via the utilisation of designated proceeds from the Loan Facility (Note 23(b)).

25. Lease liabilities

	Group
	$'000
At 1 July 2018 and 30 June 2019	–
Effect of adopting SFRS(I) 16	657
Addition	21
Accretion of interests	36
Payments	(240)
Re-measurement	(21)
At 30 June 2020	453
Presented as:	
Non-current	205
Current	248
	453

The maturity analysis of lease liability is disclosed in Note 37(b).

26. Provision for warranty

As at 1 July 2018, the Group's former Aluminium Division (currently under liquidation) gives up to ten-year warranties on certain products sold by undertaking to repair or replace items that fail to perform satisfactorily. A provision is recognised at the financial reporting date for expected warranty claims based on past experience of the level of repairs.

	Group		
	30 June 2020	30 June 2019	1 July 2018
	$'000	$'000	$'000
Beginning balance	–	1,129	–
At completion of Reversed Acquisition (Note 14)	–	–	2,171
Arose during the financial year/period	–	45	177
Utilised	–	(29)	(142)
Unused amount reversed	–	(42)	(1,077)
Attributable to discontinued operations	–	(1,103)	–
Ending balance	–	–	1,129

27. Trade payables

	Group		
	30 June 2020 $'000	30 June 2019 $'000 (Restated)	1 July 2018 $'000
Due to third parties:			
Non-current	249	–	–
Current	21,273	11,376	22,212
	21,522	11,376	22,212

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.

28. Other payables

	Group			Company		
	30 June 2020 $'000	30 June 2019 $'000 (Restated)	1 July 2018 $'000 (Restated)	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Non-current						
Others	60	68	–	–	–	–
Penalties payable	–	1,489	–	–	–	–
	60	1,557	–	–	–	–
Current						
Due to:						
- a related party	9,370	11,521	19,360	3,651	3,651	11,500
- liquidators of subsidiaries	410	410	–	410	410	–
- subsidiaries	–	–	–	13,235	8,428	730
- associate	1	–	–		–	–
Accruals	6,373	5,785	5,811	260	359	544
Penalties payable	3,055	1,571	–	–	–	–
Resident committee account	1,883	760	–	–	–	–
Others	1,820	2,886	–	–	–	–
GST clawback and penalties payable	1,398	1,403	1,403	–	–	–
Sundry creditors	590	338	1,148	56	185	181
Deposits received	385	1,009	–	–	–	–
	25,285	25,683	27,722	17,612	13,033	12,955
Total other payables	25,345	27,240	27,722	17,612	13,033	12,955

28. Other payables (cont'd)

	Group			Company		
	30 June 2020	**30 June 2019**	**1 July 2018**	**30 June 2020**	**30 June 2019**	**1 July 2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
		(Restated)	**(Restated)**			
Total other payables	25,345	27,240	27,722	17,612	13,033	12,955
Add:						
Loans and borrowings (Note 23)	137,320	114,121	52,530	–	–	–
Loans from non-controlling interests (Note 24)	–	–	15,205	–	–	–
Lease liabilities (Note 25)	453	–	–	–	–	–
Trade payables (Note 27)	21,522	11,376	22,212	–	–	–
Total financial liabilities carried at amortised cost	184,640	152,737	117,669	17,612	13,033	12,955

Penalties payables

Penalties payable pertains to $3,055,000 (30 June 2019: $3,060,000, 1 July 2018: $Nil) of 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 and is repayable on demand (30 June 2019: repayable in accordance with the agreed upon schedule of repayment).

Amount due to a related party

As at 30 June 2019, the $11.52 million non-trade payables was due to a related party, being a company controlled by Mr Chan, a director and controlling shareholder of the Company at that time, pertains to a $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) and is interest-free with effect from 1 July 2018 (1 July 2018: $11,500,000 bears interest of 5% per annum, $5,060,000 bears interest of 9.25% per annum and $2,800,000 interest free).

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).

As at 30 June 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 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 $69,809. These advances are repayable on demand (subordinated to the Loan Facility).

The reduction of $2.15 million between 30 June 2020 and 30 June 2019 was attributable to the deemed waiver of loan of $2.22 million, which was partially offset by an accrued interest of $69,809 during the financial year ended 30 June 2020.

28. Other payables (cont'd)

<u>Amount due to a related party</u> (cont'd)

As at 30 June 2020, the undrawn PSDH Facility amounted to $Nil (30 June 2019 and 1 July 2018: $5.72 million). During the financial year ended 30 June 2020, no repayment was made (30 June 2019: $9.6 million).

<u>Amount due to liquidators of subsidiaries and amount due to subsidiaries</u>

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

<u>Resident committee account</u>

Resident committee account refers to the amount collected on behalf of the resident committee of PCR. The amount is non-trade related, unsecured, repayable on demand and bears interest at 10% (30 June 2019: 10%, 1 July 2018: 10%) per annum.

<u>GST clawback and penalties payable</u>

Subsequent to the financial year ended 30 June 2020, pursuant to a GST field audit conducted by the Malaysia Customs (the "**Customs**") on PDD, the Company's wholly-owned subsidiary, it was advised by the Customs that it 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. Accordingly, such adjustments were reflected as prior year adjustments (Note 39(a)(i)).

<u>Liquidity risk</u>

The Group's and the Company's exposure to liquidity risk related to trade and other payables are disclosed in Note 37(b).

29. Deferred income

Deferred income pertains to the government grant receivables under the Job Support Scheme (the "**JSS**") and property tax rebates provided by the Singapore government.

JSS grant 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 2020 $'000	**30 June 2019 $'000**	**1 July 2018 $'000**	**30 June 2020 $'000**	**30 June 2019 $'000**	**1 July 2018 $'000**
Beginning balance	–	–	–	–	–	–
Received during the financial year/period	121	–	–	76	–	–
Recognised in other receivables (Note 20)	42	–	–	33		
Release to profit and loss (Note 5)	(49)	–	–	(33)	–	–
Ending balance	114	–	–	76	–	–

30. Joint venture

The Group has 51% (30 June 2019 and 1 July 2018: 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 the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

As at 30 June 2020 and 30 June 2019, the Group's shares in MHL are subjected to share charge pursuant to the Loan Facility (Note 23(b)).

The purpose of investments MHL is to hold (together with the Group's investment in associate) KNK, the developer of the P12.

