

First Quarter Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 March 2017 (“1Q2017”)

Background

Pacific Star Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), formerly known as LH Group Limited, was formed through a reverse takeover (“**RTO**”) of the entire issued share capital of PSD Singapore Pte. Ltd. (formerly known as Pacific Star Development Pte. Ltd.) (the “**Target**” and together with its subsidiaries, the “**Target Group**”). The RTO was completed on 15 February 2017 and the Company changed its name to Pacific Star Development Limited. Please refer to the Company’s Circular dated 30 December 2016 for further details of the RTO.

The Target Group is a Singapore-based property developer which is engaged in the business of property development. It is engaged in luxury mixed-use property developments in ASEAN countries, currently in Malaysia and Thailand.

Group Level

Following the completion of the RTO (“**Completion**”), the legal subsidiary, the Target, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of the Target Group.

Accordingly, the consolidated financial statements comprising the profit and loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the first quarter period ended 31 March 2017 have been presented as a continuation of the Target Group’s financial results and operations, in accordance with the following:

- 1) The assets and liabilities of the accounting acquirer, the Target Group, are recognised and measured in the consolidated statement financial position at their pre-acquisition carrying amount;
- 2) The assets and liabilities of the accounting acquiree, the Company, are recognised and measured in the consolidated balance sheet at their acquisition-date fair values;
- 3) The retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Target Group immediately before the RTO;
- 4) The amount recognised as issued equity interest in the consolidated financial statements of the Group is computed by adding to the issued equity of the Target Group immediately before the RTO. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination;
- 5) The comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Company; and
- 6) The consolidated statement of comprehensive income reflects the full 3 months results of the Target Group together with the post acquisition results of the Company.

Following the Completion, the principal business of the Group is that of the Target Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income statement, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	1Q2017	1Q2016	Change
	S\$'000	S\$'000	%
Revenue	14,885	3,682	304.3
Cost of sales	(7,716)	(3,345)	130.7
Gross profit	<u>7,169</u>	<u>337</u>	2,027.3
Other operating income ¹	1,410	135	944.4
Expenses:			
Marketing and Distribution	(219)	(86)	154.7
Operating and Administrative	(1,418)	(566)	150.5
Other operating ²	(313)	(398)	(21.4)
Finance	(323)	(5)	6,360.0
	<u>(2,273)</u>	<u>(1,055)</u>	115.5
Profit/(Loss) before income tax ³	6,306	(583)	N.m.
Share of profit/(loss) of equity-accounted investee (net of tax)	(429)	-	N.m.
Income tax expense	(1,493)	-	N.m.
Net profit/(loss) for the financial period	<u>4,384</u>	<u>(583)</u>	N.m.
Other comprehensive (loss)/income, net of tax: Items that may be reclassified subsequently to profit or loss			
-Currency translation differences arising from consolidation	(393)	146	N.m.
Total comprehensive profit/(loss) for the financial period	<u>3,991</u>	<u>(437)</u>	N.m.
Net profit/(loss) attributable to:			
Equity holders of the Company	2,252	(462)	N.m.
Non-controlling interest	2,132	(121)	N.m.
	<u>4,384</u>	<u>(583)</u>	N.m.
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	2,125	(388)	N.m.
Non-controlling interest	1,866	(49)	N.m.
	<u>3,991</u>	<u>(437)</u>	N.m.

N.m: Not meaningful

1(a)(i) Other disclosures to Group Income Statement

	1Q2017 S\$'000	1Q2016 S\$'000
<u>Note 1</u>		
Other operating income comprised:		
Gain on acquisition of subsidiaries (negative goodwill)	1,224	-
Gain on disposal of property, plant and equipment	-	7
Government grant	11	25
Interest income	-	22
Reversal of allowance for doubtful debts	-	-
Rental income - external party	30	46
Other income	145	35
	1,410	135
<u>Note 2</u>		
Other operating expenses comprised:		
Foreign exchange loss	4	269
Listing and compliance expenses	35	30
Professional fee	57	28
Legal and professional fee in relation to the Proposed Acquisition	69	-
Auditors' remuneration	45	20
Directors' fees	28	51
Loss on disposal of property, plant and equipment	14	-
Other expenses	61	-
	313	398
<u>Note 3</u>		
Loss before income tax has been arrived at after charging / (crediting):		
Amortisation of intellectual properties	-	13
Depreciation of property, plant and equipment	103	106
Foreign exchange loss (net)	4	269
Loss/(Gain) on disposal of property, plant and equipment	14	(7)
Interest expense	419	-
Interest income	(96)	(22)
Reversal of write down of inventories	(78)	(1)
	(78)	(1)

