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Unaudited Financial Statements And Dividend Announcement For The Three-Month Financial Period And Nine-Month Financial Period Ended 31 March 2020 For Pacific Star Development Limited (the "Company" and together with its subsidiaries, the "Group")

The Company is required to continue to do Quarterly Reporting ("QR") in view of the modified opinion issued by our auditor in the Company's latest annual report for the financial year ended 30 June 2019. This QR announcement is mandatory, made pursuant to the Exchange's requirements as required under Listing Rule 705(2C) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

A Comparative financial periods

For the purposes of this results announcement:

- the current financial quarter being reported on, refers to the financial quarter from 1 January 2020 to 31 March 2020, shall be referred to herein as "**3QFY2020**";
- the corresponding financial quarter of the immediately preceding financial year, the financial quarter from 1 January 2019 to 31 March 2019, shall be referred to herein as "**3QFY2019**";
- the nine-month financial period from 1 July 2019 to 31 March 2020 shall be referred herein as "**9MFY2020**";
- the corresponding nine-month financial period from 1 July 2018 to 31 March 2019 shall be referred herein as "**9MFY2019**" and the financial year ended 30 June 2019 shall be referred to herein as "**FY2019**".

B Prior period adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

During FY2019, the Singapore Accounting Standards Council had introduced a new Singapore financial reporting framework equivalent to the International Financial Reporting Standards (the "**IFRS**") as issued by the International Accounting Standards Board. The new framework is referred to as SFRS(I) hereinafter.

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 (the "**IFRSIC Conclusion**"). 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.

The effects of the IFRSIC Conclusion on the Group's results and financial positions for FY2019 and prior financial years were presented in Note 3.2 on pages 64 to 70 of 2019 Annual Report. Accordingly, for the purposes of the comparative period 3QFY2019 and 9MFY2019 in this announcement, the Group has restated its previously announced unaudited financial figures which resulted in the following impact shown as "**IFRSIC Conclusion**":

The Group **$'000**	**3QFY2019** **(As announced on 28 August 2019)**	**IFRSIC Conclusion** **(Increase)/Decrease**	**3QFY2019** **(Restated)**
Cost of sales	(1,478)	106	(1,372)
Finance costs	(3,202)	(81)	(3,283)

The Group **$'000**	**9MFY2019**	**IFRSIC Conclusion** **(Increase)/Decrease**	**9MFY2019** **(Restated)**
Cost of sales	(4,663)	618	(4,045)
Finance costs	(5,421)	(247)	(5,668)

The Group **$'000**	**1 July 2018** **(As announced on 9 November 2018)**	**IFRSIC Conclusion** **Decrease**	**1 July 2018** **(Restated)**
Development properties	143,946	(7,279)	136,667
Retained earnings	5,789	(3,433)	2,356
Non-controlling interest	29,405	(3,846)	25,559

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, 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.

Consolidated Statement of Comprehensive Income

The Group	Note 1	3QFY2020 $'000	3QFY2019 $'000 (Restated)	Changes %	9MFY2020 $'000	9MFY2019 $'000 (Restated)	Changes %
Revenue	2	3,516	2,273	55	5,638	7,049	(20)
Cost of sales	2	(2,982)	(1,601)	86	(4,829)	(4,135)	17
Gross profit		**534**	**672**		**809**	**2,914**	
Other operating income		682	683	(0)	2,156	982	120
Expenses:							
Marketing and distribution	3	104	50	108	(123)	(876)	(86)
Administrative		(1,862)	(2,975)	(37)	(5,687)	(6,301)	(10)
Others	4	(47)	-	N.M.	(597)	-	N.M.
Finance costs	1	(4,991)	(3,283)	52	(14,461)	(5,668)	155
Share of results of joint venture	5	(1,752)	970	N.M.	(2,109)	(117)	N.M.
Share of results of associate	5	(639)	160	N.M.	(807)	941	N.M.
Loss before tax		**(7,971)**	**(3,723)**	114	**(20,819)**	**(8,125)**	156
Income tax expense		-	(102)	(100)	-	(149)	(100)
Net loss for the financial period		**(7,971)**	**(3,825)**	108	**(20,819)**	**(8,274)**	152
Other comprehensive income, net of tax:							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising from:							
- joint venture		(283)	-	N.M.	(217)	-	N.M.
- associate		46	-	N.M.	27	-	N.M.
- consolidation		163	571	(71)	366	(614)	N.M.
Total comprehensive loss for the financial period		**(8,045)**	**(3,254)**	147	**(20,643)**	**(8,888)**	132
Net loss attributable to:							
Owners of the Company		(7,971)	(3,825)	108	(20,819)	(8,071)	158
Non-controlling interest		-	-	N.M.	-	(203)	(100)
		(7,971)	**(3,825)**	108	**(20,819)**	**(8,274)**	152
Total comprehensive loss attributable to:							
Owners of the Company		(8,045)	(3,254)	147	(20,643)	(8,481)	143
Non-controlling interest		-	-	N.M.	-	(407)	(100)
		(8,045)	**(3,254)**	147	**(20,643)**	**(8,888)**	132

N.M. Not meaningful

Note 1 Please refer to item B "Prior period adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)" on page 1 of this announcement.

Note 2 On 28 August 2019, the Company announced that certain revenue previously recognised for Puteri Cove Residences ("**PCR**") in 2QFY2019 and 3QFY2019 should be reversed. Accordingly, revenue for 3QFY2019 and 9MFY2019 were restated and decreased by $2.50 million and $7.17 million respectively, whilst cost of sales for 3QFY2019 and 9MFY2019 were restated and decreased by $1.58 million and $4.25 million respectively. Please refer to the Company's announcement dated 28 August 2019 for further details.