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 2020	30 June 2019	1 July 2018
			%	%	%
Kanyakorn Pattana Co., Ltd.[1]	Investment holding	Thailand	49	49	49
Kanokkorn Pattana Co., Ltd.[1][2]	Property development	Thailand	49	49	49

[1] Audited by Baker Tilly Audit and Assurance Services (Thailand) Ltd. (30 June 2019 and 1 July 2018: Thai Info Ltd., Certified Public Accountants).

[2] Engaged in the development of P12.

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 2020	30 June 2019	1 July 2018
	$'000	$'000	$'000
Non-current assets	–	3,519	804
Current assets[1]	–	18,230	10,640
Current liabilities	(27,836)	(24,402)	(18,399)
Net liabilities	(27,836)	(2,653)	(6,955)
Proportion of the Group's beneficial interest	51%	51%	51%
Group's carrying amount of the investment	–	(1,353)	(3,547)

30. Joint venture (cont'd)

Summarised balance sheet (cont'd)

As at 30 June 2019 and 1 July 2018, the investments in joint venture were shown as credit balances, which represented the Group's cumulative share of losses from joint venture net of the Group's cost of investments in joint venture arising from constructive obligations (not legal obligations) to continue funding P12 through the associate and joint venture towards completion.

With the bankruptcy filing against KNK during the financial year ended 30 June 2020, the Group does not have any constructive and legal obligations to continue funding P12.

Summarised statement of comprehensive income

	MHL	
	2020	**2019**
	$'000	**$'000**
Loss after tax[(2)]	(25,124)	(945)
Other comprehensive income – translation reserve	(59)	5,245
Total comprehensive (loss)/income for the financial year	(25,183)	4,300

(1) Includes cash and cash equivalents of $1,000 (30 June 2019: $27,000, 1 July 2018: $1,065,000).

(2) Includes interest expense of $940,000 (2019: $280,000) and $25,046,000 (2019: $926,000) share of losses in associates.

31. Associate

The Group has 49% (30 June 2019 and 1 July 2018: 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.

As at 30 June 2020 and 30 June 2019, the Group's shares in PSDT are subjected to share charge pursuant to the Loan Facility (Note 23(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 2020	**30 June 2019**	**1 July 2018**
			%	**%**	**%**
Held by PSDT					
Kanyakorn Pattana Co., Ltd.[(1)]	Investment holding	Thailand	51	51	51
Held by subsidiary					
Kanokkorn Pattana Co., Ltd.[(1)(2)]	Property development	Thailand	51	51	51

(1) Audited by Baker Tilly Audit and Assurance Services (Thailand) Ltd. (30 June 2019 and 1 July 2018: Thai Info Ltd., Certified Public Accountants).

(2) Engaged in the development of P12.

31. Associate (cont'd)

Summarised balance sheet

	PSDT Group		
	30 June 2020 $'000	**30 June 2019 $'000**	**1 July 2018 $'000**
Non-current assets	7	26,944	3,204
Current assets[1]	95,487	43,484	107
Non-current liabilities	–	(46)	–
Current liabilities	(104,480)	(70,698)	(5,238)
Non-controlling interest	1,907	(4,120)	(383)
Net liabilities attributable to owners of the company	(7,079)	(4,436)	(2,310)
Proportion of the Group's ownership	49%	49%	49%
Group's carrying amount of the Investment	–	(2,174)	(1,132)

(1) Includes cash and cash equivalents of $2,000 (30 June 2019: $2,784,000, 1 July 2018: $15,000).

As at 30 June 2019 and 1 July 2018, the investments in associate were shown as credit balances, which represented the Group's cumulative share of losses from associate net of the Group's cost of investments in associate arising from constructive obligations (not legal obligations) to continue funding P12 through the associate and joint venture towards completion of P12.

With the bankruptcy filing against KNK during the financial year ended 30 June 2020, the Group does not have any constructive and legal obligations to continue funding P12.

Summarised statement of comprehensive income

	PSDT Group	
	2020 $'000	**2019 $'000**
Loss after tax	(8,948)	(871)
Other comprehensive income – translation reserve	278	(1,253)
Total comprehensive loss for the financial year	(8,670)	(2,124)

32. Share capital and treasury shares

(a) Share capital

	Number of shares '000	**Value $'000**
Issued and fully paid ordinary shares		
<u>**Group**</u>		
At 1 July 2018, 30 June 2019 and 30 June 2020	502,336	47,801
<u>**Company**</u>		
At 1 July 2018, 30 June 2019 and 30 June 2020	502,336	197,055

32. Share capital and treasury shares (cont'd)

(a) Share capital (cont'd)

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.

(b) Treasury shares

	Group		Company	
	Number of shares	Value	Number of shares	Value
	'000	$'000	'000	$'000
At 1 July 2018, 30 June 2019 and 30 June 2020	(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 for key management personnel, employees and Directors of the Company ("**Directors**") was approved by members of the Company at an Extraordinary General Meeting 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 Company.

Principal Terms of the ESOS

(i) Participants

All key management personnel, employees and Directors who have been in the employment of the Company for a period of at least 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, 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 year of service to the Company for options granted with the exercise price set at market price; or (ii) two years of service to the Company 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 years. The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price.

32. Share capital and treasury shares (cont'd)

(c) Employee Share Option Scheme ("ESOS") (cont'd)

Principal Terms of the ESOS (cont'd)

(iii) Options, exercise period and exercise price (cont'd)

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.

(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 quarterly results.

(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 at the discretion of the RC, subjected to a maximum period of ten years from 25 April 2013.

Options Granted under ESOS

During the financial year ended 30 June 2020, there were no outstanding shares options, no shares option granted and no share options lapsed. The movements in the number of unissued ordinary shares under options and their exercise price for the financial year ended 30 June 2019 are as follow:

	Number of unissued ordinary shares under option					
	At 1 July 2018 '000	Granted during the financial year '000	Lapsed during the financial year '000	At 30 June 2019 '000	Exercise price	Exercise period
Company						
2014 Option	72	–	(72)	–	N.A.	N.A.

N.A.: Not applicable

33. Reserves

	Group			Company		
	30 June 2020 $'000	30 June 2019 $'000 (Restated)	1 July 2018 $'000	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Foreign currency translation reserve	1,333	1,009	92	–	–	–
Capital reserves	–	–	3,029	–	–	–
Other reserves	–	–	(34,000)	–	–	(1,470)
Share options reserve	–	–	–	–	–	42
	1,333	1,009	(30,879)	–	–	(1,428)

The Group's and the Company's reclassifications of capital reserves, other reserves and share options reserve are presented (as applicable) in the Group's and Company's statements of changes in equity.