1 (b) (i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	13,475	12,783	4,223	10,474
Financial assets, at fair value through profit or loss	5	5	-	-
Trade receivables	11,363	6,921	1,291	725
Other receivables and other current assets	14,057	3,953	262	3,537
Inventories	433	725	-	-
Due from customers on construction contracts	15	32	-	-
Deferred income	2,509	-	-	-
Development property	109,036	-	-	-
	150,893	24,419	5,776	14,736
Non-current assets				
Investment in subsidiaries	-	-	170,088	-
Deferred costs	2,862	-	-	-
Property, plant and equipment	292	333	2	3
	3,154	333	170,090	3
Total assets	154,047	24,752	175,866	14,739
LIABILITIES				
Current liabilities				
Trade payables	34,117	3,615	-	-
Other payables	11,628	3,321	21,305	2,283
Borrowings	556	571	-	-
Current tax liabilities	7,170	46	-	-
Due to customers on construction contracts	1,498	1,606	-	-
Joint Venture	2,213	-	-	-
Associates	775	-	-	-
Provision for warranty	2,152	2,187	-	-
	60,109	11,346	21,305	2,283
Non-current liabilities				
Loans and borrowings	40,281	-	-	-
Loans from non-controlling interests	13,247	-	-	-
Deferred tax liabilities	1,869	-	-	-
	55,397	-	-	-
Total liabilities	115,506	11,346	21,305	2,283
NET ASSETS	38,541	13,406	154,561	12,456
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	41,609	48,196	190,864	48,196
Treasury shares	-	(513)	(513)	(513)
Reserves	(12,497)	(30,919)	(35,790)	(35,227)
	29,112	16,764	154,561	12,456
Non-controlling interest	9,429	(3,358)	-	-
Total equity	38,541	13,406	154,561	12,456

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$556,000	-	S\$571,000	-

Amount repayable after one year

As at 31/03/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$40,281,000	S\$13,247,000	-	-

Details of any collateral

The borrowings are secured as follows:

- fixed deposits of S\$781,000 (31/12/2016: S\$5,087,000);
- legal mortgage on the Group's development property;
- assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of the Group's development property; and
- corporate guarantees from a subsidiary and a non-controlling interest.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group	
	1Q2017	1Q2016
	S\$'000	S\$'000
Cash Flow from Operating Activities		
Loss before income tax	5,877	(583)
Adjustments for:		
Amortisation of intellectual properties	-	13
Depreciation of property, plant and equipment	103	106
Loss/(Gain) on disposal of property, plant and equipment	14	(7)
Interest expense	419	5
Interest income	(96)	(22)
Employee share options expense	-	-
Share of losses of equity-accounted investees	429	-
Gain on acquisition of subsidiaries (negative goodwill)	(1,224)	-
Unrealised foreign exchange loss	7	174
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Operating cash flow before working capital changes	5,529	(314)
Movement in working capital		
Changes in development property	(4,917)	-
Changes in inventories and construction contracts	25	(677)
Changes in deferred costs	416	-
Changes in deferred income	(4,367)	-
Changes in trade, other receivables and other current assets	2,580	2,359
Changes in trade, other payables and provision for warranty	3,716	103
	<hr/>	<hr/>
Cash generated from operations	2,982	1,471
Interest received	96	22
Interest paid	(528)	(5)
	<hr/>	<hr/>
Net cash generated operating activities	2,550	1,488
Cash Flows from Investing Activities		
Acquisition of subsidiaries	(16,000)	-
Proceeds from disposal of property, plant and equipment	269	7
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(15,731)	7
Cash Flows from Financing Activities		
Increase in bank borrowings	1,342	-
Repayment of finance lease liabilities	(12)	-
Movement in fixed deposits pledged with banks	4,306	(9)
Proceeds from conditional placement of shares	8,521	-
Purchase of treasury shares	-	(332)
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Net cash generated from/(used in) financing activities	14,157	(341)
Net (decrease)/increase in cash and cash equivalents	976	1,154
Cash and cash equivalents at beginning of financial period	11,521	7,729
Effects of currency translation on cash and cash equivalents	(36)	7
Cash and cash equivalents at end of financial period	<hr/> <hr/>	<hr/> <hr/>
	12,461	8,890
Cash and cash equivalents comprises:		
Cash and bank balances	13,475	14,155
Less: Fixed deposits pledged	(781)	(5,063)
Less: Bank overdraft	(233)	(202)
Cash and cash equivalents	<hr/> <hr/>	<hr/> <hr/>
	12,461	8,890

