

Fourth Quarter (“4Q2017”) and Twelve Months (“12M2017”) Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 December 2017

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.

Consolidated Financial Statements

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, in accordance with the provision of Singapore Financial Reporting Standard (the **“FRS”**) 103: Business Combination. 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 fourth quarter period ended 31 December 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 Target Group; 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.

Separate Financial Statements

Reverse acquisition accounting applies only to the consolidated financial statements.

Change of financial year end

On 9 November 2017, the Company announced the change of financial year end from 31 December to 30 June.

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					
	4 th Quarter ended 31 Dec			12 Months Period ended 31 Dec		
	2017 S\$'000	2016 S\$'000	Changes %	2017 S\$'000	2016 S\$'000	Changes %
Revenue	30,733	17,238	78.3	83,913	59,113	42.0
Cost of sales	(16,036)	(8,897)	80.2	(43,534)	(30,149)	44.4
Gross profit	14,697	8,341	76.2	40,379	28,964	39.4
Other operating income	247	2,931	(91.6)	3,308	3,258	1.5
Expenses:						
Marketing and Distribution	(1,378)	(430)	220.5	(3,224)	(2,240)	43.9
Operating and Administrative	(1,311)	(1,420)	(7.7)	(5,197)	(3,979)	30.6
Other operating	(179)	(170)	5.3	(1,070)	(405)	164.2
Finance	(337)	(389)	(13.4)	(1,790)	(1,505)	18.9
	(3,205)	(2,409)	33.0	(11,281)	(8,129)	38.8
Share of loss of equity-accounted investee	(469)	(271)	73.1	(1,529)	(1,001)	52.7
Profit before tax from continuing operations ¹	11,270	8,592	31.2	30,877	23,092	33.7
Income tax expense	(2,849)	(1,747)	63.1	(7,927)	(5,774)	37.3
Net profit after tax from continuing operations	8,421	6,845	23.0	22,950	17,318	32.5
Net loss from discontinued operations	-	-	-	(2,982)	-	N.m.
Net profit for the financial period	8,421	6,845	23.0	19,968	17,318	15.3
Other comprehensive income/(loss), net of tax: Items that may be reclassified subsequently to profit or loss						
- Currency translation differences arising from consolidation	996	(371)	N.m.	933	(650)	N.m.
Total comprehensive profit for the financial period	9,417	6,474	45.5	20,901	16,668	25.4
Net profit attributable to:						
Equity holders of the Company	3,877	3,015	28.6	7,841	7,529	4.1
Non-Controlling interest	4,544	3,830	18.6	12,127	9,789	23.9
	8,421	6,845	23.0	19,968	17,318	15.3
Total comprehensive income attributable to:						
Equity holders of the Company	4,366	2,897	50.7	8,379	6,932	20.9
Non-Controlling interest	5,051	3,577	41.2	12,522	9,736	28.6
	9,417	6,474	45.5	20,901	16,668	25.4

N.m: Not meaningful

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

Note 1

Profit before income tax has been arrived at after charging/(crediting):

Depreciation of property, plant and equipment

Foreign exchange (gain)/loss (net)

Gain on acquisition of subsidiaries (negative goodwill)

Gain on disposal of subsidiary

Loss on disposal of property, plant and equipment

Interest expenses

Interest income

4 th Quarter ended 31 Dec		12 Months Period ended 31 Dec	
2017	2016	2017	2016
S\$'000	S\$'000	S\$'000	S\$'000

96	75	377	310
(148)	171	(336)	237
-	-	(1,224)	-
-	-	-	(167)
-	-	14	-
337	389	1,790	1,505
(30)	(42)	(302)	(95)

