PACIFIC STAR DEVELOPMENT LIMITED

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Business Reg. No: 198203779D

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

The board of directors (the "**Board**") of Pacific Star Development Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's unaudited full year financial statements and dividend announcement for the financial year ended 30 June 2021 ("**FY2021**") dated 30 September 2021 (the "**Unaudited Financial Statements**") released via SGXNet.

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meanings as defined in the Unaudited Financial Statements.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board wishes to announce and clarify certain material variances to the Unaudited Financial Statements following the finalisation of the audit and issuance of the auditor's report dated 16 December 2021 by the Company's external auditors, Messrs Ernst & Young LLP (the "**Independent Auditors' Report**", and the related audited financial statements are referred to herein as the "**Audited Financial Statements**"). The details and explanations of the material variances are set out in Appendix A as annexed hereto.

With regard to the Audited Financial Statements and this announcement, shareholders of the Company (the "**Shareholders**") are advised to read both in conjunction with the Independent Auditors' Report released by the Company in the announcement dated 16 December 2021.

Shareholders are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

The Board confirms that to the best of its knowledge, all material disclosures, facts and information have been provided and announced and are not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

On behalf of the Board
PACIFIC STAR DEVELOPMENT LIMITED

Ying Wei Hsein
Executive Chairman
16 December 2021

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.

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.

Appendix A

(i) Consolidated Statement of Comprehensive Income

	Group			
	2021 $'000 (Unaudited)	2021 $'000 (Audited)	Variance $'000	Note
Revenue	1,711	1,711	-	
Cost of sales	(1,075)	(1,007)	68	**1**
Gross profit	636	704	68	
Other operating income	403	543	140	**1**
Expenses:			-	
Administrative	(6,018)	(6,018)	-	
Other expenses	(1,679)	(6,152)	(4,473)	**2**
Finance costs	(20,540)	(20,540)	-	
Share of results of joint venture	(362)	(362)	-	
Share of results of associate	(170)	(170)	-	
Loss before tax	(27,730)	(31,995)	(4,265)	
Income tax expense	-	-	-	
Net loss for the financial year	(27,730)	(31,995)	(4,265)	
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation	(150)	(118)	32	**1 & 2**
	(150)	(118)	32	
Total comprehensive loss for the financial year	**(27,880)**	**(32,113)**	**(4,233)**	
Net loss for the financial year attributable to:				
Owners of the Company	**(27,730)**	**(31,995)**	**(4,265)**	
Total comprehensive loss for the financial year attributable to:				
Owners of the Company	**(27,880)**	**(32,113)**	**(4,233)**	

Notes

1 The variance was due to an audit adjustment to correct accounting errors made in the books of a subsidiary which resulted in the reduction of cost of sales by $68,000, increased other operating income by $140,000, reduced other payables by $207,000 and increased foreign currency translation reserve by $1,000.

2 The $4,473,000 increase was due to an audit adjustment relating to impairment of the Group's development properties, Puteri Cove Residences and Quayside ("**PCR**"), which increased other expenses by $4,473,000, reduced development properties by $4,441,000 and reduced the foreign currency translation reserve by $32,000.

3 An audit adjustment of $13,246,000 of impairment was made to the Company's investment in subsidiaries. This resulted in an increase of the Company's accumulated losses and a reduction its investment in subsidiaries. This audit adjustment did not have any impact on the Group's results.

4 The $30,000 reduction in trade payables was attributable to a reclassification of accrued interest payable to a contractor from trade payables to other payables.