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company							Total S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Accumulated losses S\$'000	Share options reserve S\$'000	Other reserves S\$'000	Capital reserves S\$'000	Currency translation reserve S\$'000			
The Group										
Balance at 1 January 2017	48,196	(513)	(29,761)	71	(1,150)	-	(79)	16,764	(3,358)	13,406
Net profit for the financial period	-	-	2,252	-	-	-	-	2,252	2,132	4,384
Other comprehensive income for the financial period, net of tax:										
Currency translation differences arising from consolidation	-	-	-	-	-	-	(127)	(127)	(266)	(393)
Total comprehensive income/(loss) for the financial period	-	-	2,252	-	-	-	(127)	2,125	1,866	3,991
Acquisition of subsidiaries	(15,417)	513	12,915	(71)	1,150	3,029	(417)	1,702	10,921	12,623
Issue of shares – Placement	8,830	-	-	-	(309)	-	-	8,521	-	8,521
Reversal of employee share options	-	-	13	(13)	-	-	-	-	-	-
Total transactions with owners of the Company	(6,587)	513	12,928	(84)	841	3,029	(417)	10,223	10,921	21,114
Balance at 31 March 2017	41,609	-	(14,581)	(13)	(309)	3,029	(623)	29,112	9,429	38,541
Balance at 1 January 2016	48,196	(104)	(24,438)	194	(1,150)	-	(23)	22,675	(1,525)	21,150
Net loss for the financial period	-	-	(462)	-	-	-	-	(462)	(121)	(583)
Other comprehensive income for the financial period, net of tax:										
Currency translation differences arising from consolidation	-	-	-	-	-	-	74	74	72	146
Total comprehensive (loss)/income for the financial period	-	-	(462)	-	-	-	74	(388)	(49)	(437)
Transaction with owners, recognised directly in equity:										
Purchase of treasury shares	-	(332)	-	-	-	-	-	(332)	-	(332)
Total transaction with owners of the Company	-	(332)	-	-	-	-	-	(332)	-	(332)
Balance at 31 March 2016	48,196	(436)	(24,900)	194	(1,150)	-	51	21,955	(1,574)	20,381

	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Share options reserve S\$'000	Other reserves S\$'000	Total S\$'000
The Company						
Balance at 1 January 2017	48,196	(513)	(33,828)	71	(1,470)	12,456
Net loss for the financial period	-	-	(254)	-	-	(254)
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(254)	-	-	(254)
Increase in share capital	142,668	-	-	-	-	142,668
Share issue expenses	-	-	-	-	(309)	(309)
Reversal of employee share options	-	-	13	(13)	-	-
Balance at 31 March 2017	190,864	(513)	(34,069)	58	(1,779)	154,561
Balance at 1 January 2016	48,196	(104)	(25,417)	194	(1,470)	21,399
Net profit for the financial period	-	-	53	-	-	53
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	53	-	-	53
Purchase of treasury shares	-	(332)	-	-	-	(332)
Balance at 31 March 2016	48,196	(436)	(25,364)	194	(1,470)	21,120

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a day that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

(i) Share capital

	31/03/2017		31/12/2016	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Issued and fully paid ordinary shares	477,961,278	190,864	15,782,926	48,196

(ii) Share capital excluding treasury shares

	Number of ordinary shares	S\$'000
At 1 January 2017	14,891,126	47,683
Issue of placement shares	11,037,500	8,830
Issue of consideration shares	132,500,000	133,838
	<u>158,428,626</u>	<u>190,351</u>
Share split on the basis of every 1 share into 3 shares	475,285,878	190,351
As at 31 March 2017	<u>475,285,878</u>	<u>190,351</u>

As at 31 March 2017, the Company held 2,675,400 treasury shares (after the share split on the basis of every 1 share into 3 shares. (31 December 2016: 891,800 treasury shares, before the share split).