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 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	3,390	6,412	413	10,474
Financial assets, at fair value through profit or loss	4	-	-	-
Trade receivables	24,449	5,559	1,748	725
Other receivables and other current assets	13,518	12,137	275	3,537
Inventories	631	-	-	-
Short-term deposits	503	-	503	-
Unbilled receivables	4,960	-	-	-
Deferred costs	2,293	2,997	-	-
Development property	133,600	103,137	-	-
	<u>183,348</u>	<u>130,242</u>	<u>2,939</u>	<u>14,736</u>
Non-current assets				
Investment in subsidiaries	-	-	171,588	-
Deferred costs	-	260	-	-
Property, plant and equipment	197	340	39	3
	<u>197</u>	<u>600</u>	<u>171,627</u>	<u>3</u>
Total assets	<u>183,545</u>	<u>130,842</u>	<u>174,566</u>	<u>14,739</u>
LIABILITIES				
Current liabilities				
Deferred income	-	1,865	-	-
Trade payables	28,723	20,512	-	-
Other payables	11,434	14,986	12,035	2,283
Borrowings	19,826	4,152	-	-
Current tax liabilities	10,199	5,835	-	-
Advanced billings	1,398	-	-	-
Joint Venture	3,144	2,004	-	-
Associates	945	555	-	-
Provision for warranty	1,188	-	-	-
	<u>76,857</u>	<u>49,909</u>	<u>12,035</u>	<u>2,283</u>
Non-current liabilities				
Loans and borrowings	30,824	35,497	-	-
Loans from non-controlling interests	14,836	13,227	-	-
Deferred tax liabilities	2,497	1,807	-	-
	<u>48,157</u>	<u>50,531</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>125,014</u>	<u>100,440</u>	<u>12,035</u>	<u>2,283</u>
NET ASSETS	<u>58,531</u>	<u>30,402</u>	<u>162,531</u>	<u>12,456</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25,301	17,738	195,642	48,196
Treasury shares	-	-	(513)	(513)
Reserves	8,311	267	(32,598)	(35,227)
	<u>33,612</u>	<u>18,005</u>	<u>162,531</u>	<u>12,456</u>
Non-controlling interest	24,919	12,397	-	-
Total equity	<u>58,531</u>	<u>30,402</u>	<u>162,531</u>	<u>12,456</u>

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 Dec 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
S\$19,826,000	-	S\$4,152,000	-

Amount repayable after one year

As at 31 Dec 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
S\$30,824,000	S\$14,836,000	S\$35,497,000	S\$13,227,000

Details of any collateral

The borrowings are secured as follows:

- short-term deposits of S\$503,000 (31 Dec 2016: Nil);
- 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			
	4 th Quarter ended		12 Months Period	
	31 December		ended 31 December	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flow from Operating Activities				
Profit before income tax from continuing operations	11,270	8,592	30,877	23,092
Loss before income tax from discontinued operations	-	-	(2,982)	-
Adjustments for:				
Amortisation of deferred cost	993	525	2,309	1,719
Depreciation of property, plant and equipment	96	75	377	310
Loss on disposal of property, plant and equipment	-	-	14	-
Gain on disposals of subsidiaries	-	-	-	(167)
Loss on disposal of the vehicle sub-division	-	-	2,777	-
Interest expense	337	389	1,790	1,505
Interest income	(30)	(42)	(302)	(95)
Share of losses of equity-accounted investees	469	271	1,529	1,001
Gain on acquisition of subsidiaries (negative goodwill)	-	-	(1,224)	-
Reversal of impairment loss on other receivables	-	(2,843)	-	(2,843)
Unrealised foreign exchange (gain)/loss	(148)	171	(336)	237
Operating cash flow before working capital changes	<u>12,987</u>	<u>7,138</u>	<u>34,829</u>	<u>24,759</u>
Movement in working capital:				
Changes in development property	(1,497)	(7,795)	(27,160)	(35,915)
Changes in inventories and construction contracts	(131)	-	(432)	-
Changes in deferred costs	(582)	(555)	(1,310)	(743)
Changes in deferred income	8,051	(672)	(6,674)	(1,177)
Changes in trade, other receivables and other current assets	(8,696)	3,705	(11,952)	(7,693)
Changes in trade, other payables and provision for warranty	<u>(12,095)</u>	<u>7,311</u>	<u>(4,474)</u>	<u>9,703</u>
Cash (used in)/generated from operations	(1,963)	9,132	(17,173)	(11,006)
Interest received	30	42	302	95
Interest paid	(616)	(674)	(2,691)	(2,615)
Income tax paid	<u>(2,216)</u>	<u>(1,133)</u>	<u>(3,109)</u>	<u>(1,138)</u>
Net cash (used in)/generated from operating activities	<u>(4,765)</u>	<u>7,367</u>	<u>(22,671)</u>	<u>(14,724)</u>
Cash Flows from Investing Activities				
Acquisition/disposal of subsidiaries	-	-	(8,474)	(22)
Additions to property, plant and equipment	(43)	(3)	(145)	(208)
Advances to a joint venture and associate (non-trade)	-	-	-	(934)
Proceeds from disposal of vehicle sub-division	-	-	350	-
Proceeds from disposal of plant and equipment	-	-	271	-
Net cash used in investing activities	<u>(43)</u>	<u>(3)</u>	<u>(7,998)</u>	<u>(1,164)</u>
Cash Flows from Financing Activities				
(Repayment to)/Advance from former holding company (non-trade)	-	(33)	3,420	4,174
(Repayment to)/Proceeds from bank borrowings	(1,659)	(8,869)	11,445	13,771
Repayment of finance lease liabilities	(14)	(13)	(55)	(53)
Movement in fixed deposits pledged with banks	(1)	-	4,584	-
Proceeds from conditional placement of shares	-	-	8,521	-
Net cash (used in)/generated from financing activities	<u>(1,674)</u>	<u>(8,915)</u>	<u>27,915</u>	<u>17,892</u>
Net (decrease)/increase in cash and cash equivalents	(6,482)	(1,551)	(2,754)	2,004
Effect of currency translation on cash and cash equivalents	183	27	46	(35)
Cash and cash equivalents at beginning of financial period	7,586	5,519	3,995	2,026
Cash and cash equivalents at end of financial period	<u>1,287</u>	<u>3,995</u>	<u>1,287</u>	<u>3,995</u>
Cash and cash equivalents comprises:				
Cash and bank balances	3,390	6,412	3,390	6,412
Less: Bank overdraft	<u>(2,103)</u>	<u>(2,417)</u>	<u>(2,103)</u>	<u>(2,417)</u>
Cash and cash equivalents	<u>1,287</u>	<u>3,995</u>	<u>1,287</u>	<u>3,995</u>

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						
	Share capital S\$'000	Accumulated losses S\$'000	Capital reserves S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
The Group							
Balance at 1 January 2017	17,738	(2,269)	3,029	(493)	18,005	12,397	30,402
Net profit for the financial period	-	3,964	-	-	3,964	7,583	11,547
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	49	49	(112)	(63)
Total comprehensive income/(loss) for the financial period	-	3,964	-	49	4,013	7,471	11,484
Transaction with owners, recognised directly in equity:							
Issue of shares – Placement	8,521	-	-	-	8,521	-	8,521
Acquisition of subsidiaries arising from reverse acquisition	(958)	-	-	(3)	(961)	(3,412)	(4,373)
Disposal of subsidiaries	-	(374)	-	42	(332)	3,412	3,080
Total transactions with owners of the Company	7,563	(374)	-	39	7,228	-	7,228
Balance at 30 September 2017	25,301	1,321	3,029	(405)	29,246	19,868	49,114
Net profit for the financial period	-	3,877	-	-	3,877	4,544	8,421
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	489	489	507	996
Total comprehensive income for the financial period	-	3,877	-	489	4,366	5,051	9,417
Disposal of subsidiaries	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-
Balance at 31 December 2017	25,301	5,198	3,029	84	33,612	24,919	58,531

