

Pacific Star Development Limited Sustainability Report FY2019

*This Sustainability Report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.*

The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Pacific Star Development Limited - Sustainability Report

Organisation Name: Pacific Star Development Limited

Sector: Real Estate

BOARD STATEMENT

The Board of Directors of Pacific Star Development Limited (“**PSDL**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to present the Group’s Sustainability Report for the financial year from 1 July 2018 to 30 June 2019 (“**FY2019**”).

This report is prepared in compliance with the requirements of Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”), and references to the Global Reporting Initiative (“**GRI**”) Standards – Core Option as it is a well-known and globally recognised sustainability reporting framework.

The Group’s mission is to be a premium real estate developer in ASEAN key gateway cities, attracting and building the best talent towards value creation and sustainable growth for stakeholders, employees and communities. One of the key tenets of this mission statement lies in the word “sustainable” as we believe that it is integral for the Group’s success to have long-term growth and development in a sustainable manner. As a global citizen, the Board considers sustainability issues as part of its strategic formulation. On an ongoing basis, the Board oversees the management and monitors the Group’s material environmental, social and governance (“**ESG**”) factors. For FY2019, the management has determined the Group’s material ESG factors which is presented together with its materiality assessment process in this report.

This Sustainability Report aims to provide a balanced account of PSDL’s policies, efforts and ambitions towards becoming a responsible corporate citizen. We will continue to improve on our reporting as our sustainability journey progress and matures.

As part of our support for sustainable environmental practice, we will not be printing this report. The report is available at the website of the SGX-ST at <http://www.sgx.com>.

Board of Directors
Pacific Star Development Limited
27 November 2019

GRI 102: General Disclosures

Organisational Profile

102-1: Name of the organisation

Name of the organisation

Pacific Star Development Limited

102-2: Activities, brands, products, and services

A description of the organisation's activities

PSDL is a premier, award-winning ASEAN property developer with a track record in the development and investment of prime integrated mixed-use and residential developments in key gateway cities across ASEAN. With over a decade in real estate investment management experience, the Group has acquired both an extensive regional network as well as a solid background in development management, counting among its past investments the highly successful mixed-use project, Pavilion in Kuala Lumpur, within its portfolio of residential projects in key prime locations in Bangkok and Kuala Lumpur. The Group has successfully completed the construction of Phase 1 of the 1.3 million square feet mixed-use Puteri Cove Residences and Quayside in Malaysia, where the residences have been sold to buyers of more than 28 different nationalities worldwide. The Group's high-rise residential development in Thailand, The Posh Twelve, is currently under construction.

The Group's non-property division previously included the provision of aluminium works comprising design, fabrication and installation of building window systems and exterior curtain walls in Singapore (the "**Aluminium Division**"). As at the date of this report, the Aluminium Division is currently undergoing a liquidation process. This report will not deal with any discussions relating to the Aluminium Division.

The Group currently has two (2) ongoing property development projects located in Iskandar Puteri, Malaysia (known as Puteri Cove Residences and Quayside) and Bangkok, Thailand (known as The Posh Twelve).

Puteri Cove Residences and Quayside

Puteri Cove Residences and Quayside is an award-winning luxury marina-front mixed-use development comprising two towers of 658 units of luxurious freehold apartments, four blocks of 56 SOHO units, including a separate tower of premium serviced suites. The commercial component is Puteri Cove Quayside, a two-level waterfront retail promenade, which is built to mirror world-class marina projects offering a comprehensive range of prime waterfront retail and F&B choices, through a quality tenant mix carefully curated and managed by the developers. This development augments Puteri Harbour's position as the ultimate marina-front dining, leisure and shopping destination.

Together with the region's award-winning and internationally acclaimed architectural firms, landscape consultants and interior designers, PSD has redefined luxury living environment and marina front residential concept that caters to the evolving lifestyles and desires of today's well-heeled homebuyers. It is today one of the most successful projects in Iskandar Puteri with buyers from more than 28 different countries.

Multiple international accolades prove its success story, with the mixed-used development winning ten industry awards in 2016, 2017/2018, including "Best Residential High-Rise Development", "Best Residential Landscape Architecture", "Best Residential Interior Design", and 2016's "Best Luxury Condominium Development in Malaysia".

The Posh Twelve, Bangkok Thailand

The Posh Twelve is a freehold mixed-use development comprising two towers of upper mid-end condominium at 39 and 45 floors each, featuring a combined 1,373 residential units and a lifestyle retail podium.