(iii) Share options

As at 31 March 2017, the unissued shares of the Company under option are as follows:

Date of grant of options	Exercise price per share before share split	Exercise price per share after share split	Balance as at 1/1/2017	Granted/ Forfeited during the period	Balance before share split	Balance as at 31/3/2017 after share split	Balance as at 31/3/2016	Exercise period
4.3.2014	S\$1.75	S\$0.583	<u>126,400</u>	<u>(24,000)</u>	<u>102,400</u>	<u>307,200</u>	<u>350,800</u>	3.3.15 to 2.3.19

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of shares	
	31/03/2017	31/12/2016
Total number of issued shares	477,961,278	15,782,926
Treasury shares	2,675,400	891,500
Total number of issued shares excluding treasury shares	475,285,878	14,891,126
% of treasury shares over total number of issued shares	0.6%	5.6%

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company held 2,675,400 treasury shares (after share split on the basis of every 1 share into 3) as at 31 March 2017. There were no sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at as at the end of the current financial period reported on.

Not applicable. The Company does not have subsidiary holdings.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied by the Group in the financial statements for the current reporting period are consistent with those applied in the Company's audited financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	1Q2017	1Q2016
Profit (Loss) per share for the period after deducting any provision for preference dividends (cents)		
(a) Based on weighted average number of ordinary shares in issue	0.92	(3.07)
(b) On a fully diluted basis*	0.92	(3.07)

Profit per share for the financial period ended 31 March 2017 was computed based on the net profit attributable to equity holders of the Company of S\$2,306,000 (31/3/2016: Loss of S\$462,000) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as follows:

	1Q2017	1Q2016
Weighted average number of ordinary shares		
(a) Based on weighted average number of ordinary shares in issue; and	245,088,502	15,020,626
(b) On fully diluted basis*	245,088,502	15,020,626

*The exercise price of the share options of the Company are above the quoted market price of the Company's shares for both periods and therefore the options are non-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	6.13	112.58	32.52	83.65

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Statement of Comprehensive Income

The Group's revenue increased by S\$11.2 million or 304.3% from S\$3.7 million in the three months to 31 March 2016 ("1Q2016") to S\$14.9 million in the 3 months to 31 March 2017 ("1Q2017"). The Group's cost of sales correspondingly increased by \$4.4 million or 130.7% from \$3.3 million in 1Q2016 to S\$7.7 million in 1Q2017.

The increase in revenue and cost of sales is due mainly to contribution of revenue and cost of sales from the Property Division amounting to S\$14.1 million and S\$7.1 million respectively in 1Q2017 subsequent to the Completion. The revenue and cost of sales in 1Q2016 comprised solely of income from the Non-Property Division (comprising the Aluminum Division and Vehicle Division). The Non-Property Division recorded a decrease in revenue of S\$2.9 million to \$0.7 million in 1Q2017 compared to S\$3.7 million in 1Q2016 as most of the Non-Property Division's projects were completed in FY2016. The Non-Property Division's cost of sales correspondingly decreased by S\$2.7 million to S\$0.6 million in 1Q2017 from S\$3.3 million in 1Q2016.

The Group's other operating income in 1Q2017 increased by S\$1.3 million from S\$0.1 million in 1Q2016 mainly due to the gain on acquisition of subsidiaries ("**negative goodwill**") of S\$1.2 million resulting from the Completion.

The Group's marketing and distribution expenses in 1Q2017 of S\$0.2 million was incurred solely by the Property Division.

The Group's operating and administrative expenses increased by S\$0.9 million to S\$1.4 million in 1Q2017 from S\$0.6 million in 1Q2016 mainly due to the inclusion of the Property Division's operating and administrative expenses upon the Completion.

The Group's finance expenses increased by S\$0.3 million in 1Q2017 from S\$5,000 in 1Q2016 mainly due to the inclusion of the Property Division's finance costs upon the Completion.

There was a share of losses from equity-accounted associates and joint ventures mainly due to recognition of losses in the Group's investment in Thailand where the revenue from the sales of property is recognised upon completion. The share of losses recognised is the Group's share of the operating costs charged to profit and loss for the period. The share of losses from equity-accounted associates and joint ventures was contributed mainly by the Property Division.

The Group recorded a net profit after tax of S\$4.4 million in 1Q2017 compared to a loss after tax of S\$0.6 million in 1Q2016 mainly due to the inclusion of the Property Division upon the Completion.