Note 3 Marketing and distribution expenses

The marketing and distribution expenses for 3QFY2020 and 3QFY2019 was an "income" due to reversal of over-provision of marketing expenses made in prior quarters.

Note 4 Other expenses

	The Group			
	3QFY2020 **$'000**	**3QFY2019** **$'000**	**9MFY2020** **$'000**	**9MFY2019** **$'000**
Adjudication costs and related expenses	47	-	349	-
GST receivable written-off	-	-	204	-
Expenses pertaining to Aluminium Division, currently under liquidation	-	-	44	-
	47	-	597	-

Certain reclassifications of other expenses previously reported in 3QFY2019 and 9MFY2019 were made to administrative expenses to conform to the presentation of the audited FY2019 financial statements.

During 3QFY2020 and 9MFY2020, a Malaysian subsidiary had incurred costs and fees relating to adjudication claims in respect of the construction work for PCR. Such costs and fees related to adjudication costs, legal fees, late payment interest and party-to-party costs.

During 9MFY2020, a Malaysian subsidiary wrote off $0.20 million of Goods and Service Tax ("**GST**") receivable as the adjudication case with a contractor resulted in a delay of the declaration of GST recoverable to the Malaysian Tax Authority beyond the date of abolishment of GST in Malaysia. Hence, the amount was deemed irrecoverable and written off accordingly.

Note 5 Share of results of joint venture and associate

As announced on 3 February 2020, the main contractor for the Group's development project in Bangkok, Thailand (known as The Posh Twelve ("**P12**")), which is held through Group's joint venture and associate, 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 ("**SPAs**") by its buyers. The share of losses of joint venture and associate increased in 3QFY2020 and 9MFY2020 when compared to the corresponding period in the preceding financial year due to accrued fines payable to buyers who elected to accept extension of handover date and penalties payable to the buyers (where applicable) that have cancelled their SPAs.

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

	Note	The Group 3QFY2020 $'000	3QFY2019 $'000 (Restated)	9MFY2020 $'000	9MFY2019 $'000 (Restated)
	1				
Loss before income tax has been arrived at after charging/(crediting):					
Finance costs	1 & 6	4,991	3,283	14,461	5,668
Amortisation of transaction costs		348	-	1,034	-
Depreciation of right-of-use assets		64	-	191	-
Depreciation of property, plant and equipement		4	26	22	106
Provision for doubtful debts		-	225	-	518
Reversal of provision of bonus		-	(4)	-	(1,653)
Forfeiture income		(2)	-	(664)	-
Foreign exchange net gain		(241)	(119)	(538)	(285)
Interest income		(382)	(533)	(841)	(588)

Note 6 Finance costs for 3QFY2019 and 9MFY2019 were restated, please refer to item B “Prior period adjustment arising from the adoption of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)” on page 1 of this announcement.

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

Balance Sheets		The Group		The Company	
		31-Mar-20	30-Jun-19	31-Mar-20	30-Jun-19
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Investment in subsidiaries		-	-	49,198	49,198
Property, plant and equipment		36	52	-	-
Right-of-use assets		487	-	-	-
Total non-current assets		523	52	49,198	49,198
Current assets					
Development properties	7	140,309	136,163	-	-
Trade receivables		8,168	13,652	-	-
Other receivables and other current assets	8	24,008	20,595	3,389	241
Fixed deposits pledged		-	103	-	103
Restricted cash	9	3,415	2,544	-	-
Cash and bank balances		3,482	1,965	92	5
Total current assets		179,382	175,022	3,481	349
Total assets		**179,905**	**175,074**	**52,679**	**49,547**
Non-current liabilities					
Loans and borrowings		36,210	113,669	-	-
Lease liabilities		253	-	-	-
Other payables	10	42	1,557	-	-
Total non-current liabilities		36,505	115,226	-	-
Current liabilities					
Loans and borrowings		98,460	4,093	-	-
Trade payables		12,939	7,843	-	-
Other payables	10	25,729	24,172	17,260	13,033
Joint venture	11	3,679	1,353	-	-
Associate	12	2,954	2,174	-	-
Current tax liabilities		10,701	10,879	-	-
Lease liabilities		247	-	-	-
Total current liabilities		154,709	50,514	17,260	13,033
Total liabilities		**191,214**	**165,740**	**17,260**	**13,033**
Net (liabilities)/assets		**(11,309)**	**9,334**	**35,419**	**36,514**
Capital and reserves attributable to owners of the Company					
Share capital		47,801	47,801	197,055	197,055
Treasury shares		-	-	(513)	(513)
Accumulated losses		(60,298)	(39,479)	(161,123)	(160,028)
Other reserves		1,188	1,012	-	-
Total equity		**(11,309)**	**9,334**	**35,419**	**36,514**

Note 7 Development properties

The development properties pertain to PCR located in Iskandar Puteri, Malaysia, which is developed by the Company's wholly-owned indirect subsidiary, Pearl Discovery Development Sdn. Bhd. ("**PDD**").

Note 8 Other receivables and other current assets

	The Group		The Company	
	31-Mar-20	30-Jun-19	31-Mar-20	30-Jun-19
	$'000	$'000	$'000	$'000
Due from joint venture	16,988	13,852	-	-
Due from associate	5,778	5,396	-	-
Net GST receivables	408	612	34	39
Deposits	382	405	169	169
Prepayments	190	60	51	33
Sundry debtors	164	48	96	-
Others	98	-	-	-
Prepaid interest	-	222	-	-
Due from a subsidiary	-	-	3,039	-
	24,008	20,595	3,389	241

Note 9 Restricted cash

As at 30 June 2019, the restricted cash relates to the Debt Service Reserve Account ("**DSRA**") under escrow in relation to the $70 million loan facility from a group of third parties (the "**Loan Facility**"). The DSRA is dedicated for cash interest servicing of the Loan Facility, deducted on a quarterly in arrear basis. The DSRA has been fully utilised for the servicing of the Loan Facility's interest as at 31 March 2020.