Group

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Capital reserves relate to notional interest imputed on interest-free loans from the shareholders and considered as contribution by shareholders. The fair value of interest-free loans from shareholders is estimated using a discounted cash flow model based on various assumptions, including market rates of interest and expected repayment terms.

Other reserves relate to the deemed distribution to the shareholders arising from the cash consideration paid amounting to $16,000,000 and consideration payable amounting to $18,000,000 as a result of the Reverse Acquisition.

Company

Other reserves comprise share issues expenses arising from the issuance of ordinary shares, waiver of loan by the non-controlling interest and initial recognition and subsequent cancellation of a redemption liability in 2013 relating to an option to purchase the shares held by the non-controlling interest.

Share options reserve represents the equity-settled share options granted to participants of the ESOS (Note 32(c)). The reserve is made up of the cumulative value of services received from participants recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of share options.

34. Commitments

The Group has applied SFRS(I) 16 from the adoption date of 1 July 2019. SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard, however, allows for recognition exemption for leases of 'low value' and short-term leases. The Group applied the simplified transition approach for its financial year beginning 1 July 2019 and has not restated comparative amounts for the year prior to first adoption.

(a) Operating lease commitments – as lessee

The Group and the Company have entered into commercial leases for office rental and office equipment. These leases have an average tenure of about 2 years with no renewal option or contingent rent provision included in the contracts. The Group and the Company are restricted from subleasing the office to third parties.

During the financial year ended 30 June 2019, the minimum lease payments recognised as an expense in profit or loss amounted to $371,000. Future minimum rental payable under non-cancellable operating leases at the end of the financial year are as follow:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Not later than one year	–	279	–	–
Later than one year but not later than five years	–	451	–	–
	–	730	–	–

(b) 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 financial year but not recognised as receivables are as follow:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Not later than one year	87	46	–	–
Later than one year but not later than five years	240	67	–	–
More than five years	9	–	–	–
	336	113	–	–

34. Commitments (cont'd)

(c) Finance lease commitments – as lessee

The Group has finance leases for certain motor vehicles. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follow:

	2020			2019		
Group	Minimum lease payments $'000	Interest $'000	Principal $'000	Minimum lease payments $'000	Interest $'000	Principal $'000
Not later than one year	–	–	–	17	–*	17
Later than one year but not later than five years	–	–	–	–	–*	–
	–	–	–	17	–*	17

* Less than $1,000

(d) Capital commitment

PSDS, a wholly-owned subsidiary of the Company, has entered into a shareholder loan agreement with its Minaret, 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 Minaret at any time upon drawdown notice. As at 30 June 2020, $2.1 million (30 June 2019: $4.5 million, 1 July 2018: $Nil) of the loan facility balance remains undrawn.

In view of KNK Bankruptcy, PSDS and Minaret agreed to cancel the remaining loan facility pursuant to an agreement dated 21 October 2020.

35. Related party transactions

	Group	
	2020 $'000	2019 $'000
Compensation of key management personnel		
Short-term employee benefits	1,151	1,370
Contributions to defined contribution plans	96	69
	1,247	1,439
Transactions with PSDH		
Interest expense (Note 28)	70	161
Deemed waiver of loan (Note 28)	(2,220)	–

36. Fair value of assets and liabilities

(a) 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.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group		
		1 July 2018	
	Level 1	Level 2	Level 3
	$'000	$'000	$'000
Financial assets:			
Marketable security at fair value through profit or loss			
Quoted equity securities	4	–	–

37. 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 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.

37. 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 government related agencies with minimum credit risk (30 June 2019: mainly of advances to joint venture and associate, entities that the Group had access to their financial statements and business plans); 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 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 expected credit losses.

The Group provides for lifetime expected credit losses 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 expected credit losses 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 units.

37. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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.

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 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 19.

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 expected credit losses is as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Gross amount	9	144
Allowances	(9)	–
Written off due to discontinued operations	–	(144)
	–	–
Beginning balance	–	102
Allowance during the financial year	9	–
Written off due to discontinued operations	–	(102)
Ending balance	9	–

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 are not secured by any collateral or credit enhancement.

37. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are past due and/or impaired (cont'd)

Other receivables

The carrying amount of other receivables due from the subsidiaries individually determined to be impaired and the movement in the related allowance for expected credit losses is as follows:

	Company	
	2020	**2019**
	$'000	**$'000**
Beginning balance	–	197
Written off due to discontinued operations	–	(197)
Ending balance	–	–

The impaired other receivables of the Company arose from subsidiaries within the Aluminium Division that have incurred losses for previous years and are currently under liquidation.

(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 Company and the Group 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 23) 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.

37. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

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 2020			30 June 2019			1 July 2018		
	One year or less	One to five years	Total	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	$'000	$'000	$'000
				(Restated)	(Restated)	(Restated)			
Financial assets:									
Trade receivables	5,934	–	5,934	13,652	–	13,652	38,194	59	38,253
Other receivables (excluding net GST receivables)	280	–	280	19,701	–	19,701	13,385	–	13,385
Marketable security	–	–	–	–	–	–	4	–	4
Fixed deposits pledged	–	–	–	103	–	103	501	–	501
Cash at bank	3,320	–	3,320	1,965	–	1,965	2,015	–	2,015
Restricted cash	1,748	–	1,748	2,544	–	2,544	–	–	–
Total undiscounted financial assets	11,282	–	11,282	37,965	–	37,965	54,099	59	54,158
Financial liabilities:									
Trade payables	21,273	249	21,522	11,376	–	11,376	22,212	–	22,212
Other payables (excluding GST clawback and penalties and penalties payable)	20,832	60	20,892	22,709	68	22,777	26,319	–	26,319
Lease liabilities	276	205	481	–	–	–	–	–	–
Loans and borrowings	115,143	47,463	162,606	8,618	154,549	163,167	28,182	27,865	56,047
Loans from non-controlling interests	–	–	–	–	–	–	–	15,205	15,205
Total undiscounted financial liabilities	157,524	47,977	205,501	42,703	154,617	197,320	76,713	43,070	119,783
Total net undiscounted financial liabilities	(146,242)	(47,977)	(194,219)	(4,738)	(154,617)	(159,355)	(22,614)	(43,011)	(65,625)

37. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	30 June 2020			30 June 2019			1 July 2018		
	One year or less	One to five years	Total	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	$'000	$'000	$'000
Financial assets:									
Other receivables (excluding net GST receivables)	3,220	–	3,220	169	–	169	2,219	–	2,219
Fixed deposits pledged	–	–	–	103	–	103	501	–	501
Cash at bank	104	–	104	5	–	5	119	–	119
Total undiscounted financial assets	3,324	–	3,324	277	–	277	2,839	–	2,839
Financial liabilities:									
Other payables	17,612	–	17,612	13,033	–	13,033	12,955	–	12,955
Total undiscounted financial liabilities	17,612	–	17,612	13,033	–	13,033	12,955	–	12,955
Total net undiscounted financial liabilities	(14,288)	–	(14,288)	(12,756)	–	(12,756)	(10,116)	–	(10,116)

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 and Company'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 2020		30 June 2019		1 July 2018	
	One year or less	One to five years	One year or less	One to five years	One year or less	One to five years
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Financial guarantees	486	–	591	–	–	894
Company						
Financial guarantees	–	–	103	–	–	403

37. Financial risk management objectives and policies (cont'd)

(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. The Group's and the Company's financial assets and liabilities at floating rates are being re-priced regularly with the financial institutions and/or lenders.

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.

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.

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 rates, in particular foreign exchange rate, remain unchanged.

Group	2020 (Increase)/ Decrease loss before tax $'000	2019 (Increase)/ Decrease loss before tax $'000
25 basis points increase	(129)	(124)
25 basis points decrease	129	124

(d) Currency risk

Currency risk arises on the financial instruments that are denominated in a currency other than the entity's functional currency in which they are measured. As at 30 June 2020, 30 June 2019 and 1 July 2018, the Group and the Company do not have significant currency risk as the respective entities in the Group have minimum foreign currency denominated balances and transaction.

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 a going concern 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.

37. 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 (excluding non-controlling interest). Net debt is calculated as total liabilities less provision for warranty, current tax liabilities, deferred income and fixed deposits pledged, restricted cash and cash at bank.

	30 June 2020 $'000	30 June 2019 $'000 (Restated)	1 July 2018 $'000 (Restated)
Group			
Net debt	179,572	151,652	131,556
Total (capital deficiency)/equity	(47,189)	9,699	19,065
Net debt to equity ratio	N.M.	15.64	6.90
Company			
Net debt	17,508	12,925	12,335
Total (capital deficiency)/equity	(1,084)	36,514	159,568
Net debt to equity ratio	N.M.	0.35	0.08

N.M.: Not meaningfully 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 2020, 30 June 2019 and 1 July 2018. 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.

38. 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		
	2020 $'000	2019 $'000	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Group					
Malaysia	5,763	4,519	350	10	20
Singapore	–	–	449	42	168
	5,763	4,519	799	52	188

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, trade receivables and deferred cost as presented in the Group's balance sheet.

39. Prior year adjustments and reclassifications

(a) Financial year ended 30 June 2019 and as at 1 July 2018

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 (Note 28). 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 opening retained earnings 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 (Note 17)

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 increase in the opening retained earnings 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), other expense (write-down of development properties) of $0.07 million (equivalent to RM0.23 million) and a decrease in cost of sales of $0.65 million (equivalent to RM2.00 million) for the financial year ended 30 June 2019.

(iii) Restatement of loans and borrowings balances and reclassifications of amortisation of transactional costs relating to Loan Facility and Facility A (Note 23(a) and 23(b) respectively)

(I) During the financial year ended 30 June 2019, $3.64 million (equivalent to RM11.13 million) of requests for draw down under Facility A were submitted to the bank and included as amount payable under Facility A. As these requests for draw down were not approved by the bank subsequent to 30 June 2019, these amounts were reclassified as trade and other payables as at 30 June 2019. Reclassifications were made to restate amount due under Facility A and trade and other payables which resulted in a decrease in non-current loans and borrowings by $3.64 million (equivalent to RM11.13 million), with a corresponding increase of $3.53 million (equivalent to RM10.80 million) in trade payable and $0.11 million (equivalent to RM0.33 million) in other payables as at 30 June 2019.

(II) Due to a formula error in the working for the computation of the amount due under Facility A, a reclassification amounting to $0.47 million (equivalent to RM1.42 million) was made from non-current borrowings to current borrowings. The opening retained earnings as at 1 July 2018 and the loss for the financial year ended 30 June 2019 were not affected.

39. Prior year adjustments and reclassifications (cont'd)

(a) Financial year ended 30 June 2019 and as at 1 July 2018 (cont'd)

(iii) Restatement of loans and borrowings balances and reclassifications of amortisation of transactional costs relating to Loan Facility and Facility A (Note 23(a) and 23(b) respectively) (cont'd)

(III) To conform to current year's presentation, reclassification of the amortisation of transaction costs for the financial year ended 30 June 2019 amounting to $478,000 and $69,000 for the Loan Facility and Facility A respectively were reclassified from administrative expenses to finance costs. The opening retained earnings as at 1 July 2018 and the loss for the financial year ended 30 June 2019 were not affected.

The effects of the above have been corrected and presented in the financial statements as follows:

Group	**Note**	**Balances as previously reported**	**Prior year adjustments**	**Balances as restated**
		$'000	**$'000**	**$,000**
Consolidated Statement of Comprehensive Income for the financial year ended 30 June 2019				
Cost of sales	39(a)(ii)	(2,912)	655	(2,257)
Gross profit		1,607	655	2,262
Expenses:				
Administrative	39(a)(iii)(III)	(9,034)	547	(8,487)
Other expenses	39(a)(ii)	(4,090)	(74)	(4,164)
Finance cost	39(a)(iii)(III)	(11,165)	(547)	(11,712)
Loss before tax from continuing operations		(22,835)	581	(22,254)
Net loss from continuing operations		(24,700)	581	(24,119)
Net loss for the financial year		(25,219)	581	(24,638)
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from				
- consolidation		(1,345)	(3)	(1,348)
Total comprehensive loss for the financial year		(24,503)	578	(23,925)
Earnings per share from continuing operations attributable to owners of the Company				
Basic and diluted		(4.90)	0.11	(4.79)
Earnings per share				
Basic and diluted		(5.01)	0.12	(4.89)

