

PACIFIC STAR DEVELOPMENT LIMITED

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

AMENDMENT OF THE S\$72 MILLION LOAN FACILITY AGREEMENT

1. INTRODUCTION

- 1.1 Twin Prosperity Group Ltd. (the "**Borrower**"), a wholly-owned subsidiary of Pacific Star Development Limited (the "**Company**" and together with its subsidiaries, the "**Group**") had entered into a loan facility agreement with OL Master (Singapore Fund 1) Pte Limited, Orchard Landmark II (Singapore Fund 1) Pte Limited, and OCP Asia Fund III (SF 1) Pte Limited (hereafter collectively referred to as the "**Lenders**") on 24 December 2018, which was amended by an amendment agreement dated 30 June 2021) (the "**Original FA**"). The Original FA, as amended by the amendment agreement dated and announced on 30 June 2021, pertains to a loan facility for an aggregate of S\$72,000,000 (the "**Loan**").
- 1.2. The Lenders are funds which carry out secured direct lending investments. They are managed by OCP Asia (Singapore) Pte. Limited (the "**Fund Manager**") and its affiliates. The Fund Manager is an institutional investor in the Asia-Pacific region and manages private investment funds.
- 1.3. The Board of Directors of the Company (the "**Board**") wishes to announce that the parties to the Original FA have agreed to further amend and restate the Original FA pursuant to the terms of an amendment and restatement agreement dated 1 October 2021 (the "**Amendment**") (the Original FA as amended and restated by the Amendment, referred to as the "**Amended FA**").
- 1.4 As announced by the Company on the same date as this announcement, the Company's principal subsidiary, Pearl Discovery Development Sdn. Bhd. ("**PDD**") has entered into a loan facility agreement dated 1 October 2021 with the Lenders for a loan facility in respect of an aggregate of up to S\$30,000,000 (the "**PDD Loan**"). In connection with the PDD Loan, it is necessary for the Group to restructure the existing Loan. Hence, the Amended FA puts into effect relevant amendments to the Original FA to facilitate PDD's entry into the PDD Loan.
- 1.5 PDD is a wholly-owned subsidiary of the Company and is the development company of Puteri Cove Residences. Puteri Cove Residences is the Group's property development project known as "Puteri Cove Residences and Quayside", a mixed-use property development comprising condominium units, serviced suites, SOHO and a lifestyle retail centre, located in Iskandar Puteri, Malaysia.

2. SALIENT TERMS OF THE AMENDMENT

- 2.1. The principal terms of the Amendment are summarised as follow:

- (i) Principal Amount : There is no change to the Loan's original principal amount of S\$72,000,000 (as increased from S\$70,000,000 to S\$72,000,000 pursuant to the amendment agreement dated 30 June 2021 stated above).
- (ii) Interest : Previously, there was a cash interest component at a rate of 7.5% per annum on an aggregate basis (payable in arrears at the end of every 3 months commence from the date the Loan was made) and a payment-in-kind ("**PIK**") interest component at a rate of 5.0% per annum

(compounded at the end of every 3 months and capitalised to the outstanding principal amount).

Pursuant to the Amended FA, there shall be no more cash interest component. PIK interest shall continue to apply, at a rate of 25% per annum compounded at the end of every calendar quarter and capitalised to the outstanding principal amount.

- (iii) Maturity Date : Previously, the tenure of the Original FA was for a period of 24 months and the Loan maturity date was originally 28 December 2020.

Pursuant to the Amended FA, the new maturity date of the Loan shall be 5 October 2023, or if earlier, coterminous with the maturity date of PDD's existing loan facility with United Overseas Bank (Malaysia) Bhd.

- (iv) Shareholding / Change of Control Provisions : Previously, the Lenders were entitled to cancel and call the Loan upon a change of control, whereby such change of control was linked to Mr Chan Fook Kheong (the then-CEO and Managing Director of the Company as at 24 December 2018) ceasing to (i) hold (directly or indirectly) at least 30 per cent of the issued share capital of the Company or otherwise ceasing to control the Company; or (ii) control the appointment of the senior management of the Group.

Pursuant to the Amended FA, the above change of control provision has been amended as follows:

Upon the occurrence of a change of control at the Company level, each of the Lenders is entitled by not less than 15 days' notice to the Borrower to cancel its portion of the Loan, whereupon such portion of the Loan, together with all outstanding amounts connected with such portion of the Loan (including but not limited to accrued interest) shall become immediately due and payable.

