

Unaudited Financial Statements And Dividend Announcement For The Three-Month Financial Period Ended 30 September 2020 For Pacific Star Development Limited (the “Company” and together with its subsidiaries, the “Group”)

Pursuant to the Company’s announcement dated 12 December 2020, the Company is seeking a further extension of time to release its audited financial statements and annual report as well as the holding of the Annual General Meeting (“AGM”) for the financial year ended 30 June 2020 (“FY2020”). This is because the Company’s Auditors (“Auditors”) and management require additional time to review and check the prior period adjustments before the Company is able to finalise and publish the FY2020 annual report, to allow for the requisite notice period and holding of the AGM. The Company will provide a material variance announcement in relation to the unaudited results for the financial period ended 30 September 2020 once the audited financial statements for FY2020 are published.

The Company is required to continue to do Quarterly Reporting (“QR”) in view of the disclaimer opinion issued by our Auditors in the Company’s latest annual report for the financial year ended 30 June 2019 (being the latest available audited financial statements). 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 July 2020 to 30 September 2020, shall be referred to herein as “**1QFY2021**”;
- The financial year ended 30 June 2020 shall be referred to herein as “**FY2020**”;
- The corresponding financial quarter of the immediately preceding financial year, the financial quarter from 1 July 2019 to 30 September 2019, shall be referred to herein as “**1QFY2020**”; and
- The financial statements are presented in Singapore Dollars (\$) and all values are rounded to the nearest thousand (\$’000) unless otherwise stated.

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

	Note	The Group		Changes %
		1QFY2021 \$'000	1QFY2020 \$'000	
	1		(Restated)	
Revenue		-	-	N.M.
Cost of sales		-	-	N.M.
Gross profit		-	-	N.M.
Other operating income		1,085	648	67
Expenses:				
Marketing and distribution		-	(174)	(100)
Administrative		(1,173)	(1,194)	(2)
Other	2	(574)	(252)	128
Finance costs		(5,021)	(5,117)	(2)
Share of results of joint venture	3	(455)	(45)	N.M.
Share of results of associate	3	(31)	(83)	(63)
Loss before tax		(6,169)	(6,217)	(1)
Income tax expense		-	-	N.M.
Net loss for the financial period		(6,169)	(6,217)	(1)
Other comprehensive income, net of tax:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences arising from:				
- consolidation		303	325	(7)
- joint venture		200	(17)	N.M.
- associate		14	(16)	N.M.
Total comprehensive loss for the financial period		(5,652)	(5,925)	(5)
Net loss attributable to:				
Owners of the Company		(6,169)	(6,217)	(1)
Total comprehensive loss attributable to:				
Owners of the Company		(5,652)	(5,925)	(5)

N.M. Not meaningful

Note 1 During 1QFY2020, transactional costs relating to loans and borrowings amounting to approximately \$343,000 were reclassified from administrative expenses to finance costs to conform with current year's presentation.

Note 2 Other expenses

	The Group	
	1QFY2021	1QFY2020
	\$'000	\$'000
Trade receivables written off	476	-
Penalties and fines	88	-
Expected credit loss on amount due from third parties	10	-
GST receivable written off	-	204
Expenses pertaining to Aluminium Division, currently under liquidation	-	48
	<u>574</u>	<u>252</u>

Trade receivables written off arose as a result of a buyer of two units at Puteri Cove Residences ("PCR") cancelling one of the units purchased and applying the deposit for that cancelled unit to the remaining unit, resulting in the write off of the trade receivables relating to the cancelled unit.

Note 3 Share of results of joint venture and associate

The Group's development project in Bangkok, Thailand (known as The Posh Twelve ("P12")), is held through the Group's joint venture and associate.

As announced on 3 February 2020, the main contractor for P12 had issued a notice of stoppage of work due to disputes in respect of payments and construction progress. On 23 June 2020, the Company announced that pursuant to the strategic review, Minaret Holdings Limited ("Minaret"), the Group's joint venture company, has initiated bankruptcy proceedings against Kanokkorn Pattana Co., Ltd. ("KNK"), the developer of P12, by recalling the loans made by Minaret to KNK (the "KNK Bankruptcy").

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

During 1QFY2021, the share of results of joint venture and associate relate largely to the funding provided by the Group to see through KNK Bankruptcy.