	Attributable to equity holders of the Company						
	Share capital S\$'000	Accumulated losses S\$'000	Capital reserves S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
Balance at 1 January 2016	16,820	(9,798)	3,029	102	10,153	2,662	12,815
Net profit for the financial period	-	4,514	-	-	4,514	5,958	10,472
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(479)	(479)	200	(279)
Total comprehensive income/(loss) for the financial period	-	4,514	-	(479)	4,035	6,158	10,193
Transaction with owners, recognised directly in equity:							
Purchase of treasury shares	918	-	-	2	920	-	920
Total transaction with owners of the Company	918	-	-	2	920	-	920
Balance at 30 September 2016	17,738	(5,284)	3,029	(375)	15,108	8,820	23,928
Net profit for the financial period	-	3,015	-	-	3,015	3,830	6,845
Other comprehensive income for the financial period, net of tax:							
Currency translation differences arising from consolidation	-	-	-	(118)	(118)	(253)	(371)
Total comprehensive income/(loss) for the financial period	-	3,015	-	(118)	2,897	3,577	6,474
Transaction with owners, recognised directly in equity:							
Purchase of treasury shares	-	-	-	-	-	-	-
Total transaction with owners of the Company	-	-	-	-	-	-	-
Balance at 31 December 2016	17,738	(2,269)	3,029	(493)	18,005	12,397	30,402

	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 profit for the financial period	-	-	3,007	-	-	3,007
Total comprehensive income for the period	-	-	3,007	-	-	3,007
Increase in share capital	147,446	-	-	-	-	147,446
Share issue expenses	-	-	-	-	(309)	(309)
Reversal of employee share options	-	-	13	(13)	-	-
Balance at 30 September 2017	195,642	(513)	(30,808)	58	(1,779)	162,600
Net loss for the financial period	-	-	(69)	-	-	(69)
Total comprehensive loss for the period	-	-	(69)	-	-	(69)
Increase in share capital	-	-	-	-	-	-
Reversal of employee share options	-	-	16	(16)	-	-
Balance at 31 December 2017	195,642	(513)	(30,861)	42	(1,779)	162,531
Balance at 1 January 2016	48,196	(104)	(25,417)	194	(1,470)	21,399
Net profit for the financial period	-	-	(307)	-	-	(307)
Total comprehensive income for the period	-	-	(307)	-	-	(307)
Purchase of treasury shares	-	(409)	-	-	-	(409)
Balance at 30 September 2016	48,196	(513)	(25,724)	194	(1,470)	20,683
Net loss for the financial period	-	-	(8,227)	-	-	(8,227)
Total comprehensive income for the period	-	-	(8,227)	-	-	(8,227)
Reversal of employee share options	-	-	123	(123)	-	-
Purchase of treasury shares	-	-	-	-	-	-
Balance at 31 December 2016	48,196	(513)	(33,828)	71	(1,470)	12,456

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.

(i) Share capital

	31/12/2017		30/09/2017		31/12/2016	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Issued and fully paid ordinary shares	502,336,278	195,642	502,336,278	195,642	15,782,926	48,196

There were no changes to the issued and paid-up capital of the Company during 4Q2017.

(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
At 31 March 2017	158,428,626	190,351
Issue of top-up shares in relation to the RTO	8,125,000	4,778
	166,553,626	195,129
Share split on the basis of every 1 share into 3 shares	499,660,878	195,129
As at 30 June , 30 September and 31 December 2017	499,660,878	195,129

As at 31 December 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 December 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) on Completion	Balance at Completion after share split	Granted/ (Forfeited) after Completion	Balance as at 31/12/2017	Balance as at 31/12/2016	Exercise period
4/3/2014	S\$1.75	S\$0.583	126,400	(24,000)	307,200	(84,000)	223,200	126,400	3/3/2015 to 2/3/2019

The number of options lapsed during 4Q2017 amounted to 4,000 (12,000 after share split).

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	
	31/12/2017	31/12/2016
Total number of issued shares	502,336,278	15,782,926
Treasury shares	2,675,400	891,800
Total number of issued shares excluding treasury shares	499,660,878	14,891,126
% of treasury shares over total number of issued shares	0.5%	5.7%

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.

The Company held 2,675,400 treasury shares (after share split on the basis of every 1 share into 3) as at 31 December 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 except that the Group has early adopted **FRS 115 Revenue from Contracts with Customers**.

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 early adoption of **FRS 115 Revenue from Contracts with Customers** for the Non-Property Division after the Completion did not have a significant impact on the financial performance or position of the Group.