As at 31 March 2020, the restricted cash relates to the DSRA placement in relation to a bank facility provided to a subsidiary (Facility A as described under "Details of any collateral" on page 8 of this announcement).

Note 10 Other payables

	The Group		The Company	
	31-Mar-20	30-Jun-19	31-Mar-20	30-Jun-19
	$'000	$'000	$'000	$'000
Non-current				
Penalties payable	-	1,489	-	-
Others	42	68	-	-
	42	1,557	-	-
Current				
Due to a related party	11,547	11,521	3,651	3,651
Accruals	5,820	5,785	173	359
Penalties payable	3,094	1,571	-	-
Resident Committee account	1,475	760	-	-
Withholding tax payable	1,470	1,281	-	-
Sundry creditors	975	230	156	185
Deposits received	611	1,009	-	-
Payables due to liquidators of subsidiaries under liquidation	410	410	410	410
Others	324	1,605	-	-
Due to joint venture and associate	3	-	-	-
Due to subsidaries	-	-	12,870	8,428
	25,729	24,172	17,260	13,033

As at 31 March 2020, amount due to a related party (i.e. PSD Holdings Pte. Ltd.) pertains to advances from a company controlled by a substantial shareholder of the Company. The balance consists $8,047,000 of interest-free loans (with effect from 1 July 2018) and the remaining $3,500,000 bears 5% interest per annum (with effect from 6 February 2020). These advances are subordinated to the Loan Facility and repayable on demand. The increase of $26,000 in amount due to the related party between 31 March 2020 and 30 June 2019 was attributable to the interest accrued in 3QFY2020.

As announced on 1 April 2020, the related party had failed to disburse $2,220,563 (the "**Sum**") to the Company's subsidiary, PSD Singapore Pte. Ltd. ("**PSDS**"), in relation to a drawdown notice served by PSDS to the related party. Pursuant to the loan documents between the related party and PSDS, the related party is deemed to have waived its right to receive an amount equal to the Sum out of the amounts owing to it. Consequently, the aggregate sum owing by PSDS to the related party has been reduced from approximately S$7.87 million to S$5.65 million.

Penalties payable pertains to the $3.09 million of penalties imposed by Malaysian Tax Authority for late payment and under-estimated chargeable income of corporate income tax in prior years. The $34,000 increase in total penalties payable between 31 March 2020 and 30 June 2019 was attributable to the strengthening of the Malaysian Ringgit against Singapore Dollar.

Resident Committee account refers to the amount payable by PDD to the Resident Committee of PCR which included sums collected on behalf of the Resident Committee of PCR, contribution of maintenance fund, sinking fund and utility charges for unsold units at PCR.

Withholding tax payable relates to the accrual of withholding tax pertaining to intercompany shareholders' loan interest.

Deposits received comprise mainly purchase deposits received from PCR unit buyers and rental deposits from tenants of PCR retail units. As at 31 March 2020, $0.48 million (equivalent to approximately RM1.45 million) of deposits were received for four (4) SPAs (total net SPA value RM3.79 million) signed with buyers of the Group's PCR project but have not been recognised as revenue. These deposits together with additional collection will be recognised as revenue when all the relevant revenue recognition criteria, as stipulated by the relevant accounting standard, are met.

Payables due to liquidators of subsidiaries under liquidation (companies of the Group's former Aluminium Division) pertains to net advances previously received by the Company, which will be paid to the liquidator of these subsidiaries prior to the completion of their liquidation. The Company had announced on 22 May 2019 its intention to discontinue its Aluminium business via creditors' voluntary liquidation.

Note 11 Joint venture

Joint venture pertains to the Group's 51% equity interest in Minaret Holdings Limited ("**MHL**") held by a wholly-owned subsidiary of the Company. MHL is treated as a joint venture instead of a subsidiary as all major decisions over the relevant activities of MHL require unanimous consent from the Group and the other joint venture partner.

The amount comprises the Group's share of MHL's net liabilities.

Note 12 Associate

Associate pertains to the Group's 49% equity interest in Pacific Star Development (Thailand) Co., Ltd. ("**PSDT**") which is held by a wholly-owned subsidiary of the Company.

The amount comprises the Group's share of PSDT Group's net liabilities.

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

	The Group			
	31-Mar-20		30-Jun-19	
	$'000 Secured	$'000 Unsecured	$'000 Secured	$'000 Unsecured
Repayable in one year or less, or on demand	98,460	-	4,093	-
Repayable, after one year	36,210	-	113,669	-

Details of any collateral

As at 31 March 2020, the Group's total borrowings comprises (i) $82.33 million under the Loan Facility (repayable within one (1) year) and (ii) $52.34 million of bank loan (the "**Facility A**"), of which $13.89 million of bank loans and bank overdraft of $2.24 million are repayable within one (1) year and $36.21 million are repayable after one (1) year.

The Loan Facility, due on 28 December 2020, is secured by the following:

(i) assignment of intra-company loans owed to the Group for the purposes of PCR and P12;

(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 debentures over the wholly-owned subsidiaries of PSDS, namely, Twin Prosperity Group Ltd. ("**TPG**") and Tropical Sunrise Development Inc. ("**TSD**"); and

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

Facility A's principal repayments are to be made monthly in arrear with effect from June 2020. It is secured by 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 project account); and

(iv) corporate guarantee from PSDS, a wholly-owned subsidiary of the Company.