1(a)(i) Other disclosures to the Group's Income Statement

	The Group		
	1QFY2021	1QFY2020	
	\$'000	\$'000	
Note		(Restated)	
1			
Loss before tax has been arrived at after charging/(crediting):			
Finance costs	5,021	5,117	
Trade receivables written off	476	-	
Depreciation of right-of-use assets	63	63	
Depreciation of property, plant and equipment	10	9	
Expected credit loss on amount due from third parties	10	-	
Foreign exchange net gain	(516)	(455)	
Over-provision of penalties relating to GST clawback	7 (166)	-	
Forfeiture income	(43)	-	
Interest income	(35)	(174)	
	<u>(35)</u>	<u>(174)</u>	

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

Statement of Financial Position

	Note	The Group		The Company	
		30-Sep-20 \$'000	30-Jun-20 \$'000	30-Sep-20 \$'000	30-Jun-20 \$'000
			(Unaudited)		(Unaudited)
Non-current assets					
Property, plant and equipment		59	69	-	-
Right-of-use assets		361	424	-	-
Investment in subsidiaries		-	-	49,198	49,198
Total non-current assets		420	493	49,198	49,198
Current assets					
Deferred costs		444	422	-	-
Development properties	4	141,859	139,761	-	-
Trade receivables		4,062	5,892	-	-
Other receivables and other current assets	5	461	841	3,239	3,254
Cash at bank		2,375	3,320	61	104
Restricted cash	6	1,886	1,748	-	-
Total current assets		151,087	151,984	3,300	3,358
Total assets		151,507	152,477	52,498	52,556
Non-current liabilities					
Loans and borrowings		33,894	33,360	-	-
Lease liabilities		129	205	-	-
Trade payables		251	249	-	-
Other payables	7	144	60	-	-
Total non-current liabilities		34,418	33,874	-	-
Current liabilities					
Loans and borrowings		109,760	103,919	-	-
Lease liabilities		280	248	-	-
Trade payables		10,610	11,627	-	-
Other payables	7	24,829	25,451	17,831	17,612
Deferred income		101	114	70	76
Joint venture	8	-	-	-	-
Associate	8	-	-	-	-
Current tax liabilities		10,307	10,390	-	-
Total current liabilities		155,887	151,749	17,901	17,688
Total liabilities		190,305	185,623	17,901	17,688
Net (liabilities)/assets		(38,798)	(33,146)	34,597	34,868
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		(87,940)	(81,771)	(161,945)	(161,674)
Other reserves		1,341	824	-	-
(Capital deficiency)/Equity attributable to owners of the Company and total equity		(38,798)	(33,146)	34,597	34,868

Note 4 Development properties

The development properties relates to the Group's PCR project located in Iskandar Puteri, Malaysia, which is developed by the principal subsidiary of the Group, Pearl Discovery Development Sdn. Bhd. ("PDD").

Note 5 Other receivables and other current assets

	<u>The Group</u>		<u>The Company</u>	
	<u>30-Sep-20</u>	<u>30-Jun-20</u>	<u>30-Sep-20</u>	<u>30-Jun-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Deposits	210	217	-	7
Prepayments	201	213	34	33
Grants receivables	23	42	23	33
Sundry debtors	15	21	-	6
Net GST receivables	12	348	7	1
Due from related companies	-	-	3,175	3,174
	<u>461</u>	<u>841</u>	<u>3,239</u>	<u>3,254</u>

Note 6 Restricted cash

As at 30 September 2020, the restricted cash relates largely to the Debt Service Reserve Account ("DSRA") placement in relation to a bank facility provided to a subsidiary ("Facility A").

