

PACIFIC STAR DEVELOPMENT LIMITED

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

ENTRY INTO LOAN AGREEMENT AS AN INTERESTED PERSON TRANSACTION

Background

1. The Board of Directors (the “**Board**”) of Pacific Star Development Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 28 January 2022 entered into a loan agreement (the “**Loan Agreement**”) with CH Biovest Pte. Limited (“**CH Biovest**”), a controlling shareholder of the Company. Pursuant to the Loan Agreement, CH Biovest has agreed to grant a loan facility (the “**Proposed Loan Facility**”) in the principal amount of S\$500,000 (the “**CH Loan**”) to the Company, subject to the terms and conditions set out in the Loan Agreement. A summary of the salient terms of the Loan Agreement is set out below in this announcement.

Salient Terms

2. A summary of the salient terms of the Loan Agreement is set out below:
 - (a) Proposed Loan Facility: A Singapore Dollar denominated loan facility.
 - (b) Commitment: S\$500,000.
 - (c) Availability Period: (i) The period commencing from and including the date of the extraordinary general meeting of the Company to be convened for the purpose of obtaining approval from all the shareholders of the Company excluding CH Biovest (the “**Independent Shareholders**”) for the Proposed Loan Facility (the “**EGM**”) to and ending on and including the date falling one (1) month from the date of the EGM, or (ii) any other date as may be mutually agreed by the Company and CH Biovest.
 - (d) Purpose: The Company shall apply all amounts borrowed by it under the Proposed Loan Facility towards payment of expenses relating to the maintenance of its listing on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) as set out in the Loan Agreement.
 - (e) Conditions Precedent: The utilisation of the Proposed Loan Facility is conditional upon, *inter alia*, the following:
 - (i) the Company providing corporate documents, including the most up to date constitution of the Company, a copy of the resolutions of the Board (comprising approvals from the Company’s independent directors, i.e. “**Independent Directors**”) approving the terms of, and the transactions contemplated by, the Loan Agreement as well as a copy of the Company’s announcement in relation to the abovementioned resolutions;
 - (ii) no default is continuing or would result from the proposed CH Loan;
 - (iii) the representations and warranties in the Loan Agreement are true in all material respects; and
 - (iv) as soon as reasonably practicable, the Company shall seek the requisite approval from its Independent Shareholders at an EGM to be convened, in accordance with the requirements under the SGX-ST Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

- (f) Utilisation: The Company may utilise the Proposed Loan Facility by way of a single drawdown by delivery to CH Biovest of one duly completed utilisation request.
- (g) Interest Rate: 25% per annum (based on a 360 day count). The interest on the CH Loan shall accrue and be capitalised at the end of each calendar quarter (that is, 31 March, 30 June, 30 September and 31 December of each year) and added to the outstanding principal amount of the CH Loan, and such capitalised interest will subsequently be treated for all purposes of the Loan Agreement as part of the principal amount of the CH Loan.
- (h) Default Interest: If the Company fails to pay any amount payable by it under the Loan Agreement on its due date including, without limitation, any interest capitalised pursuant to each quarterly capitalisation, interest shall accrue on the unpaid sum from the due date up to the date of actual payment at the default rate which is 3% higher than the interest rate.
- (i) Maturity Date: The maturity date of the CH Loan shall be co-terminus with the OCP Loan. The maturity date of the CH Loan shall be the same as that of the OCP Loan pursuant to the terms of the definitive agreement governing the OCP Loan (as amended, restated and/or restructured from time to time) or such other date as may be agreed by CH Biovest so long as the aforementioned date is not earlier than the maturity date of the OCP Loan. In addition, the maturity date of the OCP Loan is also co-terminus with the maturity date of the OCP Additional Financing and Facility A. Currently, the maturity date of the CH Loan, taking reference from that of the OCP Loan, OCP Additional Financing and Facility A, is 5 October 2023.

For the purposes of this announcement, the following terms are defined as follow:

- **“Bank”** means United Overseas Bank (Malaysia) Bhd, the principal bank of PDD.
 - **“Facility A”** means the existing loan facility provided by the Bank to PDD.
 - **“Group of Lenders”** means OL Master (Singapore Fund 1) Pte Limited, Orchard Landmark II (Singapore Fund 1) Pte Limited, and OCP Asia Fund III (SF 1) Pte Limited.
 - **“OCP Additional Financing”** means the loan facility of up to S\$30,000,000 granted by the Group of Lenders to PDD as additional financing for PDD to sustain its operations. The facility agreement in respect of the OCP Additional Financing was signed by, amongst others, PDD and the Group of Lenders on 1 October 2021 and was announced on 14 October 2021.
 - **“OCP Loan”** means the S\$72,000,000 loan facility granted by the Group of Lenders to Twin Prosperity Group pursuant to a loan facility agreement dated 24 December 2018, amended pursuant to an amendment agreement dated 30 June 2021, and further amended and restated pursuant to an amendment and restatement agreement dated 1 October 2021 which was announced on 14 October 2021.
 - **“PDD”** means Pearl Discovery Development Sdn Bhd, an indirect wholly-owned subsidiary of the Company. PDD is the principal subsidiary of the Company and is the development company of Puteri Cove Residences and Quayside, the mixed-development property project located in Puteri Harbour, Iskandar Puteri, Malaysia.
 - **“Twin Prosperity Group”** means Twin Prosperity Group Limited, an indirect wholly-owned subsidiary of the Company and the holding company of PDD.
- (j) Priority of Repayment: The Loan shall only be repaid after Facility A, the OCP Loan and the OCP Additional Financing are repaid in full by the Group to the Bank and the Group of Lenders respectively.
- (k) Prepayment: The Company shall prepay the Loan in full within five (5) business days of the date of the Company’s repayment in full of the Group’s indebtedness to the Bank (in relation to Facility A) and the Group of Lenders (in relation to the OCP Loan and OCP Additional Financing) together with accrued interest and all amounts payable under this Agreement.

Details of the Lender

3. As at the date of this announcement, CH Biovest holds direct interest in 177,454,800 Shares representing 35.52% of the total issued share capital (excluding treasury shares) of the Company. Accordingly, CH Biovest is a controlling shareholder of the Company and is therefore regarded as an interested person in the context of the Proposed Loan Facility (in view of it being the lender to the Company in relation to the Proposed Loan Facility) and in accordance with the Catalyst Rules.
4. As at 30 September 2021, the Group had other payables due to CH Biovest amounting to S\$7,347,610 comprising non-interest-bearing advances of S\$4,328,495, interest-bearing advances of S\$2,681,970 and interest accrued of S\$337,145. These are advances originally extended by PSD Holdings Pte. Ltd. ("**PSDH**") to the Group and was assigned to CH Biovest via a deed of assignment as announced on 19 September 2021. The interest rate on the interest-bearing advances is 5% per annum. The total interest charged on the interest-bearing advances for the period from 1 July 2021 to 24 January 2022 (being the latest practicable date for the Circular as defined below) amounted to S\$76,050. Save as disclosed, the Company has no other transaction with CH Biovest and its associates during the aforesaid period.

Rationale for the entry into the Loan Agreement

5. To maintain the Group's listing on the Catalist Board of the SGX-ST, the Group has incurred and will incur, from time to time, certain listing-related expenses such as fees payable to the SGX-ST, the Company's sponsor (the "**Sponsor**") and the Group's professional advisors and third-party service providers. In further detail, such listing expenses include:
 - (a) Sponsor fees and charges;
 - (b) Annual report preparation and printing costs;
 - (c) Share registrar fees and charges;
 - (d) SGX-ST and Central Depository Pte Ltd fees and charges;
 - (e) Company secretary fees and charges;
 - (f) Polling agent fees and charges for annual general meeting(s) and extraordinary general meeting(s) of the Company;
 - (g) The Group's internal audit fees;
 - (h) Professional fees and charges relating to the submission of the Company's resumption of trading proposal to SGX-ST and amendments to its constitution;
 - (i) The Company's director & officer liability and professional indemnity insurance;
 - (j) Reimbursement of annual report printing costs (which are part of listing-related expenses) of approximately S\$3,900 paid by the Executive Chairman personally on behalf of the Company;
 - (k) the outstanding director fees for the Company's Independent Directors amounting to S\$176,123 (the "**Outstanding Director Fees**"); and
 - (l) Other fees, charges and expenses directly attributable to the maintenance of the Company's listing status on the SGX-ST.
6. The Company requires financing from CH Biovest to fund the abovementioned expenses because of the following reasons:
 - (a) the original S\$70,000,000 principal under the OCP Loan has already been fully drawn down and the increase in principal of S\$2,000,000 (pursuant to an amendment agreement dated and announced on 30 June 2021) has been designated for the non-listing-related expenses of the Group, and cannot be used to pay for the Company's listing-related expenses;
 - (b) the OCP Additional Financing, which has been fully utilised, has been solely designated for PDD's operations and working capital and cannot be used for non-PDD purposes; and
 - (c) Facility A, which is effectively fully utilised, pertains to PDD and cannot be used for non-PDD purposes.
7. Presently, the Group of Lenders and the Bank are not in a position to finance the Company's listing-related expenses. The Company has sought other external financing options but was not successful. The only financier willing and able to provide such financing is CH Biovest via the Proposed Loan Facility. In respect of the terms of the Proposed Loan Facility, it is noted that:
 - (a) the interest rate is not different from that of the OCP Loan, whereby interest accrues at a rate of 25% per annum compounded at the end of every calendar quarter and capitalised to the outstanding principal amount;