39. Prior year adjustments and reclassifications (cont'd)

(a) Financial year ended 30 June 2019 and as at 1 July 2018 (cont'd)

Group	Note	Balances as previously reported	Prior year adjustments	Balances as restated
		$'000	$'000	$,000
Balance sheet as at 30 June 2019				
Current assets				
Development properties	39(a)(i) &(ii)	136,163	1,779	137,942
Non-current liabilities				
Loans and borrowings	39(a)(iii)(I) & (II)	113,669	(4,106)	109,563
Current liabilities				
Loans and borrowings	39(a)(iii)(I) & (II)	4,093	465	4,558
Trade payables	39(a)(iii)(I)	7,843	3,533	11,376
Other payables	39(a)(i) & (iii)(I)	24,172	1,511	25,683
Current tax liabilities	39(a)(i) & (ii)	10,879	11	10,890
Equity				
Accumulated losses	39(a)(i) & (ii)	(39,479)	368	(39,111)
Reserve		1,012	(3)	1,009
Balance sheet as at 1 July 2018				
Current assets				
Development properties	39(a)(i) & (ii)	136,667	1,201	137,868
Current liabilities				
Other payables	39(a)(i)	26,319	1,403	27,722
Current tax liabilities	39(a)(i) & (ii)	13,370	11	13,381
Equity				
Retained earnings	39(a)(i) & (ii)	2,356	(213)	2,143
Statement of changes in equity				
Retained earnings	39(a)(i) & (ii)	2,356	(213)	2,143

(b) Financial period ended 30 June 2018

The Group has early adopted SFRS(I) 15 *Revenue from Contracts with Customers* in the financial period ended 30 June 2018.

In March 2019, the IFRS Interpretations Committee (the "**IFRSIC**") issued an update on the decisions reached by the IFRSIC and concluded its views that borrowing costs relating to development properties that are ready for its intended sales (i.e. ready for launch) should not be capitalised and instead, be expensed when incurred.

39. Prior year adjustments and reclassifactions (cont'd)

(b) Financial period ended 30 June 2018 (cont'd)

Following the update of the agenda decision by IFRSIC, the Group has ceased capitalisation of the borrowing costs relating to its development property when the property is ready for its intended sales. Accordingly, the Group has restated its previously audited financial figures which are shown as "**IFRSIC Conclusion**".

Before 1 June 2018, the Group capitalised borrowing costs and recognised such capitalised borrowing costs incurred on development properties on a percentage of completion method. Under IFRSIC Conclusion, borrowing costs incurred in relation to the acquisition of land and construction of development project where revenue is recognised over time is capitalised up to the point that the project ready for its intended sales. Borrowing costs incurred after that date is expensed as incurred.

The Group's balance sheet as at 1 July 2018 was restated, resulting in a decrease in development properties of $7,279,000 and corresponding decreases in retained earnings and non-controlling interests of $3,433,000 and $3,846,000 respectively.

40. Subsequent events

(a) The COVID-19 pandemic and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects. Governments of regional countries have adopted a very cautious approach in opening their borders to both inbound and outbound travelers. PCR is reliant on international buyers, particularly from Asia. The inability of regional countries to effectively contain the COVID-19 pandemic will continue to curtail movement of foreigners into Malaysia. As a result the COVID-19 pandemic is expected to negatively impact on the Group's revenue and performance in the next 12 months. The extent and duration of such negative impact on the Group's performance will be dependent on when the COVID-19 pandemic can be contained on a global scale.

(b) On 2 July 2020, the Company announced that on 1 July 2020, during a meeting with a representative of the joint venture partner of Minaret, management received a photocopy of the notice of acceleration dated 5 June 2020 (the "**Notice of Acceleration**") from Siam Commercial Bank Public Company Limited ("**SCB**"). Pursuant to the Notice of Acceleration, SCB has demanded for KNK to repay the outstanding overdraft and the land loans (including interest) under the SCB Facility by 15 June 2020 and 8 July 2020 respectively.

As at the date of this set of financial statements, KNK has not paid the amount due to SCB as KNK is currently under bankruptcy proceedings (Note 30).

(c) On 14 July 2020, 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 $1,434,969.44 for the quarter ended 30 June 2020 (the "**Cash Interest for 4QFY2020**") (the "**4QFY2020 Capitalisation of Interest**"). Pursuant to the 4QFY2020 Capitalisation of Interest, the Cash Interest for 4QFY2020 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 4QFY2020 need not be paid in cash.

(d) On 4 September 2020, the Company announced that the Group intends to apply to the Registrar of Companies of Malaysia to strike off the following dormant Malaysian subsidiaries off the register of companies of Malaysia:

- Pacific Star Property Sdn. Bhd.;
- Pearl Discovery Property Management Sdn. Bhd.; and
- Pacific Star Development (Malaysia) Sdn. Bhd.

40. Subsequent events (cont'd)

(e) On 17 September 2020, the Company announced that on 16 September 2020 (the "**Effective Date**"), the Company's joint venture, Minaret, had entered into a legally binding share sale and purchase agreement (the "**SPA**") with Mr Witawat Thaweesuwan (the "**Purchaser**") to (i) dispose Minaret's shareholding (together with that of Minaret's fellow shareholders who hold shares directly and indirectly) in the entirety of the share capital of KNK (the "**Sale Shares**"), and (ii) assign Minaret's entire shareholders' loans (including interest) (the "**Shareholders' Loans**") to the Purchaser for an aggregate consideration of THB 900 million (the "**Consideration**") or approximately $39.33 million (the "**KNK Transaction**").

The Consideration for the purchase of the Sale Shares shall be THB 300 million with the remaining THB 600 million being consideration for the assignment of the Shareholders' Loans. The Consideration does not include any deductions and/or adjustments whatsoever including but not limited to any present and future liabilities of KNK.

Pursuant to the SPA, the payment of the Consideration shall be split into two components, namely a deposit of THB 500 million (the "**Non-Refundable Deposit**") and the remainder payment of THB 400 million (the "**Remainder Payment**").

The Non-Refundable Deposit shall be paid in the following manner:

- THB 150 million shall be paid within 90 days from the date of the SPA (the "**First Deposit**");
- THB 150 million shall be paid within 180 days from the date of the SPA; and
- THB 200 million shall be paid within 270 days from the date of the SPA.