Note 7 Other payables

	<u>The Group</u>		<u>The Company</u>	
	<u>30-Sep-20</u>	<u>30-Jun-20</u>	<u>30-Sep-20</u>	<u>30-Jun-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Non-current				
PCR deposits received	111	-	-	-
Others	33	60	-	-
	<u>144</u>	<u>60</u>	<u>-</u>	<u>-</u>
Current				
Due to a related party	9,414	9,370	3,651	3,651
Accruals	6,017	6,373	242	260
Penalties payable	3,089	3,055	-	-
Other payables	1,793	1,820	-	-
PCR Resident Committee	1,665	1,883	-	-
Accrual for GST clawback and penalties	1,414	1,564	-	-
Sundry creditors	421	590	-	56
PCR deposits received	416	385	-	-
Due to liquidator of subsidiaries	410	410	410	410
Accrued interest	189	-	-	-
Due to associate	1	1	-	-
Due to subsidiaries	-	-	13,528	13,235
	<u>24,829</u>	<u>25,451</u>	<u>17,831</u>	<u>17,612</u>

Due to a related party

The amount relates to advances from PSD Holdings Pte. Ltd. ("PSDH"), a company formerly controlled by a related party, being a former controlling shareholder of the Company. In March 2020, due to the bankruptcy of that related party, the related party is deemed to have lost control over the shares of the Company which are now vested in the private trustee of the related party's bankrupt estate (the "Trustee").

As at 30 September 2020, amount due to a related party relates to advances from PSDH (the control of which is now vested in the Trustee). The balance comprises \$5.80 million of interest-free loans (with effect from 1 July 2018), \$3.50 million of loans bearing 5% interest per annum (with effect from 6 February 2020) and accrued interest amounting to \$0.11 million. These advances are subordinated to the \$70 million loan facility provided by a group of third parties (the “**Loan Facility**”) and repayable on demand.

Penalties payable

Amount relates to penalties imposed by Malaysian Tax Authority on PDD, a wholly-owned subsidiary of the Company, for late payment and under-estimated chargeable income subjected to corporate income tax in prior years.

PCR Resident Committee

Due to PCR Resident Committee relates to the amount collected on behalf of the PCR Resident Committee as well as maintenance and sinking funds and the associated late interest payment for unsold PCR units.

Accrual for GST clawback and penalties

The amount relates to the clawback of over-claimed Goods and Services Tax (“**GST**”) recoverable and penalties imposed by the Malaysia Customs on the Company’s wholly-owned subsidiary, PDD, for over-claim of GST in prior years.

PCR deposits received

PCR deposits comprise purchase deposits received from PCR unit buyers and security deposits from tenants of PCR retail units. The non-current portion of PCR deposits received comprises deposits received from tenants of PCR retail units pursuant to the tenancy agreements.

Due to liquidator of subsidiaries

Due to liquidator of subsidiaries (companies of the Group’s former Aluminum Division) relates to advances previously received by the Company, which will be paid to the liquidator of these subsidiaries prior to the completion of the liquidation. The Company had announced on 22 May 2019 its intention to discontinue its Aluminium business via a creditors’ voluntary liquidation.

Note 8 Joint venture and Associate

The purpose of investments in joint venture and associate was to hold KNK, the developer of the P12 project.

Joint venture relates to the Group’s 51% equity interest in Minaret held by a wholly-owned subsidiary of the Company. As Minaret is subjected to joint control with the other partner under contractual agreement and requires unanimous consent for all major decisions over the relevant activities, it is treated as a joint venture instead of a subsidiary.

Associate relates 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.

Subsequent to the KNK Bankruptcy (see Note 3 of this announcement), the constructive obligations to continue funding P12 project through the associate and joint venture has ceased.

Note 9 Cash and cash equivalents for consolidated cash flow statement

	<u>The Group</u>	
	<u>30-Sep-20</u>	<u>30-Sep-19</u>
	\$'000	\$'000
Cash at bank	2,375	3,253
Add: Bank overdraft	(2,556)	(2,558)
Cash and cash equivalent	<u>(181)</u>	<u>695</u>

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

The Group	30-Sep-20		30-Jun-20	
	\$'000 Secured	\$'000 Unsecured	\$'000 Secured (Unaudited)	\$'000 Unsecured (Unaudited)
Repayable in one year or less, or on demand	109,760	-	103,919	-
Repayable, after one year	33,894	-	33,360	-

Details of any collateral

As at 30 September 2020, the Group's total borrowings comprises (i) \$90.77 million under the Loan Facility (repayable within one (1) year) and (ii) \$52.89 million consisting of \$16.44 million of bank loans and bank overdraft of \$2.56 million which are repayable within one (1) year and \$33.89 million of loans which are repayable after one (1) year. The bank loans and overdraft facilities from a bank in Malaysia is hereby referred to as Facility A.

