

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 (the “**Loan Facility**”). Unless otherwise defined herein, capitalised terms shall have the meanings as ascribed to them in the Loan Facility Announcement.

Pursuant to the terms of the Loan Facility, the Group was to repay the outstanding principal amount as well as accrued interest to the Lenders on 24 December 2020. Such payment included a cash interest component of S\$1,547,195.47 (the “**Cash Interest**”). The current COVID-19 pandemic has exerted a profound 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 an extension of the maturity date of the Loan Facility as well as a capitalisation of the Cash Interest.

On 7 January 2021, the Lenders informed 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 and be repayable in accordance with the Loan Facility. 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 2021.

Separately, the Group continues to be in discussions with the Lenders on an extension of the maturity date of the Loan. The Lenders have informed the Company that in relation to the extension request, they are currently evaluating various options and will respond more definitively in due course. The Lenders have indicated that they understand the restrictions to sales and marketing efforts as a result of the COVID-19 pandemic situation in Malaysia and regionally, and remain supportive of the Group. 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 these discussions in due course.

ON BEHALF OF THE BOARD

Ying Wei Hsein
Executive Chairman
8 January 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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