PACIFIC STAR DEVELOPMENT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198203779D)

CAPITALISATION OF INTEREST ON LOAN FACILITY AND MATURITY ON LOAN FACILITY

The Board of Directors (the "**Board**") of Pacific Star Development Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 24 December 2018 (the "**Loan Facility Announcement**") relating to the Group's S$70 million loan facility, which was increased to S$72,000,000 pursuant to documentation executed on 30 June 2021 (the "**Loan Facility**"). The increment of S$2,000,000 was announced by the Company on 30 June 2021 (the "**Loan Increment Announcement**"). Unless otherwise defined herein, capitalised terms shall have the meanings as ascribed to them in the Loan Facility Announcement and the Loan Increment Announcement.

1. CAPITALISATION OF INTEREST ON LOAN FACILITY FOR THE QUARTER ENDED 30 SEPTEMBER 2021

Pursuant to the terms of the Loan Facility, the Group was to make cash payment of quarterly interest of S$1,756,259.54 to the Lenders on 30 September 2021 (the "**Cash Interest**"). The current COVID-19 pandemic has exerted a significant negative impact on the Group's operations. Hence, with the objective of conserving cash, the Group had been in discussions with the Lenders to seek a capitalisation of the Cash Interest.

On 5 October 2021, the Lenders have issued a letter to Twin Prosperity Group Limited (a wholly owned subsidiary of the Group) that they have agreed to capitalise the Cash Interest (the "**Capitalisation of Interest**"). Pursuant to such Capitalisation of Interest, the Cash Interest amount would be added to the outstanding principal amount under the Loan Facility and will subsequently be treated for all purposes of the Loan Facility as part of the principal amount of the Loan and accrue interest. Consequently, the Cash Interest need not be paid in cash.

The Capitalisation of Interest is beneficial to the Group from a cashflow perspective because it allows the Group to conserve cash in the immediate term. The Capitalisation of Interest is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 30 June 2022.

2. MATURITY ON LOAN FACILITY

Separately, the Group and the Lenders are working on the definitive documentation relating to the amendments to the Loan Facility which includes, amongst others, an extension of the maturity date of the Loan (due 29 December 2020) as part of the Package Deal (as defined in our 2020 Annual Report and latest quarterly financial results announcement). In the interim, the Lenders continue to reserve their rights in relation to the expiry of the maturity of the Loan. The Company will update its shareholders on the progress of the definitive documentation in due course.

ON BEHALF OF THE BOARD

Ying Wei Hsein
Executive Chairman
6 October 2021

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.

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