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, PSD Singapore Pte. Ltd. ("**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 (Minaret) and the Group's associate (PSDT).

Facility A's principal repayments are to be made monthly in arrears with effect from January 2021. 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

	Note	The Group	
		1QFY2021 \$'000	1QFY2020 \$'000 (Restated)
Cash flows from operating activities	1		
Loss before income tax		(6,169)	(6,217)
Adjustments for:			
Finance costs		5,021	5,117
Trade receivables written off		476	-
Share of results of joint venture		455	45
Depreciation of right-of use assets		63	63
Share of results of associate		31	83
Depreciation of property, plant and equipment		10	9
Expected credit loss on amount due from third parties		10	-
Effects of cancellation of sale and purchase agreement		(242)	-
Reversal of over provision of penalties relating to GST clawback		(166)	-
Forfeiture income		(43)	-
Interest income		(35)	(174)
Operating cash flow before working capital changes		(589)	(1,074)
Movement in working capital:			
Changes in trade, other receivables and other current assets		1,501	(1,267)
Changes in trade and other payables		(1,570)	772
Changes in development properties		(167)	(276)
Changes in deferred income		8	-
Effects of currency translation on working capital		(731)	(471)
Cash flows used in operations		(1,548)	(2,316)
Interest income received		8	2
Finance costs paid		(456)	(788)
Income tax paid		(196)	(231)
Net cash used in operating activities		(2,192)	(3,333)
Cash flows from investing activities			
Additions to property, plant and equipment and net cash used in investing activities		-	(6)
Cash flows from financing activities			
Net proceeds from Facility A		1,296	-
Proceeds from Loan Facility		-	4,579
Repayment of lease liabilities		(51)	(80)
Movement in restricted deposits		(117)	-
Net cash generated from financing activities		1,128	4,499
Net (decrease)/increase in cash and cash equivalents		(1,064)	1,160
Effect of currency translation on cash and cash equivalents		(22)	(19)
Cash and cash equivalents at the beginning of the financial period		905	(446)
Cash and cash equivalents at the end of the financial period	9	(181)	695

- 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 30 September 2020

	Attributable to equity holders of the Company			
	Share capital \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
The Group				
Balance as at 1 July 2020 (Unaudited)	47,801	(81,771)	824	(33,146)
Net loss for the financial period	-	(6,169)	-	(6,169)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- joint venture	-	-	200	200
- associate	-	-	14	14
- consolidation	-	-	303	303
Total comprehensive loss for the financial period	-	(6,169)	517	(5,652)
Balance as at 30 September 2020	47,801	(87,940)	1,341	(38,798)
Balance as at 1 July 2019	47,801	(39,479)	1,012	9,334
Net loss for the financial period	-	(6,217)	-	(6,217)
Other comprehensive income for the financial period, net of tax:				
Currency translation differences arising from:				
- joint venture	-	-	(17)	(17)
- associate	-	-	(16)	(16)
- consolidation	-	-	325	325
Total comprehensive loss for the financial period	-	(6,217)	292	(5,925)
Balance as at 30 September 2019	47,801	(45,696)	1,304	3,409

Statement of Changes in Equity
For the financial quarter ended 30 September 2020

<u>The Company</u>	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 July 2020 (Unaudited)	197,055	(513)	(161,674)	34,868
Net loss for the financial period	-	-	(271)	(271)
Total comprehensive loss for the financial period	-	-	(271)	(271)
Balance as at 30 September 2020	197,055	(513)	(161,945)	34,597
Balance as at 1 July 2019	197,055	(513)	(160,028)	36,514
Net loss for the financial period	-	-	(271)	(271)
Total comprehensive loss for the financial period	-	-	(271)	(271)
Balance as at 30 September 2019	197,055	(513)	(160,299)	36,243

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share sub-division, consolidation, 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.

	<u>As at 30 Sep 2020</u>		<u>As at 30 Jun 2020</u>	
	Number of ordinary shares	\$'000	Number of ordinary shares	\$'000
Issued and fully paid ordinary shares	<u>502,336,278</u>	<u>197,055</u>	<u>502,336,278</u>	<u>197,055</u>

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

As at 30 September 2020 and 30 September 2019, the Company had no outstanding instruments convertible into shares of the Company.

