

# PACIFIC STAR DEVELOPMENT LIMITED

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

## RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**”) of Pacific Star Development Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on 9 March 2020 titled “Receipt of Statutory Demand by Subsidiary” (the “**Announcement**”). The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has made queries in respect of the Announcement and the Board wishes to provide the Company’s responses to the queries raised as follows:

*Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed in the Announcement.*

### **SGX-ST Queries:**

- (1) **Please disclose whether the Pearl Discovery Development Sdn Bhd (“PDD”) is a principal subsidiary of the Company.**

Company’s Response:

Yes, PDD is a principal subsidiary of the Company.

- (2) **Please disclose the materiality of PDD’s contribution to the Company’s financials and operations.**

Company’s Response:

PDD is a material contributor to the Group’s financial results. For the financial year ended 30 June 2019, PDD accounted for the following proportions of the Group’s audited financial results:

	<b>Group (S\$’000)</b>	<b>PDD’s Contribution</b>
Revenue	4,519	100%
Net loss after tax from continuing activities	24,700	45.1%
Net tangible assets	9,334	Not meaningful as PDD’s net tangible assets was approximately S\$37.2 million

- (3) **Please clarify the materiality of the claim amount in the context of the Company’s financials.**

Company’s Response:

The claim is for an amount of approximately RM10.3 million (equivalent to approximately S\$3.4 million) (the “**Sum**”). Based on the unaudited results for the second quarter ended 31 December 2019 which was announced on 14 February 2020 (the “**2Q Results**”), the claim amount (i.e. the Sum) in comparison to the Group’s financial figures is summarised as follows:

Description	Group (S\$'000)	Sum as percentage of the Group's numbers
Unaudited total assets	179,735	1.9%
Unaudited total current assets	179,157	1.9%
Unaudited net tangible liabilities	3,264	104.2%
Unaudited net loss after tax (based on 6 months ended 31 December 2019)	12,848	26.5%
Market Capitalisation as at 10 March 2020 (the last closing price prior to the date of this announcement)	29,480	11.5%

**(4) Please provide the following:**

**(i) the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment;**

Company's Response

The Board of Directors is of the view that the Group is able to continue operating as a going concern. This is because PDD had already planned for the settlement of the Sum and expects to pay the Sum in full prior to the due date of the statutory demand (barring unforeseen circumstances). The bases for the Board's opinion in respect of the going concern assumption were previously announced in the 2Q Results on 14 February 2020. Currently, the Group has sufficient resources to meet its short-term needs and PDD has the resources to meet the payment of the Sum. In addition, PDD is working on obtaining a further drawdown of funds from its existing facility with a Malaysian bank subject to obtaining consent on certain adjustments to a debt service reserve account arrangement (the "**Potential Drawdown**"). Aside from the above Potential Drawdown, which will be beneficial to the Group on the cash flow perspective, as there are no other material changes to the bases disclosed in the 2Q Results at this point in time, the Board of Directors is of the view that the Group is able to continue operating as a going concern.

**(ii) the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion; and**

Company's Response

Under Listing Rule 1303(3), the Exchange may any time suspend trading when the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, including the following circumstances:

- (a) when an application is filed with a court to place the issuer (or significant subsidiary) under judicial management;
- (b) when an application is filed with a court for the liquidation of the issuer (or significant subsidiary) and the amount of the debt alleged is significant; or
- (c) when the issuer is unable to reasonably assess its financial position and inform the market accordingly.

As explained in the Company's response to the SGX-ST's Query 4(i) above, the Board has provided its bases that the Group is able to continue operating as a going concern. In addition, the Board of Directors are also of the view that the Group does not fall into any of the abovementioned circumstances set out in Rule 1303(3) of the Catalist Rules. As such, the Board of Directors is of the opinion that trading of the Company's shares should not be suspended.

**(iii) the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.**

Company's Response

The Board of Directors confirms, to its best knowledge and belief, that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner, on the bases of the explanations set out above.

**ON BEHALF OF THE BOARD**

Ying Wei Hsein  
Executive Chairman  
11 March 2020

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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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