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

Consolidated Cash Flow Statement		**The Group**			
	Note	**3QFY2020**	**3QFY2019**	**9MFY2020**	**9MFY2019**
		$'000	**$'000**	**$'000**	**$'000**
	1		**(Restated)**		**(Restated)**
Cash flows from operating activities					
Loss before income tax from continuing operations		**(7,971)**	**(3,723)**	**(20,819)**	**(8,125)**
Adjustments for:					
Finance costs		4,991	3,283	14,461	5,668
Share of results of joint venture		1,752	(970)	2,109	117
Amortisation of transaction costs		348	-	1,034	-
Share of results of associate		639	(160)	807	(941)
GST receivable written off		-	-	204	-
Depreciation of right-of-use assets		64	-	191	-
Depreciation of property, plant and equipment		4	26	22	106
Interest income		(382)	(533)	(841)	(588)
Forfeiture income		(2)	-	(664)	-
Reversal in provision of bonus		-	(4)	-	(1,653)
Provision for doubtful debts		-	225	-	518
Operating cash flow before working capital changes		**(557)**	**(1,856)**	**(3,496)**	**(4,898)**
Movement in working capital:					
Changes in trade, other receivables and other current assets		2,945	(1,670)	3,006	13,366
Changes in trade, other payables and provision for warranty		(5,062)	(1,602)	1,198	(4,923)
Changes in development properties		1,935	(2,242)	(2,496)	(6,500)
Changes in inventories and construction contracts		-	(1,174)	-	(1,268)
Changes in advance billings		-	(470)	-	(12,938)
Effects of currency translation on working capital		(273)	37	(592)	487
Cash flows used in operations		(1,012)	(8,977)	(2,380)	(16,674)
Interest income received		141	533	144	588
Finance costs paid		(2,158)	(3,202)	(3,715)	(5,419)
Income tax paid		-	(737)	(297)	(2,591)
Net cash used in operating activities		**(3,029)**	**(12,383)**	**(6,248)**	**(24,096)**
Cash flows from investing activities					
Additions to property, plant and equipment		-	(26)	(6)	(48)
Net cash used in investing activities		**-**	**(26)**	**(6)**	**(48)**
Cash flows from financing activities					
Proceeds from loans from a group of third parties		3,500	5,700	8,079	56,390
Net proceeds/(repayments) of bank loan		3,406	2,254	3,406	(2,459)
Movement in fixed deposits pledged with banks		103	1	103	98
Repayment of lease liabilities		(66)	(16)	(216)	(45)
Movement in restricted cash		(3,414)	-	(3,415)	-
Acquisition of subsidiaries, net of cash		-	-	-	(11,000)
Repayment of non-controlling interest loan		-	-	-	(15,205)
Net cash generated from financing activities		**3,529**	**7,939**	**7,957**	**27,779**
Net increase/(decrease) in cash and cash equivalents		500	(4,470)	1,703	3,635
Effect of currency translation on cash and cash equivalents		(8)	111	(19)	8
Cash and cash equivalents at the beginning of the financial period		746	8,172	(446)	170
Cash and cash equivalents at the end of the financial period		**1,238**	**3,813**	**1,238**	**3,813**
Cash and cash equivalents comprises:					
Cash and bank balances		3,482	5,846	3,482	5,846
Less: Bank overdraft		(2,244)	(2,033)	(2,244)	(2,033)
Cash and cash equivalents		**1,238**	**3,813**	**1,238**	**3,813**

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.

Statement of Changes in Equity **For the financial quarter ended 31 March 2020**		**Attributable to equity holders of the Company**						
		Share capital	**(Accumulated losses)/ Retained earnings**	**Other reserves**	**Foreign currency translation reserve**	**Total**	**Non-controlling interest**	**Total equity**
The Group		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
	Note			13				
Balance as at 1 July 2019		**47,801**	**(39,479)**	**-**	**1,012**	**9,334**	**-**	**9,334**
Net loss for the financial period		-	(12,848)	-	-	(12,848)	-	(12,848)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from:								
- joint venture		-	-	-	66	66	-	66
- associate		-	-	-	(19)	(19)	-	(19)
- consolidation		-	-	-	203	203	-	203
Total comprehensive income for the financial period		-	(12,848)	-	250	(12,598)	-	(12,598)
Balance as at 31 December 2019		**47,801**	**(52,327)**	**-**	**1,262**	**(3,264)**	**-**	**(3,264)**
Net loss for the financial period		-	(7,971)	-	-	(7,971)	-	(7,971)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from:								
- joint venture		-	-	-	(283)	(283)	-	(283)
- associate		-	-	-	46	46	-	46
- consolidation		-	-	-	163	163	-	163
Total comprehensive income for the financial period		-	(7,971)	-	(74)	(8,045)	-	(8,045)
Balance as at 31 March 2020		**47,801**	**(60,298)**	**-**	**1,188**	**(11,309)**	**-**	**(11,309)**
Balance as at 1 July 2018		**47,801**	**5,789**	**(30,971)**	**92**	**22,711**	**29,405**	**52,116**
Effect of adoption of IFRSIC Conclusion	1	-	(3,433)	-	-	(3,433)	(3,846)	(7,279)
Balance as at 1 July 2018, restated	1	**47,801**	**2,356**	**(30,971)**	**92**	**19,278**	**25,559**	**44,837**
Net loss for the financial period		-	(4,246)	-	-	(4,246)	(203)	(4,449)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from consolidation		-	-	-	(981)	(981)	(204)	(1,185)
Total comprehensive loss for the financial period		-	(4,246)	-	(981)	(5,227)	(407)	(5,634)
Acquisition on investment in subsidiary from non-controlling interest		-	-	14,152	-	14,152	(25,152)	(11,000)
Total transactions with owners of the Company		-	-	14,152	-	14,152	(25,152)	(11,000)
Balance as at 31 December 2018		**47,801**	**(1,890)**	**(16,819)**	**(889)**	**28,203**	**-**	**28,203**
Net loss for the financial period		-	(3,825)	-	-	(3,825)	-	(3,825)
Other comprehensive income for the financial period, net of tax:								
Currency translation differences arising from consolidation		-	-	-	571	571	-	571
Total comprehensive loss for the financial period		-	(3,825)	-	571	(3,254)	-	(3,254)
Balance as at 31 March 2019		**47,801**	**(5,715)**	**(16,819)**	**(318)**	**24,949**	**-**	**24,949**