Statement of Financial Position

The non-current assets of the Group increased by S\$2.9 million as at the end of 1Q2017 compared to the end of FY2016 from S\$0.3 million to S\$3.2 million mainly due to the inclusion of the deferred costs from the consolidation of the Property Division upon the Completion.

The current assets of the Group increased by S\$126.5 million as at the end of 1Q2017 compared to the end of FY2016 from S\$24.4 million to S\$150.9 million. The increase is mainly due to the inclusion of the current assets of the Property Division with the Completion. The current assets of the Property Division include development property of approximately S\$109.0 million, deferred income of S\$2.5 million, trade and other

receivables of \$18.4 million and cash and bank balances of S\$7.0 million. This was partially offset by the decrease in current assets of the Non-Property Division of approximately S\$10.4 million.

The non-current liabilities of the Group as at the end of 1Q2017 of S\$55.4 million were contributed solely by the Property Division. There were no non-current liabilities as at the end of FY2016 as the Property Division results were consolidated into the Group subsequent to the Completion.

The current liabilities of the Group increased by S\$48.8 million as at the end of 1Q2017 compared to the end of FY2016 from S\$11.3 million to S\$60.1 million mainly due to the inclusion of the current liabilities of the Property Division of approximately S\$51.1 million with the Completion. These comprise mainly of trade and other payables of approximately S\$41.0 million, income tax payable of approximately S\$7.1 million and share of losses in excess of the cost of investment in joint venture and associate of approximately S\$3.0 million. The increase from the inclusion of the Property Division is offset by the decrease in current liabilities of the Non-Property Division of approximately S\$2.4 million.

Cash Flow Statement

Cash and cash equivalents held by the Group increased from S\$8.9 million in 1Q2016 to S\$12.5 million in 1Q2017 mainly due to the inclusion of the Property Division's cash and cash equivalents upon the Completion.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

After the completion of the RTO, the Group now comprises of the Property Division and the Non-Property Division.

Property Division

The Property Division will seek to continue to tap on its network of relationships with leading real estate players and investors throughout ASEAN to expand its business.

In Iskandar Malaysia, the Group expects demand for new property development projects to trend upwards, due to, amongst others, increased demand for high-quality housing, the construction of the upcoming Kuala Lumpur-Singapore high speed rail and Johor Bahru-Singapore Rapid Transit System. This would be subject to market conditions in the property development industry, as well as the economic performance of Iskandar Malaysia.

In Bangkok, Thailand, the Group expects that condominiums near mass rapid transit stations will continue to attract buyers, resulting in higher pre-sale absorption rates in these projects relative to those projects located further from a mass rapid transit station. The expected construction of new mass rapid transit routes could generate significant turnover in the land sales market, leading to higher land prices resulting in increasing condominium prices across the market.

Non-Property Division

The industry in which the Aluminum Division operates is closely correlated to the overall conditions of the building construction industry. As the building construction industry slows down, the operating environment for the Aluminum Division is expected to remain challenging because of keen competition.

The Company had on 8 May 2017 entered into a sale and purchase agreement to dispose all of its shareholding in Autotrax International Pte. Ltd.. Upon completion of this disposal, the Vehicle Division will cease to be a subsidiary of the Group. Further updates will be provided in respect of the abovementioned disposal in due course.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding period of the immediate preceding year

Any dividend declared for the corresponding period of the immediate preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There was no interested person transaction conducted under the shareholders' mandate obtained at the annual general meeting of the Company held on 26 April 2016 pursuant to Rule 920 for the financial period ended 31 March 2017.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 and Half Year Results)

14. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

15. Confirmation by the board pursuant to Rule 705(5) of the listing manual.

We, Glen Chan and Chua Siong Kiat, being the directors of Pacific Star Development Limited (the "**Company**"), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Company and of the Group for the three months ended 31 March 2017 to be materially false or misleading.

**On behalf of the Board of Directors of
PACIFIC STAR DEVELOPMENT LIMITED**

**Glen Chan
CEO and Managing Director**

**Chua Siong Kiat
Executive Director**

Singapore, 11 May 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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

The contact person for the Sponsor is Mr. Sebastian Jones, SAC Capital Private Limited at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. Telephone number: +65 6532 3829.

SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.