As Bangkok's tallest residential condominium in Tiwanon, it has won 3 prestigious awards, including the top accolade for Best Residential High-rise Development at the Asia Pacific Property Awards 2018.

Winner of:

- Best Residential High-rise Development (Top accolade of 5 stars)
- Best Residential High-rise Development (Thailand)
- Best Interior Design Show Home (Thailand)

For the purpose of this report, we shall focus on the Group's property development business, being the sole business segment of the Group.

102-3: Location of headquarters

PSDL is headquartered in Singapore, with its corporate headquarters address at 2 Venture Drive, #19-15 Vision Exchange, Singapore 608526.

102-4: Location of operations

Total number of countries: 3

Countries where it has significant operations:

- Singapore
- Malaysia
- Thailand

102-5: Ownership and legal form

PSDL, a public limited company, is a holding company that owns several subsidiaries across Singapore and Malaysia. PSDL was listed on the Catalist Board of the SGX-ST on 16 February 2017 pursuant to a reverse takeover of LH Group Limited.

102-6: Markets served

i. Geographic locations where products and services are offered.

There are currently two (2) ongoing projects, namely (i) Puteri Cove Residences and Quayside located in Iskandar Puteri, Malaysia, and (ii) The Posh Twelve located in Bangkok, Thailand.

ii. Sectors served

Real Estate

iii. Types of customers and beneficiaries

The Group's customers comprise mainly property investors and buyer-occupiers.

102-7: Scale of the organisation

i. Total number of employees

As at 27 November 2019, the Group has a total of 66 full-time employees and no contract/temporary employees.

ii. Total number of operations

Two (2) ongoing projects, namely (i) Puteri Cove Residences and Quayside, and (ii) The Posh Twelve.

iii. Net revenue

In respect of the revenue and financial results of the Group for FY2019, please refer to page 7 and pages 51 to 59 of the Group's annual report for FY2019 which had been released on SGXNet by the Company on 15 October 2019 (the "FY2019 Annual Report"). The FY2019 Annual Report may be accessed at the following link: <https://www.sgx.com>.

iv. Quantity of products or services provided.

Please refer to page 8 to 14 of the FY2019 Annual Report.

102-8: Information on employees and other workers

Total number of employees by employment contract (permanent and temporary), by gender

| Gender | Permanent | Temporary |
|---------------|------------------|------------------|
| Male | 28 | - |
| Female | 38 | - |
| Total | 66 | - |

Total number of employees by employment contract (permanent and temporary), by region

| Region name | Permanent | Temporary |
|---------------------|------------------|------------------|
| Singapore | 15 | - |
| Malaysia | 41 | - |
| Thailand and others | 10 | - |
| Total | 66 | - |

Total number of employees by employment type (full-time and part-time), by gender

| | Full-time | Part-time |
|--------|------------------|------------------|
| Male | 28 | - |
| Female | 38 | - |
| Total | 66 | - |

The data has been compiled from the Group's human resources database, as at 27 November 2019.

102-9: Supply chain

The Group works with various different suppliers and contractors to ensure the smooth running of our development properties. We also work with a wide range of professionals who provide professional, consultancy and advisory services for our projects, such as architects, quantity surveyors, interior designers, etc.

102-10: Significant changes to the organisation and its supply chain

Significant changes to the organisation's size, structure, ownership, or supply chain

This is the Group's second Sustainability Report. Currently, the Group does not foresee any significant changes to the Group's size, structure, ownership or supply chain. There was also no significant change to the Group's size, structure, ownership or supply chain during FY2019.

102-11: Precautionary Principle or approach

Precautionary Principle or approach

The Precautionary Principle is a strategy to cope with possible risks where scientific understanding is yet incomplete. When human activities may lead to morally unacceptable harm that is scientifically plausible but uncertain, actions shall be taken to avoid or diminish that harm.

Currently, the Group does not have a formal policy in respect of applying the Precautionary Principle. This is because the business in which the Group operates is well-researched and established. Therefore, unacceptable harm which is scientifically plausible but uncertain is not expected to be significant. Nonetheless, the Group does acknowledge the Precautionary Principle and supports the intent of the Precautionary Principle. If any situation, event or action occurs whereby harm or damage is assessed to be possible, the Group's management will immediately take action to stop, evaluate and/or seek assistance to avoid or minimize such harm or damage.

102-12: External initiatives

A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.

Currently, the Group adheres to the Workplace Safety and Health Act in Singapore as well as the equivalent regulations in Malaysia and Thailand. Aside from adhering to statutory regulations such as the aforementioned and employment practices, the Group does not have any other formally-endorsed or subscribed economic, environmental and/or social charters, principles or other initiatives.