As at 30 September 2020 and 30 September 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.

	30-Sep-20	30-Jun-20
Total number of issued shares	502,336,278	502,336,278
Less: Total number of treasury shares	<u>(2,675,400)</u>	<u>(2,675,400)</u>
Total number of issued shares excluding treasury shares	<u>499,660,878</u>	<u>499,660,878</u>
% of treasury shares over total number of issued shares	<u>0.5%</u>	<u>0.5%</u>

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 30 September 2020, the Company held 2,675,400 (30 June 2020: 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.

Not applicable in accordance to Paragraph 3A of Appendix 7C of the Catalist Rules, as the Auditors have issued a disclaimer opinion in relation to the use of the going concern assumption in most recent audited financial statements for the financial year ended 30 June 2019 ("FY2019").

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

Not applicable as explained above.

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 2020. 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.

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	
	1QFY2021	1QFY2020
Loss for the financial period (\$)	(6,169,000)	(6,217,000)
Weighted average number of ordinary shares	499,660,878	499,660,878
Basic and diluted Earning Per Share ("EPS") (Singapore cents)	(1.23)	(1.24)

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 during the respective financial period.

For 1QFY2021 and 1QFY2020, 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	
	30-Sep-20	30-Jun-20 (Unaudited)	30-Sep-20	30-Jun-20 (Unaudited)
Net (liabilities)/assets (\$)	(38,798,000)	(33,146,000)	34,597,000	34,868,000
Number of issued shares	499,660,878	499,660,878	499,660,878	499,660,878
Net (liabilities)/assets per share (Singapore cents)	(7.76)	(6.63)	6.92	6.98

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

Revenue and cost of sales

The Group did not record any revenue and cost of sales in 1QFY2021.

Other operating income

Other operating income increased by \$0.44 million from \$0.65 million in 1QFY2020 to \$1.09 million in 1QFY2021. The increase was largely attributable to the \$0.17 million of over-provision of penalties relating to GST clawback and \$0.24 million of other income relating to the cancellation of a sale and purchase agreement relating to a PCR unit.

Other expenses

Other expenses increased by \$0.32 million from \$0.25 million in 1QFY2020 to \$0.57 million in 1QFY02021. The increase was largely due to \$0.48 million of trade receivable written off which was partly offset by the reduction of \$0.20 million of GST receivables written off in 1QFY2021.

Net loss for the financial period

The Group recorded a net loss after tax of \$6.17 million in 1QFY2021 which was largely in line with the net loss after tax of \$6.22 million in 1QFY2020.

Review of Balance Sheets

Company

Net assets

The Company's net assets decreased by \$0.27 million from \$34.87 million as at 30 June 2020 to \$34.60 million as at 30 September 2020. The decrease was attributable to operational overhead expenses incurred during 1QFY2021.

Group

Total assets

Total assets of the Group decreased by \$0.97 million from \$152.48 million as at 30 June 2020 to \$151.51 million as at 30 September 2020. The decrease was mainly due to \$1.83 million decrease in trade receivables due to routine collection, \$0.81 million decrease in cash (including restricted cash) and \$0.34 million decrease in net GST receivable. These decreases amounting to \$2.98 million was partially offset by a \$2.10 million increase in development properties as construction progresses for PCR's Tower 3.

Total liabilities

Total liabilities of the Group increased by \$4.69 million from \$185.62 million as at 30 June 2020 to \$190.31 million as at 30 September 2020. This increase is due largely to \$2.16 million increase in the amount outstanding under Facility A due to draw down to finance payment of liabilities and \$4.22 million interest capitalised on Loan Facility which was partially offset by \$1.02 million decrease in trade payables and other payables due largely to routine repayment.

Going concern and working capital position

As at 30 September 2020, the Group's net liability position amounted to \$38.80 million and the Company's net current liability position amounted to \$14.60 million. The Company's current liabilities of \$17.90 million as at 30 September 2020, comprises mainly \$3.65 million due to PSDH which is subordinated to the Loan Facility and \$13.53 million due to subsidiaries. As at the date of this announcement, there is no indication that the amounts due to PSDH and the subsidiaries will be recalled.