Statement of Changes in Equity
For the financial quarter ended 31 March 2020

The Company	**Note**	**Share capital** $'000	**Treasury shares** $'000	**Accumulated losses** $'000	**Share options reserve** $'000	**Other reserves** $'000	**Total** $'000
					14	13	
Balance as at 1 July 2019		**197,055**	**(513)**	**(160,028)**	**-**	**-**	**36,514**
Net loss for the financial period		-	-	(734)	-	-	(734)
Total comprehensive income for the financial period		-	-	(734)	-	-	(734)
Balance as at 31 December 2019		**197,055**	**(513)**	**(160,762)**	**-**	**-**	**35,780**
Net loss for the financial period		-	-	(361)	-	-	(361)
Total comprehensive income for the financial period		-	-	(361)	-	-	(361)
Balance as at 31 March 2020		**197,055**	**(513)**	**(161,123)**	**-**	**-**	**35,419**
Balance as at 1 July 2018		**197,055**	**(513)**	**(35,546)**	**42**	**(1,470)**	**159,568**
Net loss for the financial period		-	-	(886)	-	-	(886)
Total comprehensive income for the financial period		-	-	(886)	-	-	(886)
Balance as at 31 December 2018		**197,055**	**(513)**	**(36,432)**	**42**	**(1,470)**	**158,682**
Net loss for the financial period		-	-	(587)	-	-	(587)
Total comprehensive income for the financial period		-	-	(587)	-	-	(587)
Reversal of employee share options		-	-	42	(42)	-	-
Balance as at 31 March 2019		**197,055**	**(513)**	**(36,977)**	**-**	**(1,470)**	**158,095**

Note 13 As at 30 June 2019, other reserves had been transferred to opening accumulated losses.

Note 14 As at 31 December 2018, the Company had 72,000 share options outstanding, valued at $42,000, which has since lapsed on 2 March 2019 and accordingly the share options reserve of $42,000 was transferred to accumulated losses during FY2019.

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 class 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.

	As at 31 March 2020		As at 31 December 2019	
	Number of ordinary shares	$'000	Number of ordinary shares	$'000
Issued and fully paid ordinary shares	502,336,278	197,055	502,336,278	197,055

There were no changes in the Company's share capital since the end of the previous financial period reported on.

As at 31 March 2020 and 31 March 2019, the Company had no outstanding instruments convertible into shares of the Company.

As at 31 March 2020 and 31 March 2019, there are no subsidiary holdings in the Company.

Please refer to 1(d)(iii) for details regarding treasury shares.

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.

	31-Mar-20	31-Mar-19
Total number of issued shares	502,336,278	502,336,278
Less: Total number of treasury shares	(2,675,400)	(2,675,400)
Total number of issued shares excluding treasury shares	499,660,878	499,660,878
% of treasury shares over total number of issued shares	0.5%	0.5%

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

As at 31 March 2020, the Company held 2,675,400 (30 June 2019: 2,675,400) treasury shares. 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 the end of the current financial period reported on.

Not applicable. The Company does not have any 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

In the Company's 2019 Annual Report, Ernst & Young LLP, the Group's auditors, have issued a disclaimer opinion in relation to the use of the going concern assumption in the audited financial statements for FY2019 (the "**Audit Issue**"). In respect of which, please refer to Section 8, page 17 of this announcement for more details on the Board's opinion on the going concern assumption and the efforts taken to resolve the Audit Issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Board confirms that the impact of the Audit Issue has been adequately disclosed.

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 financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements for FY2019, except as stated in Section 5 of this announcement below.

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.

The Group has adopted the new accounting standards, amendment and interpretation to existing standards which is mandatory for accounting periods beginning on or after 1 January 2019. The adoption of the new accounting standards, amendment and interpretation of the existing standards did not have any material impact on the Group's results. In particular, the Group adopted the following accounting standard pertaining to leases:

Singapore Financial Reporting Standard (International) 16 – Leases ("SFRS(I) 16")

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.

On adoption of SFRS(I) 16, the Group chooses to measure the right-of-use asset at an amount equal to the lease liabilities, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in its balance sheet as at 1 July 2019. The Group recognised $665,000 of right-of-use assets, $256,000 of lease liabilities (current) and $409,000 of lease liabilities (non-current) in its balance sheet as at 1 July 2019.

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.

		The Group			
	Note 1	**3QFY2020**	**3QFY2019 (Restated)**	**9MFY2020**	**9MFY2019 (Restated)**
Loss for the financial period ($'000)		(7,971)	(3,825)	(20,819)	(8,071)
Weighted average number of ordinary shares		499,660,878	499,660,878	499,660,878	499,660,878
Basic and diluted Earning Per Share ("EPS") (Singapore cents)		**(1.60)**	**(0.77)**	**(4.17)**	**(1.62)**

The basic and diluted EPS for the respective financial periods are computed based on the loss attributable to the owners of the Company and the weighted average number of the Company's ordinary shares in issue (excluding treasury shares) during the respective financial period.

For 3QFY2020 and 9MFY2020, the basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue.