The Remainder Payment shall be paid in the following manner:

- THB 100 million shall be paid at the end of 15 months from the date of the SPA;
- THB 100 million shall be paid at the end of 18 months from the date of the SPA;
- THB 100 million shall be paid at the end of 21 months from the date of the SPA; and
- THB 100 million shall be paid at the end of 24 months from the date of the SPA.

During first 90 days after the Effective Date, pursuant to the terms of the SPA, the Purchaser has the right to negotiate a delay of the payment of the First Deposit for a period of up to 21 days without causing a breach of any clauses in the SPA or to terminate the SPA. After the first 90-day period, if the Purchaser agrees to continue with the Transaction, the Purchaser agrees to waive his right to terminate the SPA. The Purchaser and Minaret have agreed that in any circumstances the Consideration shall not be changed as the Purchaser will purchase the Sale Shares in an "as is" condition.

If the Purchaser defaults on the agreed payment schedule for the Non-Refundable Deposit and/or the Remainder Payment, Minaret shall be entitled to terminate the SPA and to claim against the Purchaser for costs and/or damages arising suffered by Minaret for such breach of obligation. In such a situation, any and all amounts paid by the Purchaser to Minaret shall be forfeited in Minaret's favour.

The assignment of the Shareholders' Loans shall be subject to the Purchaser making full payment of the Consideration.

In addition, the Company announced that Thai Bankruptcy Court's hearing of Minaret's bankruptcy application against KNK has been deferred to 15 December 2020.

40. Subsequent events (cont'd)

On 17 December 2020, the Company announced that:

(i) the Purchaser has written formally to Minaret to request for an extension of time of 21 days for the payment of the First Deposit (up till the extended deadline of 5 January 2021) and that Minaret has agreed to grant this indulgence of the 21-day extension of time to the Purchaser for the payment of the First Deposit; and

(ii) KNK has filed an answer to defend the bankruptcy proceedings made by Minaret and the Thai Bankruptcy Court's hearing of Minaret's bankruptcy application against KNK and the next hearings have been scheduled for 31 March 2021 and 1 April 2021.

A final ultimatum has been given to the Purchaser to pay the First Deposit by 15 January 2021.

(f) On 2 October 2020, the Company announced that it had submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") for:

- a 2-month extension of time from 31 October 2020 to 31 December 2020 to hold the Company's Annual General Meeting for the financial year ended 30 June 2020 (the "**AGM**"); and

- a 1-month extension of time from 14 November 2020 to 14 December 2020 to announce the Company's unaudited financial results for the first quarter ended 30 September 2020 ("**1QFY2021**") (collectively, the "**Extensions**").

In addition, the Company had concurrently requested for an extension of time with Accounting and Corporate Regulatory Authority ("**ACRA**") in relation to the holding of its AGM and submission of its Annual Return pursuant to Sections 175 and 197 of the Companies Act (Chapter 50) of Singapore.

On 29 October 2020, the Company announced that SGX RegCo had informed the Company that it has no objection to the Extensions.

On 6 November 2020, the Company announced that ACRA has allowed for a deadline of 30 December 2020 for the Company to hold its AGM and a deadline of 29 January 2021 for the Company to file its Annual Return.

On 12 December 2020, the Company announced that that it:

(i) has submitted a second application to the SGX RegCo to:

  - publish its FY2020 annual report by 14 January 2021; and

  - convene its FY2020 AGM by 29 January 2021 (collectively referred to herein as the "**Second Extension**"); and

(ii) had concurrently requested for an extension of time with the ACRA in relation to the holding of its AGM and submission of its Annual Return pursuant to Sections 175 and 197 of the Companies Act (Chapter 50) of Singapore.

On 22 December 2020, the Company announced that:

(i) SGX RegCo had informed the Company that it has no objection to the Second Extension; and

(ii) ACRA had informed the Company that the application for an additional extension of time to conduct its AGM and filing of Annual Return for FY2020 was not successful. The Company will have to bear the relevant late filing penalties and/or composition amounts as prescribed under the Companies Act. Such late filing penalties and/or composition amounts are not expected to be material.

40. Subsequent events (cont'd)

(g) On 5 October 2020, 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 $1,507,139.01 for the quarter ended 30 September 2020 (the "**Cash Interest for 1QFY2021**") (the "**1QFY2021 Capitalisation of Interest**"). Pursuant to the 1QFY2021 Capitalisation of Interest, the Cash Interest for 1QFY2021 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 1QFY2021 need not be paid in cash.

(h) On 10 October 2020, the Company announced that PSDS, a wholly-owned subsidiary of the Company, has received a letter of demand dated 8 October 2020 (the "**Letter of Demand**") from the lawyers of Asia Real Estate Prime Development Fund (Société d'Investissement à Capital Variable --- Fonds d'Investissement Spécialiste) ("**AREPDF**").

The Letter of Demand contains, among others, a claim for a sum of US$654,762 from AREPDF pursuant to an agreement dated 14 August 2007 and subsequent correspondence dated 15 April 2010 (the "**Matter**"). For the avoidance of doubt, no legal proceedings in respect of the above matter have been commenced against PSDS at the date of these financial statements.

PSDS has sent a request for the lawyers of AREPDF to furnish the background documents relating to the claim for the Matter on 8 October 2020 and provided PSDS's position via a letter dated 28 October 2020. As at the date of these financial statements, PSDS had not received any reply from the lawyers of AREPDF.

(i) On 8 January 2021, the Company announced that:

- the Lenders informed TPG, a wholly owned subsidiary of the Group, that they have agreed to capitalise the cash interest amounting to $1,547,195.47 from 1 October 2020 to 24 December 2020 (the "**Cash Interest for 2QFY2021**") (the "**2QFY2021 Capitalisation of Interest**"). Pursuant to the 2QFY2021 Capitalisation of Interest, the Cash Interest for 2QFY2021 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 2QFY2021 need not be paid in cash; and

- the Group continues to be in discussions with the Lenders on an extension of the maturity date of the Loan Facility which was due on 24 December 2020. The Lenders have informed the Company that in relation to the request to extend the maturity date of the Loan Facility, they are currently evaluating various options and will respond more definitively in due course. The Lenders have indicated that they understand the restrictions to sales and marketing efforts as a result of the COVID-19 pandemic situation in Malaysia and regionally, and remain supportive of the Group. In the interim, the Lenders continue to reserve their rights in relation to the expiry of the maturity of the Loan Facility. The Company will update its shareholders on the progress of these discussions in due course.

41. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 14 January 2021.

STATISTICS OF SHAREHOLDINGS

As at 15 December 2020

NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	499,660,878
NUMBER/PERCENTAGE OF TREASURY SHARES AGAINST TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	2,675,400 (0.54%)
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	ONE VOTE PER SHARE
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	10,046	62.04	217,620	0.04
100 - 1,000	2,271	14.02	720,561	0.14
1,001 - 10,000	3,528	21.79	3,984,865	0.80
10,001 - 1,000,000	336	2.07	19,084,437	3.82
1,000,001 & ABOVE	13	0.08	475,653,395	95.20
TOTAL	16,194	100.00	499,660,878	100.00

TOP TWENTY SHAREHOLDERS

	NAME	NO. 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	36,289,776	7.26
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	27,389,275	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	4,348,539	0.87
11	CHIU DENNIS	3,750,000	0.75
12	XU YONGSHENG	1,215,210	0.24
13	RAFFLES NOMINEES (PTE) LIMITED	1,186,440	0.24
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	899,179	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 GUAHUA)	534,300	0.11
		480,416,116	96.15

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

		DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
1	CH Biovest Pte. Limited	177,454,800	35.52	–	–
2	Chuan Hup Holdings Limited	–	–	177,454,800[(a)]	35.52
3	Kai Xin Guo Pte Ltd (formerly known as 3P Pte Ltd)	–	–	177,454,800[(b)]	35.52
4	Qing Shan Pte Ltd	–	–	177,454,800[(b)]	35.52
5	TMF Trustees Singapore Limited	–	–	177,454,800[(b)]	35.52
6	Peh Kwee Chim	–	–	177,454,800[(c)]	35.52
7	Peh Siong Woon Terence	–	–	177,454,800[(d)]	35.52
8	Beamsbury Limited	–	–	177,454,800[(e)]	35.52
9	Chan Fook Kheong	–	–	169,571,100[(f)]	33.94
10	Glaxier City Limited	105,035,550[(f)]	21.02	–	–
11	Global Century Ltd	–	–	105,035,550[(f)]	21.02
12	Fidelitycorp Limited	–	–	105,035,550[(f)]	21.02
13	Double Blessing Holdings Limited	64,535,550[(f)]	12.92	–	–

(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 TMF Trustees Singapore Limited as trustee of a trust constituted by Peh Kwee Chim (the "**Trust**"). Therefore, Kai Xin Guo Pte Ltd, Qing Shan Pte Ltd and TMF Trustees Singapore 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 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, held through its wholly-owned subsidiary, CH Biovest.

(d) 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.

(e) Beamsbury Limited, the nominee corporate director of TMF Trustees 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 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.

(f) Chan Fook Kheong ("**Glen 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. Glen Chan is also the registered sole shareholder of Double Blessing Holdings Limited. Accordingly, Glen 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, Glen Chan was adjudged a bankrupt on 19 March 2020, and accordingly a private trustee, Yit Chee Wah (the "**Trustee**"), has been appointed to administer Glen Chan's estate in bankruptcy. As at the date of this report, the Trustee is in the process of obtaining control of Glaxier City Limited and Double Blessing Holdings Limited. This process is ongoing and has not yet been concluded.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

As at 15 December 2020, approximately 30.54% of the Company's total number of issued shares are held in the hands of the public. Accordingly, the Company has compiled with Rule 723 of the Catalist Rules.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **Pacific Star Development Limited** (the "**Company**") will be convened and held by way of electronic means on 29 January 2021 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Directors' Report and Auditors' Report thereon.
   (Resolution 1)

2. To approve the payment of Directors' Fees of $125,239 for the financial year ended 30 June 2020.
   [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Ying Wei Hsein as Director of the Company retiring pursuant to Regulation 89 of the Company's Constitution.
   [See Explanatory Note (ii)] **(Resolution 3)**

4. To re-elect Mr Lim Hoon Tong as Director of the Company retiring pursuant to Regulation 88 of the Company's Constitution.
   [See Explanatory Note (iii)] **(Resolution 4)**

5. To re-appoint Messrs Ernst & Young LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration.
   (Resolution 5)

6. To transact any other ordinary business which may be properly transacted at the AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:–

7. **Authority to allot and issue new shares**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be and are hereby authorised to:

   (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, the "**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) warrants, debentures or other instruments exchangeable into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments 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 (i) above, the percentage of the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(1) new Shares arising from the conversion or exercise of convertible securities;

(2) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraphs (b)(i) and (b)(ii) above 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 this Resolution;

(iii) 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 Act and the Company's Constitution for the time being; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution 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 the earlier.

[See Explanatory Note (iv)] **(Resolution 6)**

Dated this 14 January 2021

BY ORDER OF THE BOARD

Kennedy Chen
Company Secretary
Singapore

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED:

(i) The amount of Directors' fees to be paid to former and present Directors prorated according to their tenure as Directors during the financial year ended 30 June 2020 are as follows:

(a)	Mr Low Siew Sie Bob	$12,993
(b)	Leow Chin Boon	$55,486
(c)	Yeong Wai Cheong	$40,890
(d)	Lim Hoon Tong	$15,870
	Total	**$125,239**

(ii) Mr Ying Wei Hsein will, upon re-election as a Director of the Company, remain as the Executive Chairman of the Company. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Ying Wei Hsein as set out in Appendix 7F of the Catalist Rules is disclosed in pages 21 to 26 of this Annual Report.

(iii) Mr Lim Hoon Tong will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. Mr Lim Hoon Tong will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Lim Hoon Tong and the other Directors, the Company and its 5% shareholders. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mr Lim Hoon Tong as set out in Appendix 7F of the Catalist Rules is disclosed in pages 21 to 26 of this Annual Report.

(iv) The proposed Resolution 6, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allow and issue under this resolution, shall not exceed 100% of the total number of the issued Shares excluding treasury shares of the Company at the time of passing this resolution. For allotment and issue of Shares and convertible securities other than on a *pro-rata* basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM.

NOTES:

1. The AGM is being convened, and 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 this Notice of AGM and the accompanying Annual Report FY2020 and proxy form will not be sent to members of the Company.