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.

	4 th Quarter ended 31 December		12 Months ended 31 December	
	2017	2016	2017	2016
Profit per share for the period from continuing operations (cents)				
(a) Based on weighted average number of ordinary shares in issue	0.78	1.92	2.40	4.86
(b) On a fully diluted basis*	0.78	1.92	2.40	4.86

	4 th Quarter ended 31 December		12 Months ended 31 December	
	2017	2016	2017	2016
Loss per share for the period from discontinued operations (cents)				
(a) Based on weighted average number of ordinary shares in issue	-	-	(0.66)	-
(b) On a fully diluted basis*	-	-	(0.66)	-

Profit per share for the financial period ended 31 December 2017 from continuing operations was computed based on the net profit attributable to equity holders of the Company for 4Q2017 of S\$3,877,000 (4Q2016: S\$3,015,000) and the net profit attributable to equity holders of the Company for 12M2017 of S\$10,823,000 (12M2016: S\$7,529,000) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as shown below.

Loss per share for the financial period ended 31 December 2017 from discontinued operations was based on the net loss attributable to equity holders for the Company for 4Q2017 is nil (4Q2016: nil) and the net loss attributable to equity holders of the Company for 12M2017 of S\$2,982,000 (12M2016: nil) and divided by the weighted average number of shares in issue after share consolidation and excluding treasury shares as follows:

	4 th Quarter ended 31 December		12 Months ended 31 December	
	2017	2016	2017	2016
Weighted average number of ordinary shares				
(a) Based on weighted average number of ordinary shares in issue; and	499,660,878	156,875,000	451,734,518	154,844,799
(b) On fully diluted basis*	499,660,878	156,875,000	451,734,518	154,844,799

*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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	6.73	11.48	32.53	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.

The unaudited financial results of the Group for 4Q2017 and 12M2017 set out in this announcement include both the Non-Property Division and the Property Division upon the Completion, as compared to the unaudited financial results of the Group for 4Q2016 and 12M2016 prior to the RTO which includes only the Property Division.

Statement of Comprehensive Income

The Group's revenue has increased by S\$13.5 million or 78.3% from S\$17.2 million in 4Q2016 to S\$30.7 million in 4Q2017. The Group's cost of sales has increased by \$7.1 million or 80.2% from S\$8.9 million in 4Q2016 to S\$16.0 million in 4Q2017. In line with the increase in revenue and cost of sales, gross profit also increased by S\$6.4 million or 76.2% from S\$8.3 million in 4Q2016 to S\$14.7 million in 4Q2017.

Revenue in 4Q2017 comprised mostly revenue recognised on sales from the Property Division's Puteri Cove Residences & Quayside project in Iskandar, Malaysia ("**Puteri Cove Project**") and S\$1.2 million from the Non-Property Division.

Other operating income decreased by S\$2.7 million or 91.6%, mainly due to the absence of one time reversal of provision of warranty of S\$1.1 million and net gain on issue of consideration shares in relation to the RTO of S\$1.7 million.

The Group's marketing and distribution expenses increased by S\$1.0 million or 220.5% from S\$0.4 million in 4Q2016 to S\$1.4 million in 4Q2017 due to higher agents' commission, agency fees and other marketing expenses.

There was a share of losses from equity-accounted investee mainly due to recognition of losses in the Group's investment in Thailand where the revenue from the sales of property is recognised upon delivery of the property after development. The share of losses recognised is the Group's share of the operating costs charged to profit and loss for the period. The higher amount of losses shared which increased by S\$0.2 million or 73.1% from S\$0.3 million in 4Q2016 to S\$0.5 million in 4Q2017 was mainly due to increase in expenses in 4Q2017 as the Group increased its marketing activities and project management activities with the appointment of the main contractor for the Posh Twelve Project in Thailand. The share of losses from equity-accounted investee was contributed by the Property Division.