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-Mar-20	30-Jun-19	31-Mar-20	30-Jun-19
Net (liabilities)/assets ($'000)	(11,309)	9,334	35,419	36,514
Number of issued shares	499,660,878	499,660,878	499,660,878	499,660,878
Net (liability)/asset per share (Singapore cents)	**(2.26)**	**1.87**	**7.09**	**7.31**

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.**

Review of Statement of Comprehensive Income

3QFY2020 vs 3QFY2019

Revenue and cost of sales

The Group's revenue increased by $1.25 million from $2.27 million in 3QFY2019 to $3.52 million in 3QFY2020. The average net selling price in 3QFY2020 was lower as compared to that in 3QFY2019. Despite the lower average net selling price, revenue increased in 3QFY2020 as compared to 3QFY2019 as nine (9) SPAs were recognised as revenue in 3QFY2020 as compared with four (4) SPAs in 3QFY2019.

Certain reclassifications to cost of sales previously reported in 3QFY2019 were made from marketing and distribution expense to conform to the presentation of the audited FY2019 financial statements.

Cost of sales had increased by $1.38 million from $1.60 million in 3QFY2019 to $2.98 million in 3QFY2020. The increase in cost of sales is in tandem with the increase in revenue recognised in 3QFY2020 as well as higher direct selling costs incurred for PCR units.

Gross profit margin declined to approximately 15.2% in 3QFY2020 as compared to approximately 29.6% in 3QFY2019. This was largely attributable to downward price pressure on PCR units and higher direct selling costs.

Marketing and distribution expenses

Certain reclassifications of marketing and distribution expense previously reported in 3QFY2019 were made to cost of sales to conform to the presentation of the audited FY2019 financial statements.

Marketing and distribution expenses increased by $0.05 million from income position of $0.05 million in 3QFY2019 to an income position of $0.10 million in 3QFY2020 due to reversal of over-provisional as explained in Note 3 above.

Administrative expenses

Certain reclassifications of administrative expenses previously reported in 3QFY2019 were made from other expenses and to other operating income to conform to the presentation of the audited FY2019 financial statements.

Administrative expenses decreased by $1.12 million from $2.98 million in 3QFY2019 to $1.86 million in 3QFY2020. The decrease was largely due to (i) the absence of approximately $0.36 million expenses relating to the Aluminium division (currently under liquidation) and (ii) $0.76 million net cost reduction in overheads.

Other expenses

Certain reclassifications of other expenses previously reported in 3QFY2019 were made to administrative expenses to conform to the presentation of the audited FY2019 financial statements.

The $0.05 million increase in other expenses was due to expenses incurred in relation to adjudication decisions in respect of contractor's claims as explained in Note 4 above.

Finance costs

Finance costs increased by $1.71 million from $3.28 million in 3QFY2019 to $4.99 million in 3QFY2020. This was due largely to additional financing costs incurred in relation to the Loan Facility as a result of further drawdown during 3QFY2020.

Share of results of joint venture and associate

The $3.52 million increase in share of losses of joint venture and associate was due to expenses incurred by P12 in relation to fines and penalties payable to buyers in respect of delayed in handover and cancellation of SPAs as explained in Note 5 above.

Net loss for the financial period

The Group recorded a net loss after tax of $7.97 million in 3QFY2020 compared with a net loss after tax of $3.83 million in 3QFY2019. This was largely attributable to lower gross profit, increased finance costs and increase in share of losses of joint venture and associate as explained in the preceding paragraphs.

<u>9MFY2020 vs 9MFY2019</u>

Revenue and cost of sales

The Group's revenue of $5.64 million for 9MFY2020 was $1.41 million lower as compared to $7.05 million in 9MFY2019. The average net selling price in 9MFY2020 was lower as compared to that in 9MFY2019 and fourteen (14) SPAs were recognised as revenue in 9MFY2020 as compared with seventeen (17) SPAs in 9MFY2019.

Certain reclassifications to cost of sales previously reported in 9MFY2019 were made from marketing and distribution expense to conform to the presentation of the audited FY2019 financial statements.

Despite the decrease in revenue, cost of sales of $4.83 million in 9MFY2020 was $0.69 million higher as compared to $4.14 million in 9MFY2019. This was largely attributable to higher commission incurred for selling the units in PCR.

The lower average net selling price, the reduction in the number of PCR units recognised as revenue and higher cost of sales resulted in reduction of gross profit in 9MFY2020 by $2.11 million when compared to that in 9MFY2019.

Other operating income

Certain reclassifications to other operating income previously reported in 9MFY2019 were made from administrative expenses to conform to the presentation of the audited FY2019 financial statements.

Other operating income increased by $1.18 million from $0.98 million in 9MFY2019 to $2.16 million in 9MFY2020. The increase was largely attributable to the (i) $0.66 million increase in forfeiture income from deposits collected from terminated SPAs at PCR during 9MFY2020 in relation to previously reversed sales in FY2019, (ii) $0.25 million increase in interest income of which $0.15 million was attributable to interest income from stakeholder sum released by law firm, and (iii) $0.25 million net increase in foreign exchange gain.

Marketing and distribution expenses

Certain reclassifications of marketing and distribution expense previously reported in 9MFY2019 were made to cost of sales to conform to the presentation of the audited FY2019 financial statements.

Marketing and distribution expenses decreased by $0.76 million from $0.88 million in 9MFY2019 to $0.12 million in 9MFY2020 due to prudent spending with the change of target market (i.e. bulk sale).

Administrative expenses

Certain reclassifications of administrative expenses previously reported in 9MFY2019 were made from other expenses and to other operating income to conform to the presentation of the audited FY2019 financial statements.