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

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

- (i) The sale of the Group's unsold units at PCR and the timely repatriation of such profits;

- (ii) The completion of the KNK Transaction and the timely repatriation of the Group's share of the scheduled receipt of the Group's consideration (net of commission payable) for the financial year ending 30 June 2021 amounting to approximately \$10.80 million; and
- (iii) The going concern of the Group.

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

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

- (1) The negative implications and sentiments driven by the current COVID-19 pandemic;
- (2) The Group is in various stages of discussions with various parties in relation to the en bloc sale of Tower 3 in PCR as well as bulk sale of between 10 to 50 units in Tower 1 & 2 of PCR;
- (3) The Group is in discussions with the Lenders for Additional Financing and has received a draft term sheet. Discussions are on-going with the Lenders and lender of Facility A. The Additional Financing, if it materialises, will enable the Group to meet its short-term obligations;
- (4) In relation to the Loan Facility, the Group has received a draft term sheet relating to amendments of existing contractual terms, including the extension of maturity, of the Loan Facility (due in December 2020). The amendments to the contractual terms of the Loan Facility, the Additional Financing, the waiver of the breaches of covenants (for both the Loan Facility and Facility A) as well as the amendment to the contractual terms of Facility A (arising from the Additional Financing, if required) are commercially viewed as a package deal (the "**Package Deal**"). The significance of the Package Deal is that it will enable the Group to restructure a significant portion of its loans and borrowing from current to non-current, provide additional funding to the Group and enabling the Group to avoid the risks of contractual defaults and cross defaults;
- (5) The scheduled receipt of the Group's share of the consideration (net of commission payable) pursuant to the KNK Transaction for the financial year ending 30 June 2021 amounting to approximately \$10.80 million;
- (6) An appeal has been made to the Malaysia Ministry of Finance for a deferment of payment of a subsidiary's overdue corporate income tax of \$10.39 million; and
- (7) The Group's cash flow projection for the next 12 months.

The Board considered the above and concluded:

- (a) Unless the COVID-19 pandemic is brought under control globally, the fruition of such discussions as presented in item (2) above will likely be delayed. Despite the Group's best effort, the fruition of such measures as described in item (2) above is uncertain and not within the control of the Group;
- (b) The sale of units in PCR to individual buyers has slowed down significantly and may continue to be so until the COVID-19 pandemic is brought under control globally;
- (c) Currently, there is no clear indication as to how long the COVID-19 pandemic will last, the extent of the damage to global economy and when various countries will lift travel restrictions;
- (d) The progress of the commercial discussions on the Package Deal has not been concluded; and
- (e) The first payment from the buyer of KNK is contractually due on 15 December 2020 and until then, the buyer, subjected to conditions as provided for contractually, has the right to terminate the sales and purchase agreement.

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. Notwithstanding the above, the Board has assessed and is of the view that it is appropriate that the financial statements of the Group and Company are to be prepared on a going concern basis.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively (collectively referred to herein as the “**Adjustments**”).

Presently due to the uncertainties involved, management is unable to quantify the Adjustments (if any required). Hence, no adjustments have been made to the balances presently in the balance sheets of the Group and Company to account for the Adjustments.

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

Net cash used in operating activities amounted to \$2.19 million of which (i) \$0.59 million of cash flow used in operations was largely attributable to the loss before tax incurred by the Group, (ii) changes in working capital to support the Group’s operations result in \$0.96 million of cash outflow, (iii) payment of finance costs amounting to \$0.46 million, and (iv) payment of income tax amounting to \$0.20 million.

The Group’s net cash generated from financing activities amounted to \$1.13 million which was largely due to the \$1.30 million drawdown from the Facility A which was partly offset by increase in restricted cash and repayment of lease liabilities amounting to \$0.17 million.

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

Not applicable.

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.

On the operational front, the glut of completed residential property projects in Iskandar Puteri and Johor Bahru (Malaysia) created a large oversupply which in turn continued to exert downward pressure on the average selling price of the PCR project and the number of units sold.

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

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 30 September 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 Pacific Star Development Limited (the "**Company**"), do hereby confirm on behalf of the directors of the Company, that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the Company and the Group for the 3-month period ended 30 September 2020 to be false or misleading in any material aspect.

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

**YING WEI HSEIN
EXECUTIVE CHAIRMAN
14 DECEMBER 2020**

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**").

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

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