On 8 May 2017, the Group announced the disposal of its 51% shareholding in Autotrax International Pte Ltd ("**Autotrax**") which was previously reported in the Non-Property Division of the Group's result. The decision was consistent with the Group's strategy to focus on its core business and divest its vehicle business which had been performing poorly. Subsequently, the Group announced the completion of the disposal of Autotrax on 25 May 2017. Accordingly, following the disposal, the results of Autotrax and its wholly-owned subsidiary, Autovox Korea Co., Ltd., were classified as 'Discontinued Operations' in 4Q2017 and 12M2017.

The Group recorded a net profit after tax of S\$8.4 million in 4Q2017 compared to S\$6.8 million in 4Q2016, representing an increase of S\$1.6 million or 23.0% mainly due to increase in sales.

Statement of Financial Position

The non-current assets of the Group decreased by S\$0.4 million to S\$0.2 million as at 31 December 2017 from S\$0.6 million as at 31 December 2016. The decrease was mainly due to reclassification of deferred costs from non-current assets to current assets.

The current assets of the Group increased by S\$53.1 million to S\$183.3 million as at 31 December 2017 from S\$130.2 million as at 31 December 2016. The increase was mainly due to the inclusion of the current assets of the

Non-Property Division of S\$9.9 million upon the Completion and the increase in current assets of the Property Division of approximately S\$43.2 million. The current assets of the Non-Property Division as at 31 December 2017 include: (i) trade and other receivables of \$7.3 million, (ii) unbilled receivables of S\$0.2 million, (iii) inventories of S\$0.6 million and (iv) cash and bank balances of S\$1.8 million.

The increase in current assets of the Property Division of approximately S\$43.2 million was mainly due to the following: (i) increase in the Property Division's unbilled receivables of S\$5.0 million, which is currently pending Architect certification for billing to buyers, (ii) net increase in development cost incurred during 12M2017 of S\$30.5 million from increase in billing of costs from contractors as we are nearing the completion of Phase 1 of the Puteri Cove Project, which has been offset by the costs recognised in the income statement during 9M2017 of S\$26.1 million, (iii) an increase in the trade receivables of the Property Division by S\$18.9 million to S\$24.4 million as at 31 December 2017 from S\$5.6 million as at 31 December 2016 was due to an increase in the certified billings to buyers for the stage of billing achieved in 4Q2017 and (iv) an increase in other receivables and other current assets by S\$1.4 million to S\$13.5 million as at 31 December 2017 from S\$12.1 million as at 31 December 2016. The increase in other receivables and other current assets are mainly due to shareholder loans granted during RTO, working capital requirements for an Associate Company and offset with other receivables whom have been paid off.

The non-current liabilities of the Group decreased by S\$2.3 million to S\$48.2 million as at 31 December 2017 from S\$50.5 million as at 31 December 2016 due to Property Division's further drawn-down from bridging and fixed loans and additional unwinding of implicit interest component of loans from non-controlling interests. This has been offset by repayments made during the period.

The current liabilities of the Group increased by S\$27.0 million to S\$76.9 million as at 31 December 2017 from S\$49.9 million as at 31 December 2016 mainly due to the inclusion of the current liabilities of the Non-Property Division of approximately S\$5.4 million upon the Completion and increase of current liabilities of Property Division of S\$23.4 million. The current liabilities of the Non-Property Division comprised (i) trade and other payables of approximately S\$2.8 million, (ii) advanced billings of S\$1.4 million and (iii) provision of warranty of S\$1.2 million. The increase in current liabilities of the Property Division was mainly due to (i) higher progress claims raised by the main contractor of S\$5.4 million and offset by lower payables by S\$4.5 million, (ii) additional current tax liabilities of S\$4.4 million, (iii) increase of Joint Venture of S\$1.1 million due to share of 12M2017 losses from equity-accounted investee and (iv) bank borrowings of S\$15.7 million for the construction of Puteri Cove Residences & Quayside Project in Malaysia.