In the 9MFY2020, administrative expenses decreased by $0.61 million from $6.30 million in 9MFY2019 to $5.69 million.

In the 9MFY2019, administrative expenses included $1.65 million of reversal of provision of bonus, excluding which, the administrative expenses for 9MFY2019 would have amounted to $7.95 million. Hence, administrative expenses for 9MFY2020 reduced by $2.26 million when compared to 9MFY2019 (after adjusting for the reversal of provision of bonus). This decrease was largely attributable to (i) the absence of approximately $1.18 million expenses relating to the Aluminium division (currently under liquidation) and (ii) overall net cost reduction of $1.08 million.

Other expenses

Certain reclassifications of other expenses previously reported in 9MFY2019 were made to administrative expenses to conform to the presentation of the audited FY2019 financial statements.

As explained in Note 4 above, the $0.60 million increase in other expenses was largely due to (i) $0.35 million of expenses relating to adjudicated claims and (ii) the write-off of GST receivable amounting to $0.20 million.

Finance costs

Finance costs increased by $8.79 million from $5.67 million in 9MFY2019 to $14.46 million in 9MFY2020. This was due largely to $9.64 million of additional financing costs incurred in relation to the Loan Facility as a result of further drawdown during 9MFY2020, which was offset partially by a $0.85 million decrease in finance costs incurred for Facility A at lower interest rate after it was restructured in April 2019.

Net loss for the financial period

The Group recorded a net loss after tax of $20.82 million in 9MFY2020 as compared to that of $8.27 million in 9MFY2019. The $12.55 million increase in net loss after tax was largely attributable to lower revenue and gross profit, increased finance costs, other expenses and share of losses of joint venture and associate as explained in the preceding paragraphs.

Review of Balance Sheets

Company

Net assets

Company's net assets decreased by $1.09 million from $36.51 million as at 30 June 2019 to $35.42 million as at 31 March 2020 due to operational overhead expenses incurred during 9MFY2020.

Group

Total assets

Total assets of the Group increased by $4.84 million from $175.07 million as at 30 June 2019 to $179.91 million as at 31 March 2020. The increase was mainly due to (i) $4.15 million net increase in development properties as construction progresses for PCR Tower 3, (ii) $3.41 million increase in other receivables and other current assets which was largely attributable to increase in amounts due from associate and joint venture, as a result of additional funding to P12 and interest accrual, (iii) $0.87 million net increase in restricted cash, (iv) $0.49 million increase in right-of-use assets pursuant to the adoption of SFRS(I) 16 with effect from 1 July 2019 as mentioned in Section 5 above and (v) $1.52 million increase in cash and bank balances due to drawdown from existing facilities. The increases amounting to $10.44 million was offset partially by the $5.48 million reduction in trade receivables due to routine collections.

Total liabilities

Total liabilities of the Group increased by $25.47 million from $165.74 million as at 30 June 2019 to $191.21 million as at 31 March 2020. This increase was due largely to (i) $5.10 million increase in trade payables as construction progresses for PCR Tower 3, (ii) $16.91 million increase in loans and borrowings mainly from accrued finance costs and drawdown of $3.41 million from Facility A and drawdown of $8.08 million from Loan Facility, (iii) $3.11 million increase in cumulative share of losses of joint venture and associate, and (iv) $0.50 million increase in lease liabilities pursuant to the adoption of SFRS(I) 16 with effect from 1 July 2019 as mentioned in Section 5 above.

Going concern and working capital position

As at 31 March 2020, the Group's net liability position amounted to $11.31 million and the Company's net current liability position amounted to $13.78 million. In the assessment of going concern, the Board has considered the following factors:

(i) The Group is exploring with various parties in relation to the En Bloc sale for Tower 3 in PCR and has received a letter of offer and an expression of interest from two of these parties. The Group is in discussions with these two parties while concurrently pursuing the divestment opportunities with other parties;

(ii) The Group has been in discussions to sell the unsold units in Tower 1 and Tower 2 of PCR (the "**Remaining Units**") to a buyer whilst concurrently holding preliminary discussions with other parties with a view of selling all the Remaining Units;

(iii) The Group is also in discussions with several potential buyers who are considering bulk purchasing 10 to 50 units in PCR;

(iv) The Group is currently working to secure a re-financing package for P12 (the "**P12 Refinancing**"), subject to amongst others, the consent of the lenders of the Loan Facility. If such re-financing package materialises, the Group may, subject to meeting certain requirements, obtain certain amount of capital and loans repatriation;

(v) On 26 March 2020, the lender of Facility A has allowed PDD to drawdown $6.79 million (approximately RM20.60 million) from the existing unutilised facilities for PDD's working capital. As at the date of this announcement, $4.79 million (approximately RM14.53 million) has been utilised for the payment of the contractors and $2.0 million (approximately RM6.07 million) is available to PDD for its operational usage;

(vi) PDD has requested the lender of Facility A to reduce the principal repayment for May and June 2020 (due in (June and July 2020 respectively) by 50%, a moratorium from the lender of the Facility A to defer the monthly principal payments due in July to December 2020 by six months (the "**Grace Period**") and an extension of Facility A's final due date by six months (collectively referred to herein as the "**Requests**");

(vii) The Company's current liabilities of $17.26 million as at 31 March 2020, comprises (i) $3.65 million due to a related party (PSD Holdings Pte. Ltd.), a company controlled by one of the controlling shareholder of the Company, which is subordinated to the Loan Facility and (ii) $12.87 million are due to subsidiaries. There is no indication that these payables will be recalled at the date of this announcement; and

(viii) The negative implications and sentiment caused by the current COVID-19 pandemic (please see section 10 on page 19 for further explanation).