Appendix A

(ii) Statement of Financial Position

$'000	The Group 30-Jun-21 (Unaudited)	30-Jun-21 (Audited)	Variance	Note	The Company 30-Jun-21 (Unaudited)	30-Jun-21 (Audited)	Variance	Note
Non-current assets								
Property, plant and equipment	51	51	-		2	2	-	
Right-of-use assets	171	171	-		-	-	-	
Investment in subsidiaries	-	-	-		13,246	-	(13,246)	**3**
Deferred costs	272	272	-		-	-	-	
Total non-current assets	494	494	-		13,248	2	(13,246)	
Current assets								
Deferred costs	254	254	-		-	-	-	
Development properties	133,531	129,090	(4,441)	**2**	-	-	-	
Trade receivables	845	845	-		-	-	-	
Other receivables and other current assets	566	566	-		3,296	3,296	-	
Fixed deposits pledged	-	-	-		-	-	-	
Cash at bank	149	149	-		14	14	-	
Restricted cash	1,241	1,241	-		-	-	-	
Total current assets	136,586	132,145	(4,441)		3,310	3,310	-	
Total assets	**137,080**	**132,639**	**(4,441)**		**16,558**	**3,312**	**(13,246)**	
Non-current liabilities								
Loans and borrowings	46,671	46,671	-		-	-	-	
Lease liabilities	-	-	-		-	-	-	
Trade payables	51	51	-		-	-	-	
Other payables	622	621	(1)		-	-	-	
Total non-current liabilities	47,344	47,343	(1)		-	-	-	
Current liabilities								
Loans and borrowings	108,807	108,807	-		-	-	-	
Lease liabilities	200	200	-		-	-	-	
Trade payables	12,005	11,975	(30)	**4**	-	-	-	
Other payables	37,743	37,566	(177)	**1 & 4**	18,844	18,844	-	
Deferred income	39	39	-		17	17	-	
Joint venture	-	-	-		-	-	-	
Associate	-	-	-		-	-	-	
Current tax liabilities	6,011	6,011	-		-	-	-	
Total current liabilities	164,805	164,598	(207)		18,861	18,861	-	
Total liabilities	**212,149**	**211,941**	**(208)**		**18,861**	**18,861**	**-**	
Net liabilities	**(75,069)**	**(79,302)**	**(4,233)**		**(2,303)**	**(15,549)**	**(13,246)**	
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	(124,053)	(128,318)	(4,265)	**1 & 2**	(198,845)	(212,091)	(13,246)	**3**
Foreign currency translation reserve	1,183	1,215	32	**1 & 2**	-	-	-	
Capital deficiency attributable to owners of the Company and total capital deficiency	**(75,069)**	**(79,302)**	**(4,233)**		**(2,303)**	**(15,549)**	**(13,246)**	

Appendix A

(iii) Consolidated cash flow statement

	The Group			
	2021 $'000 (Unaudited)	2021 $'000 (Audited)	Variance $'000	Note
Cash flows from operating activities				
Loss before income tax	(27,730)	(31,995)	(4,265)	**1 & 2**
Adjustments for:				
Finance costs	20,540	20,540	-	
Write down of development properties	-	4,473	4,473	**2**
Net effects of cancallation of sale and purchase agreements	1,617	1,617	-	
Share of results of joint venture	362	362	-	
Depreciation of right-of-use assets	253	253	-	
Amortisation of deferred costs	206	206	-	
Share of results of associate	170	170	-	
Depreciation of property, plant and equipment	25	25	-	
Amortisation of defered income	(139)	(139)	-	
Gain on disposal of property, plant and equipment	(69)	(69)	-	
Interest income	(68)	(68)	-	
Reversal of expected credit losses on trade receivables	(9)	(9)	-	
Operating cash flow before working capital changes	(4,842)	(4,634)	208	
Movement in working capital:				
Changes in trade, other receivables and other current assets	2,027	1,924	(103)	**5**
Changes in development properties	394	395	1	
Changes in deferred income	-	102	102	**5**
Changes in trade and other payables	299	114	(185)	**1 & 6**
Changes in deferred costs	(66)	(66)	-	
Effects of currency translation on working capital	460	460	-	
Cash flows used in operations	(1,728)	(1,705)	23	
Interest income received	68	68	-	
Finance costs paid	(2,066)	(2,089)	(23)	**6**
Income tax paid	(685)	(685)	-	
Net cash used in operating activities	**(4,411)**	**(4,411)**	**-**	
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	69	69	-	
Funding to joint venture	(362)	(362)	-	
Funding to associate	(170)	(170)	-	
Purchase of property, plant and equipment	(7)	(7)	-	
Net cash used in investing activities	**(470)**	**(470)**	**-**	
Cash flows from financing activities				
Net proceeds from bank loan	1,932	1,932	-	
Repayment of lease liabilities	(253)	(253)	-	
Movement in restricted cash	(117)	(117)	-	
Net cash generated from financing activities	**1,562**	**1,562**	**-**	
Net decrease in cash and cash equivalents	**(3,319)**	**(3,319)**	-	
Effect of currency translation on cash and cash equivalents	(11)	(11)	-	
Cash and cash equivalents at beginning of financial year	905	905	-	
Cash and cash equivalents at end of financial year	**(2,425)**	**(2,425)**	**-**	

Notes (cont'd)

5 The increase was largely attributable to the adjustment to account for the cash receipt of deferred income.

6 The $23,000 was attributable the correction of errors of the effects of accrued interest classified under other payables used to derive cash flow.