102-13: Membership of associations

A list of the main memberships of industry or other associations, and national or international advocacy organisations.

Singapore Business Federation

Strategy

102-14: Statement from senior decision-maker

Full Name

Glen Chan

Role

CEO & Managing Director

Statement

Our mission is to be a premium real estate developer in ASEAN key gateway cities, attracting and building the best talent towards value creation and sustainable growth for stakeholders, employees and communities. PSDL recognises the importance of sustainability, and that having the right tone set from the top is crucial in an organisation's growth and success. We will continue to earnestly learn and develop on our sustainability journey as our Group grows, and we are committed to conducting business in an environmentally, socially and ethically sustainable manner.

Ethics and Integrity

102-16: Values, principles, standards, and norms of behavior

A description of the organisation's values, principles, standards, and norms of behavior.

PSDL, as a group, believes strongly in the following – **STIR** the passion, and **ARISE** for success.

STIR stands for:

- Sense of ownership
- Teamwork
- Integrity
- Respect

ARISE stands for:

- Adaptable
- Results-oriented
- Innovative
- Savvy
- Entrepreneurial

Governance

102-18: Governance structure

Governance structure of the organisation

The Board of Directors of PSDL is assisted by three Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. Together, the Board and its Committees work closely to ensure a sound system of governance is implemented within the Group.

Committees responsible for decision-making on economic, environmental, and social topics

Currently, the Board comprises four (4) directors, of whom two (2) are executive directors and two (2) are independent directors. The Board is therefore of a nimble size and will, as a collective body, make decisions on economic, environmental and social topics as and when they arise. Based on the current Board composition, the Board notes that the Audit Committee will be unable to meet the minimum requirement of having three (3) non-executive directors under Rule 704(7) of the Catalist Rules. The Company will be applying, through our sponsor, to the SGX-ST to seek an extension of time to fill the vacancy in the Board committees and will make the necessary announcement(s) in due course.

Stakeholder Engagement

102-40: List of stakeholder groups

A list of stakeholder groups engaged by the organisation.

| Stakeholder Group | Means of Engagement | Topics of Interest | Responses |
|--|--|--|--|
| Customers/Clients | Social and email feedback Post-handover surveys | Product quality Response time Service levels of sales ambassadors | Rectifications to the clients' satisfaction Streamlining communications channels Product and service quality training |
| Employees | Employee feedback channels Face-to-face meetings | Recognition and career progression Employee satisfaction Communication | Coaching and promoting deserving employees Support and guidance for employees Open-door policy for communication at any time |
| Shareholders | Annual report Announcements | Financial performance Corporate governance | Quarterly results announcements Annual report Press releases |
| Professionals/Service Providers | Face-to-face meetings Consultations Contracts and agreements | Advice on specific matters such as legal, architecture etc | Two-way communications and working closely to ensure advice is effectively given |

| Stakeholder Group | Means of Engagement | Topics of Interest | Responses |
|--------------------|---|---|---|
| Contractors | Face-to-face meetings Consultations | Construction Design and planning of projects | Requirement to adhere to workplace safety regulations Validation through internationally recognized awards |
| Media/SGX | Quarterly results announcements Press releases | Financial performance News updates Compliance with the Catalyst Rules | Announcements and press releases Constant, regular dialogue with Sponsor |

102-41: Collective bargaining agreements

Percentage of total employees covered by collective bargaining agreements.

The Group's employees are not covered by any collective bargaining agreement.

102-42: Identifying and selecting stakeholders

It is axiom that identifying and engaging well with stakeholders is a critical component of the Group's long-term success. Therefore, it is important to know and understand the demands and concerns of our stakeholders. Such stakeholders are identified and prioritised based on their dependence and influence on the business. We use both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

102-43: Approach to stakeholder engagement

Most of our engagement with stakeholders is on an ad-hoc and as-necessary basis. However, there are certain stakeholder matters which are carried out on a regular basis, such as quarterly results announcements to provide updates to our shareholders on our financial performance, annual reports, annual corporate governance reports as well as employee engagement on at least an annual basis.

102-44: Key topics and concerns raised

See above disclosure item 102-40 (List of stakeholder groups).