The Board considered such impact and concluded that:

(a) Unless the COVID-19 is brought under control globally, the fruition of such discussions as presented in item (i), (ii) and (iii) will likely be delayed;

(b) The sign on rate of new SPA for individual buyers in PCR has slowed down significantly and may continue to be so until the COVID-19 pandemic is brought under control globally;

(c) If the P12 Refinancing materialises, the capital and loans repatriation, if approved by the lenders, may only materialise in December 2020;

(d) 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; and

(e) Despite the Group's best effort, the fruition of such measures as described in items (i) to (vi) above is uncertain and not within the control of the Group.

Hence, the Board is of the view that, 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 twelve (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 twelve (12) months.

The carrying value of the assets as recorded on the balance sheets of the Group and Company as at 31 March 2020 have been determined based on recovery in the normal course of business. In the event that the Group and/the Company is/are unable to carry on as going concern(s), the financial statements will have to be presented on a realisation basis. In such event, the carrying value of assets and liabilities may be materially different from that which is currently recorded in the balance sheets 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 and additional liabilities may arise as a result of defaults and cross defaults (collectively referred to herein as the "**Adjustments**").

Presently due to the uncertainties involved, the management is unable to quantify such Adjustments (if any required). Hence, no Adjustments have been made to the balances presently in the balance sheets of the Group and Company on page 5 of this announcement.

Despite the uncertainties in the Group's and the Company's going concern assumptions, the Group and the Company will continue work towards to fruition of items (i) to (vi) as stated on page 17 of this announcement.

Shareholders and potential investors are advised to exercise caution in dealing of shares in the Company. The Company will make further announcements as appropriate or when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

Review of Cash Flow Statement

3QFY2020

In 3QFY2020, net cash used in operating activities amounted to $3.03 million which was mainly due to (i) $0.56 million of cash flow used in operations from the losses before tax incurred by the Group and (ii) $2.16 million of finance costs paid.

During 3QFY2020, net cash generated from financing activities amounted to $3.53 million which was largely attributable to $6.91 million of cash from drawdown of existing facilities which was offset by placement of $3.41 million into DSRA.

9MFY2020

During 9MFY2020, net cash used in operating activities amounted to $6.25 million of which (i) $3.50 million of cash flow used in operations was largely attributable to the losses before tax incurred by the Group, (ii) payment of finance costs amounting to $3.72 million and (iii) payment of income tax amounting to $0.30 million, which were offset partially by changes in working capital which resulted in $1.12 million of cash inflow (largely from routine trade receivables collection).

During 9MFY2020, the Group's net cash generated from financing activities amounted to $7.96 million which was largely due to (i) $8.08 million drawdown from the Loan Facility and (ii) $3.41 million drawdown from Facility A, which were offset partially by (iii) $3.41 million placement of DSRA.

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

A profit guidance was announced on 27 April 2020 and the results for 3QFY2020 are consistent with the guidance issued.

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.

The glut of unsold completed condominiums in Iskandar Puteri, Malaysia ("**Iskandar**") continues to weigh down on buyers' inclination to purchase. The demand and transactions for condominiums in Iskandar is being and will continue to be severely affected by the COVID-19 pandemic. The existing Movement Control Order ("**MCO**") implemented by the Malaysian government, though partially lifted, as well as the curtailed movement of foreigners into Malaysia and out of their home countries have significantly reduced the number of showflat viewing. In addition, the negative economic sentiment in most countries in Asia and the possible tightening of the banks' credit policy as a result of the COVID-19 pandemic are expected to negatively impact on the sale of PCR units in the next twelve (12) months.

The extent and duration of such negative impact on the Group's performance of will be dependent on when the COVID-19 pandemic can be contained on a global basis.

As announced on 3 February 2020, Kanokkorn Pattana Co., Ltd. ("**KNK**"), a Thai entity held via the Group's associate and joint venture company, who is the developer of P12, had received a written notice of stoppage of work dated 31 January 2020 from China Railway Construction (Southeast Asia) Co., Ltd ("**CRCC**"). CRCC is the main contractor of the P12 construction work. The stoppage of work was due to disputes between CRCC and KNK in respect of payments and construction progress. Based on the current situation, the completion of the P12 (if possible) will extend beyond 2020. The delay in the handover of the units has resulted in significant number of cancellation of SPAs and requests to refund the deposits made. These factors, together with the delayed in payment to CRCC, have increased the litigation risks faced by KNK.

Considering the increased litigation risks faced by KNK, as well as the negative impact of the COVID-19 pandemic on the Group's cash flow, the Board is in the midst of performing a strategic review of the Group's investment in P12. In the event that impairment of the Group's investment and loans to P12 (amounting to $22.77 million as at 31 March 2020) is required, a material negative impact on the Group's result will materialise. The Company will make further announcements as appropriate or when there are material developments.

In addition, the outcome of the matters discussed under "Going concern and working capital position" on page 17 of this announcement will have a material impact on the Group.

Barring any unforeseen circumstances, the Group is expected to record a loss for the financial quarter ending 30 June 2020 and for the financial year ending 30 June 2020.

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 and the reason(s) for the decision.

No dividend was declared as there were no profits for the financial period ended 31 March 2020.

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.

No IPT mandate was obtained by the Company. There were no reportable IPT transactions.

14. Confirmation pursuant to Rule 720(1) of the Catalist Rules.

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 Catalist Rules

I, Ying Wei Hsein, being a director of the Company, do hereby confirm on behalf of the directors of the Company, that to the best of my 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 the Group for the three (3) month financial period ended 31 March 2020 to be false or misleading in any material aspect.

On behalf of the Board
PACIFIC STAR DEVELOPMENT LIMITED

Ying Wei Hsein
Executive Chairman
12 May 2020

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

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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.