Cash Flow Statement

The Group's 12M2017 net cash used in operating activities increased by S\$7.9 million, which arose mainly due to higher cash usage in operating activities after movements in working capital of S\$6.2 million and higher tax payment of S\$2.0 million. The Group's operating cash flow before working capital changes for 12M2017 also increased by S\$10.1 million as compared to 12M2016, mainly due to (i) higher profit before income tax (net) of S\$4.8 million, (ii) loss of disposal of the vehicle sub-division of S\$2.8 million in 12M2017, (iii) reversal of impairment loss on other receivables of S\$2.8 million and offset by a gain on acquisition of subsidiaries (negative goodwill) of S\$1.2 million in 12M2017.

The Group's increase in cash used in investing activities in 12M2017 was mainly due to the cash consideration of S\$16.0 million paid in relation to the RTO, offset by the cash and cash equivalents acquired through the RTO of S\$7.5 million as well as the proceeds from disposal of vehicle sub-division of S\$0.4 million and proceeds from the disposal of plant and equipment of S\$0.3 million.

The Group's increase in cash generated from financing activities for 12M2017 by S\$10.0 million to S\$27.9 million mainly due to (i) the net proceeds from the conditional placement of shares of approximately S\$8.5 million, (ii) withdrawal of the fixed deposits of S\$4.6 million to pay for the cash consideration upon the Completion offset by lower drawdown of loan from former holding company of S\$0.8 million and lower drawdown of bank loan of S\$2.3 million for the payment for the construction of Puteri Cove Residences & Quayside Project in Malaysia.

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.

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 property development and investment business.

Having registered a higher than expected growth of 5.8% in 2017¹, the World Bank expects Malaysia's economy to grow at a strong pace of 5.2% in 2018 due to strengthening domestic and external demands, improved productivity and wage growth and rising manufactured goods and commodity exports. The sustained economic growth and continued improvement in disposable income of Malaysia should lead to a rise in consumer confidence and purchasing power which are expected to benefit the Malaysian property sector.

In Iskandar Puteri, the Group has observed that demand for new property development projects to gradually trend upwards, due to, amongst others, rising population that leads to increased demand for quality housing. The construction of the upcoming Kuala Lumpur-Singapore high speed rail and Johor Bahru-Singapore Rapid Transit System will invariably catalyze higher capital investment and stimulate further job growth.

The Group expects to receive the Certificate of Completion and Compliance for Phase 1 of Puteri Cove Residences before the end of February 2018. The Group is continually exploring the acquisition of new land parcels and joint venture development opportunities with strategic partners in Indonesia, Thailand, Malaysia and Singapore.

In Bangkok, Thailand, the Group has observed that condominiums near mass rapid transit stations 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. On the economic outlook, Thailand's finance ministry has recently raised the economic forecast for 2018 to 4.2% from 3.8%² on account of higher exports and larger government spending on public infrastructure projects.

On 26 September 2017, the Company signed a preliminary non-binding Memorandum of Understanding with PT Kukuh Mandiri Lestari to jointly develop mixed-use of high rise developments on 10 hectares of prime sea-front land in Pantai Indah Kapuk 2 in Jakarta, Indonesia. This will bode well for the Group to expand its property business into the burgeoning Jakarta market, being one of the key gateway cities of ASEAN.

On 31 October 2017, the Company entered into a strategic partnership via a framework agreement with Damac International Limited, a property developer in the Middle East, to develop luxury properties in key cities across Southeast Asia over the next five years.

Non-Property Division

The industry in which the Aluminum Division operates is closely correlated to the overall conditions of the building construction industry. In light of the high number of collective sale sites transacted in Singapore last year and the continuing supply of new HDB flats in 2018, the Group expects to increase the order books of new aluminum contracts in anticipation of rising construction volume in private and HDB markets.

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.

¹ According to the information published on *The Star Online* (a Malaysian newspaper) dated 14 December 2017.

² According to the information published on the *Nikkei Asian Review* website, dated 29 January 2018.

(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 27 April 2017 pursuant to Rule 920 for the financial period ended 31 December 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

I, Glen Chan, being a director of Pacific Star Development Limited (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 of the Group for the fourth quarter and twelve months ended 31 December 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**

Singapore, 12 February 2018

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. Ong Hwee Li, SAC Capital Private Limited at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. Telephone number: +65 6532 3829.