2. This Notice of AGM dated 14 January 2021 and the Proxy Form may be accessed via the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

3. Due to the current COVID-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow shareholders to participate at the AGM by:

   (a) observing and/or listening to the AGM proceeding via “live” audio-visual webcast or “live” audio-only stream;

   (b) submitting questions in advance of the AGM; and

   (c) appointing the Chairman of the Meeting as proxy to attend and to vote on their behalf at the AGM.

   Please refer to the Annex to the Notice of this AGM for the details of the steps for pre-registration, pre-submission of questions and voting at the AGM.

4. Persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), including CPF or SRS investors, and who wish to participate in the AGM by:

   (a) observing and/or listening to the AGM proceedings via “live” audio-visual webcast or “live” audio-only stream;

   (b) submitting questions in advance of the AGM; and/or

   (c) appointing the Chairman of the Meeting as proxy to attend and to vote on their behalf at the AGM,

   should contact the relevant intermediary (which would include, in the case of CPF or SRS investors, their respective CPF or SRS operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective CPF or SRS operators to submit their proxy forms by 5.00 p.m., 20 January 2021.

5. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must first download, complete and sign the proxy form, before scanning and sending it by email to main@zicoholdings.com or depositing at the Company’s Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours (i.e. by 10.00 a.m., 26 January 2021) before the time appointed for holding the AGM.

   Members are strongly encouraged to submit completed proxy forms electronically via email to main@zicoholdings.com to ensure that they are received by the Company by the stipulated deadline.

6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.

7. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. The member's personal data and its proxy(ies)'s and/or representative(s)'s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes. 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 of the Company and/or its proxy(ies) or representative(s) (such as his/her name, his/her presence at the AGM and any questions he/ she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

ANNEX

STEPS FOR PRE-REGISTRATION, PRE-SUBMISSION OF QUESTIONS AND VOTING AT THE AGM

No.	Steps	Details
1.	Pre-registration	Shareholders must pre-register at the pre-registration website at https://globalmeeting.bigbangdesign.co/pacificstar from 15 January 2021 at 9.00 a.m. till 26 January 2021 at 5.00 p.m to enable the Company to verify their status as shareholders. Shareholders will be required to fill in their name, NRIC/Passport/Company Registration number, shareholding type, mobile number and email address during the pre-registration. Authenticated registrants will receive an email by 27 January 2021 at 5.00 p.m. which will contain the link and instructions access the "live" audio-visual webcast and a telephone number to access the "live" audio-only stream of the AGM proceeding (**Confirmation Email**). Registrants who do not receive the Confirmation Email by 27 January 2021 at 5.00 p.m. should contact the Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com during office hours from 9.00 a.m. to 5.00 p.m., Monday to Friday.
2.	**Submit questions for AGM in advance**	**Shareholders will not be able to ask questions at the AGM during the “live” questions for audio-visual webcast or “live” audio-only stream, and therefore it is important for shareholders to submit their questions in advance of the AGM.** **Submission of questions**. Shareholders can submit questions related to the resolution to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM, via the pre-registration website (as set out in Step 1 above). To ensure that questions are received by the Company by the stipulated deadline, Shareholders are strongly encouraged to submit questions via the pre-registration website (as set out in Step 1 above). **Deadline to submit questions for AGM**. All questions must be submitted by 5.00 p.m. on 26 January 2021. **Addressing questions**. The Company will endeavor to address substantial and relevant questions received from Shareholders. Answers to substantial and relevant questions will be published on the SGXNet by 28 January 2021. **Minutes of AGM**. The Company will publish the Minutes of the AGM on the Company’s website and on SGXNet within one month from the conclusion of the AGM.
3.	**Submit proxy forms to vote**	**Appointment of Chairman of the Meeting as proxy**. Due to the current COVID-19 situation and related safe distancing measures in Singapore, 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 attend and to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. **Specific voting instructions to be given**. 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. **Submission of proxy forms**. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must first download, complete and sign the proxy form, before scanning and sending it by email to main@zicoholdings.com or submitting it by post to the Company's Share Registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 72 hours (i.e. by 10.00 a.m., 26 January 2021) before the time appointed for holding the AGM. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company. **Members are strongly encouraged to submit completed proxy forms electronically via email to main@zicoholdings.com to ensure that they are received by the Company by the stipulated deadline.** CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF or SRS operators to submit their proxy forms by 5.00 p.m., 20 January 2021.
4.	**“Live” audio-visual webcast at the AGM**	The “live” audio-visual webcast, and telephone line to access the audio-only stream, will be opened from 9.45 a.m., 29 January 2021 onwards.

PACIFIC STAR DEVELOPMENT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198203779D)

IMPORTANT NOTES

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Pacific Star Development Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting date 14 January 2021.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We, ______________________________ (Name) ____________________ (*NRIC/Passport/Registration No.)

of ____ (Address)

being a *member/members of **PACIFIC STAR DEVELOPMENT LIMITED** (the "**Company**"), hereby appoint **the Chairman of the Annual General Meeting of the Company ("AGM")** as *my/our proxy to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on 29 January 2021 at 10.00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the AGM to vote for, or against, or to abstain from voting on the resolutions proposed at the AGM as indicated hereunder.

* Please delete accordingly

No.	Resolutions relating to:	For#	Against#	Abstain#
Ordinary Business				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Directors' Report and Auditors' Report thereon.			
2.	To approve the payment of Directors' Fees of $125,239 for the financial year ended 30 June 2020.			
3.	To re-elect Mr Ying Wei Hsein as Director of the Company in accordance with Regulation 89 of the Company's Constitution.			
4.	To re-elect Mr Lim Hoon Tong as Director of the Company in accordance with Regulation 88 of the Company's Constitution.			
5.	To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
6.	To authorise Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50			

 # If you wish to exercise all your votes "For" or "Against" or to abstain from voting on the resolution in respect of all your votes, please indicate your vote "For" or "Against", or "Abstain", with "X" within the box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2021

Total Number of Shares Held	
CDP Register	
Register of Members	

____

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (including a relevant intermediary*) will not be able to attend the AGM physically in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   * "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) in hard copy **by post** to the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building, Singapore 048544, or

   (b) **via email** to main@zicoholdings.com,

   in any case, not less than 72 hours before the time for holding the AGM and at any adjournment thereof.

   Members are strongly encouraged to submit completed proxy forms electronically via email to main@zicoholdings.com to ensure that they are received by the Company by the stipulated deadline.

5. The instrument appointing the Chairman of the AGM as the proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.

8. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

PACIFIC STAR DEVELOPMENT LIMITED
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