Reporting Practice

102-45: Entities included in the consolidated financial statements

In the Group's FY2019 Annual Report, the following entities were including in PSDL's consolidated financial statements:

- (i) PSD Singapore Pte. Ltd.
- (ii) Twin Prosperity Group Ltd.
- (iii) Tropical Sunrise Development Inc.
- (iv) Pearl Discovery Development Sdn Bhd
- (v) Pearl Discovery Property Management Sdn Bhd
- (vi) Pacific Star Development (Malaysia) Sdn Bhd
- (vii) Pacific Star Property Sdn Bhd
- (viii) Minaret Holdings Limited
- (ix) Pacific Star Development (Thailand) Co., Ltd.
- (x) Kanyakorn Pattana Co., Ltd.
- (xi) Kanokkorn Pattanao Co., Ltd.
- (xii) Durabeau Industries Pte Ltd (now in liquidation)
- (xiii) LH Aluminium Industries Pte. Ltd. (now in liquidation)

102-46: Defining report content and topic Boundaries

PSDL has prepared this report in accordance with Rules 711A and 711B of the Catalist Rules. This report is also prepared in accordance with the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines 2016 - Core Option and its reporting principles.

PSDL has not sought external assurance for this report and will consider it when our reporting matures over time or if the complexity of the Group's operations requires such external assurance or assistance.

We will work towards refining and improving on our reporting scope and content as we advance in our sustainability reporting journey. The material topics in this report have been identified through active engagement with our key stakeholders, including customers, employees and regulators.

As part of our support for sustainable environmental practice, we will not be printing this report. The report is available at SGXNet, the website of the SGX-ST at <http://www.sgx.com> as well as on our website at: <https://pacificstar-dev.com>.

102-47: List of material topics

Materiality Assessment

In conducting its materiality assessment, the Group evaluated each aspect's potential impact on the economy, environment, social sphere and influence on stakeholders.

PSDL's senior management took reference from observations of PSDL's peers and industry practices, internal discussions and peer review, and applied the guidance from the GRI. Through these exercises, we have identified the following material aspects:

- Economic: Economic Performance, Anti-Corruption
- Environmental: Energy
- Social: Diversity and Equal Opportunity, Training and Education

The Group will continue to review and re-evaluate the relevance of our material factors to ensure their relevance to our stakeholders and business environment. We will work to improve our performance in these areas and address these as they become better assessed across time. For the upcoming year, the Group will endeavour to work towards reducing its energy consumption by 5% to 10%, which shall be assessed by an internal review of the Group's office's electricity bills. In the long run, the Group continues to preach a strong anti-corruption stance and will target for zero incidents of whistleblowing.

102-48: Restatements of information

There are no restatements of information since the previous report.

102-49: Changes in reporting

We have not changed our reporting substantially since the previous report.

102-50: Reporting period

The reporting period, FY2019, spans 1 July 2018 to 30 June 2019.

102-51: Date of most recent report

The most recent report was issued on 27 June 2019.

102-52: Reporting cycle

Annually.

102-53: Contact point for questions regarding the report

Name

Darren Chua

Email

psd.cc@pacificstar-dev.com

Position

Vice President, Legal

Telephone

(65) 6411 0688

102-54: Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option

102-55: GRI content index

| GRI Standard | Disclosure | Page number(s) |
|-------------------------------------|---|----------------|
| GRI 101: Foundation 2016 | | |
| General Disclosures | | |
| | Organisational profile | |
| | 102-1 Name of the organization | 3 |
| | 102-2 Activities, brands, products, and services | 3 |
| | 102-3 Location of headquarters | 4 |
| | 102-4 Location of operations | 4 |
| | 102-5 Ownership and legal form | 4 |
| | 102-6 Markets served | 5 |
| | 102-7 Scale of the organization | 5 |
| | 102-8 Information on employees and other workers | 5 |
| | 102-9 Supply chain | 6 |
| | 102-10 Significant changes to the organisation and its supply chain | 6 |
| | 102-11 Precautionary Principle or approach | 7 |
| | 102-12 External initiatives | 7 |
| | 102-13 Membership of associations | 7 |
| GRI 102: General Disclosures | Strategy | |
| | 102-14 Statement from senior decision-maker | 7 |
| | Ethics and integrity | |
| | 102-16 Values, principles, standards, and norms of behavior | 8 |
| | Governance | |
| | 102-18 Governance structure | 8 |
| | Stakeholder engagement | |
| | 102-40 List of stakeholder groups | 9 |
| | 102-41 Collective bargaining agreements | 10 |
| | 102-42 Identifying and selecting stakeholders | 10 |
| | 102-43 Approach to stakeholder engagement | 10 |
| | 102-44 Key topics and concerns raised | 10 |