- (b) the maturity date of the Loan is not earlier than that of the OCP Loan, which in turn is co-terminus with the OCP Additional Financing and Facility A; and
 - (c) unlike the OCP Loan, OCP Additional Financing and Facility A which are secured loans, the CH Loan is unsecured. Therefore, the OCP Loan, OCP Additional Financing and Facility A rank ahead of the CH Loan in terms of priority of repayment.
8. On the above bases and on account there are no other financiers able and willing to assist to fund the Company's listing-related expenses, as well as the critical need for the Company to settle and pay its listing-related expenses, the terms of the Proposed Loan Facility are reasonable to the Company.

Chapter 9 of the Catalist Rules

9. As CH Biovest is an interested person under the Catalist Rules, the Proposed Loan Facility is deemed an interested person transaction under the Catalist Rules.
10. Based on the latest audited consolidated financial information of the Group for the financial year ended 30 June 2021 ("FY2021"), the Group has net liabilities of approximately S\$79.302 million. The commitment of CH Biovest under the Loan Agreement is S\$500,000. Further, the Loan under the Proposed Loan Facility bears interest at the rate of 25% per annum (based on a 360 day count). The interest on the CH Loan shall be accrued and capitalised at the end of each calendar quarter (i.e. 31 March, 30 June, 30 September and 31 December of each year) and added to the outstanding principal amount of the CH Loan, and such capitalised interest will subsequently be treated for all purposes of the Loan Agreement as part of the principal amount of the CH Loan.
11. Pursuant to Rule 904(4) of the Catalist Rules, if a group's latest audited net tangible assets are negative, the issuer should consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds in Rule 905(1) and 905(2), which may be based on its market capitalisation.
12. The Company has consulted with SGX-ST through the Sponsor and SGX-ST has determined that the Proposed Loan Facility shall require the approval of the Independent Shareholders as an interested person transaction.

Audit Committee Statement, Independent Financial Adviser and Circular

13. The Audit Committee of the Company will be obtaining an opinion from the IFA (as defined below) before forming its view in relation to the Proposed Loan Facility. This will be set out in the Circular (as defined below).
14. The Company has appointed Xandar Capital Pte. Ltd. (the "IFA") to advise the Independent Directors who are considered independent of the Proposed Loan Facility. The Company will include the advice of the IFA in the Circular (as defined below) to be issued by the Company in due course.
15. A circular containing further information on the Loan Agreement (the "Circular"), together with a notice of EGM and the IFA's opinion, will be issued by the Company in due course. An electronic copy of the Circular will be released by the Company and made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements> and the Company's website at https://www.pacificstar-dev.com/ir_announcements.html.
16. Rule 919 of the Catalist Rules requires that interested persons and their associates must not vote on any shareholders' resolutions approving the interested person transaction. Accordingly, CH Biovest, which is an interested person in relation to the Proposed Loan Facility, will abstain from voting at the EGM in relation to the Proposed Loan Facility.

Interests of Directors and Controlling Shareholders

17. Mr Ying Wei Hsein, the Executive Chairman of the Company, had been appointed to the Board as a nominee of CH Biovest. Accordingly, he is not considered to be independent or non-interested in respect of the Proposed Loan Facility. Mr Ying Wei Hsein has recused himself from all matters relating to the acceptance of the Proposed Loan Facility.

18. As stated under the Rationale section in Paragraphs 5 to 8 of this announcement, part of the proceeds from the CH Loan will be applied towards the payment of the Outstanding Director Fees. Although the directors' fees for the financial year ended 30 June 2020 ("FY2020") and FY2021 amounting S\$125,239 and S\$120,000 respectively had been approved by the Company's shareholders at the relevant annual general meetings of the Company, S\$56,123 and S\$120,000 of directors' fees for FY2020 and FY2021 respectively remain unpaid.
19. Save as disclosed in this announcement, none of the directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Loan Agreement (other than through their respective shareholdings in the Company, if any).

Directors' Responsibility Statement

20. In respect of the Proposed Loan Facility, the directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Loan Facility, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Document Available for Inspection

21. A copy of the Loan Agreement is available for inspection during normal business hours at the registered office of the Company at 2 Venture Drive, #19-15 Vision Exchange, Singapore 608526 for a period of three (3) months from the date of this announcement.

Cautionary Statement

22. The Company will continue to keep its shareholders updated and will make the appropriate announcements as and when there are any material updates or developments.
23. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should 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 legal, financial, tax or other professional advisers.

ON BEHALF OF THE BOARD

Leow Chin Boon
Lead Independent Director
28 January 2022

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.

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.