Under the Amended FA:

- (a) a "**change of control**" means any person or group of persons acting in concert (other than any person who has such control as at the date of the Amended FA) (i) holds (directly or indirectly) 30% or more of the issued shares or issued share capital (as applicable) of the Company (on a fully diluted basis) or otherwise gains control of the Company, (ii) gains control of the appointment of the senior management of the Group or (iii) gains control of the board of directors of the Company or any other member of the Group (excluding Pacific Star Development (Malaysia) Sdn. Bhd. (a dormant company earmarked for striking off), LH Aluminium Industries Pte. Ltd. (in liquidation) and Durabeau Industries Pte Ltd (in liquidation)); and

- (b) "**control**" means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (i) exercise all voting rights attaching to that issued share capital or issued shares (as applicable) and (ii) give directions with respect to the operating and financial policies of the entity in which that issued share capital or issued shares (as applicable) is held, with which the management of such entity are obliged or accustomed to comply.
- (v) Security : The existing security arrangements under the Original FA remain in place, with supplemental security arrangements implemented to reflect the entry by the relevant parties into the Amended FA.
- (vi) Termination of Profit Share : Previously, the Company and the Lenders had agreed to a profit distribution arrangement with the Lenders effective upon the date of the Original FA, wherein a fixed sum of S\$3.5 million and a variable sum of 12.5% of the distributions to the Group from Puteri Cove Residences will be payable to the Lenders.
- Pursuant to the Amended FA, such profit share arrangements shall be terminated.
- (vii) Waiver of breaches : Upon the date of taking effect of the Amended FA (subject to the satisfaction of conditions precedent customary of a transaction of this nature) (the "**Amendment Effective Date**"), the Lenders waive each and every default in respect of the Original FA which has occurred prior to the Amendment Effective Date.
- Barring any unforeseen circumstances, the Company expects to satisfy the conditions precedent for the Amended FA on or before 31 October 2021.
- (viii) Amendment Fee : As part of the package for implementing the Amendment (including matters such as the extension of maturity date, waiver of breaches etc.), the Lenders shall charge an amendment fee to the Borrower at a rate of S\$12,500 per day which shall accrue and be capitalised at the end of each calendar quarter.

In view of the Amendment, taking into consideration the original principal amount of S\$72,000,000 and adding all capitalised cash interest and PIK interest on the Loan thus far and including compensation for the termination of the Profit Share Deed, the waiver of outstanding defaults under the Original FA, the extension and amendment of the Loan, the parties have consolidated these into a consolidated principal amount (the "**Consolidated Principal Amount**"). For ease of reference in this announcement, the Company shall use 1 October 2021 (being the date of the Amended FA) as the reference date to approximate the Amendment Effective Date. On this basis, as at 1 October 2021, the Consolidated Principal Amount is S\$113,726,542.

Pursuant to Rule 704(33) of the Catalist Rules and as described in paragraph 2.1(iv) above, the aggregate amount of facilities which may be affected by such an event will be S\$113,726,542 (being the Consolidated Principal Amount using 1 October 2021, being the date of the Amended FA, as the reference for the Amendment Effective Date), or the Consolidated

Principal Amount plus any interest and amendment fee capitalised and accrued till the date of occurrence of such an event.

3. FINANCIAL EFFECTS

The pro forma financial effects of the Amendment on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group.

The pro forma financial effects have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2021 ("FY2021"), being the end of the most recently completed financial year and on the assumption that the Amendment Effective Date is 1 October 2021 (being the date of the Amended FA).

For the avoidance of doubt, other than the \$2,000,000 loan increment obtained from the Lenders which forms part of the Loan, which was announced by the Company on 30 June 2021 as stated above, the pro forma financial effects set out below do not take into account (i) any corporate actions announced and undertaken by the Group subsequent to 30 June 2021, and (ii) any issuance of new shares in the capital of the Company subsequent to 30 June 2021. The pro forma financial effects take into account the estimated costs and expenses in connection with the Amendment of approximately S\$50,000.

(a) Net tangible liabilities ("NTL") per share

The Amendment would have had the following financial effects on the Group's NTL per share as at 30 June 2021:

	Before the Amendment Effective Date	After the Amendment Effective Date
NTL attributable to owners of the Company (S\$'000)	75,069	83,845
No. of shares, excluding treasury shares	499,660,878	499,660,878
NTL per share (Singapore cents)	15.02	16.78

(b) Earnings per share (EPS)

The Amendment would have had the following financial effects on the Group's EPS for FY2021:

	Before the Amendment Effective Date	After the Amendment Effective Date
Loss for the financial year attributable to owners of the Company (S\$'000)	(27,730)	(48,425)
Weighted average number of shares,	499,660,878	499,660,878

excluding treasury shares		
EPS (Singapore cents)	(5.55)	(9.69)

(c) Gearing of the Group

The Amendment would have had the following financial effects on the Group's gearing as at 30 June 2021:

	Before the Amendment Effective Date	After the Amendment Effective Date
Net debt ⁽¹⁾ (S\$'000)	203,848	212,624
Total capital deficiency (S\$'000)	75,069	75,069
Gearing ratio ⁽²⁾ (times)	2.7	2.8

Notes:

- (1) Net debt means total liabilities less total provisions, current tax liabilities, deferred tax liabilities and cash and bank balances.
- (2) Gearing ratio is determined based on net debt divided by total equity.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and/or the controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Loan, save for their interests by virtue of their shareholdings (if any) in the Company and the Group.

5. CAUTIONARY STATEMENT

The Board wishes to advise shareholders and investors to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to such shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult that stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

ON BEHALF OF THE BOARD

Ying Wei Hsien
Executive Chairman
14 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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