| | | |
|---|---|----|
| Reporting practice | | |
| 102-45 | Entities included in the consolidated financial statements | 11 |
| 102-46 | Defining report content and topic Boundaries | 11 |
| 102-47 | List of material topics | 11 |
| 102-48 | Restatements of information | 12 |
| 102-49 | Changes in reporting | 12 |
| 102-50 | Reporting period | 12 |
| 102-51 | Date of most recent report | 12 |
| 102-52 | Reporting cycle | 12 |
| 102-53 | Contact point for questions regarding the report | 12 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 13 |
| 102-55 | GRI content index | 13 |
| 102-56 | External assurance | 14 |
| Material Topics | | |
| GRI 201: Economic Performance | | |
| 201-1 | Direct economic value generated and distributed | 15 |
| GRI 205: Anti-corruption | | |
| 205-1 | Operations assessed for risks related to corruption | 15 |
| 205-2 | Communication and training about anti-corruption policies and procedures | 15 |
| 205-3 | Confirmed incidents of corruption and actions taken | 15 |
| GRI 302: Energy | | |
| 302-4 | Reduction of energy consumption | 16 |
| GRI 404: Training and Education | | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 16 |
| GRI 405: Diversity and Equal Opportunity | | |
| 405-1 | Diversity of governance bodies and employees | 16 |

102-56: External assurance

PSDL has not sought external assurance for this report. We will consider it when our reporting matures over time or if the complexity of the Group's operations requires such external assurance or assistance.

i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process

Not applicable.

ii. The relationship between the organisation and the assurance provider;

Not applicable.

iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report.

Not applicable.

MATERIAL TOPICS

ECONOMIC

Economic Performance

PSDL endeavours to deliver long-term economic value for our stakeholders. This will be carried through sound management leadership and seeking valuable development and real estate opportunities. In light of the present muted and uncertain market sentiment in the real estate industry across the region, the Group's management is exploring fee-income business and deals by way of potential project management contracts in ASEAN. We continue to work on our extensive business network to source income-accretive contracts whilst maintaining a keen look-out for value-for-money property development opportunities. Simultaneously, risk-management remains of paramount importance.

For a detailed breakdown of the Group's financial performance for FY2019, please refer to our FY2019 Annual Report.

Anti-Corruption

The Group has a zero-tolerance stand on corruption. In all our dealings, we expect all employees to strictly uphold the Group's policy on anti-corruption, fraud, whistle-blowing bribery clauses. PSDL also has a whistle blowing policy in place which has been duly endorsed by the Audit Committee and approved by the Board. The policy allows employees of the Group, in good faith and in confidence, to raise concerns about actual or possible corporate improprieties in matters of financial reporting or other matters. The members of the Audit Committee will be informed directly for any matters arising from the aforementioned. The Group has a dedicated email address for whistleblowing incidents to be reported. This email address is: whistleblowing@pacificstar-dev.com.

For FY2019, there had been no whistle blowing reports received.

ENVIRONMENTAL

Energy

The Group's direct impact on the environment is limited, but we maintain a position that every effort to conserve resources and to reduce our impact on the environment does play a role to the overall global efforts to save our Earth. In the design of our properties, we consider energy saving and reduction of carbon footprint and weigh these against the capital and operating expenditure considerations.

PSDL acknowledges the importance of proper management and conservation of energy consumption in order to reduce our carbon footprint. Thus far, the Group has adopted green practices such as switching off lights at our offices where no users are present, using energy efficient equipment, setting our computers to energy-saving mode and using air-conditioning only where and when function/meeting rooms are used. In addition, we encourage our employees to practice energy-saving initiatives, and to print documents only where absolutely necessary.

SOCIAL

Training and Education

Our employees are one of the most important resources in ensuring the long-term growth and development of the Group. Therefore, we fully acknowledge that there is a continuous need to upgrade staff skills and knowledge. Such training and education of our employees will benefit both the employees themselves as well as the Group. Therefore, we strongly encourage all of our staff to attend courses and seminars to keep themselves apprised of the latest developments in a myriad of areas, including human resources, regulations, industry best practices etc. In addition, employees who are keen to expand their skillsets are allowed to work on cross-department work tasks with suitable coaching and supervision so that they can work towards becoming multi-faceted and value-added members of our team. We aim to continue providing relevant trainings to our employees in upcoming years.

Diversity and Equal Opportunity

The Group embraces diversity in the workplace, and we are happy to inform that our employees have a healthy demographic in terms of age and gender.

As at 27 November 2019, our employee demographics are as follow:

| Gender | Male | Female |
|-----------------------|-------------|---------------|
| Number | 28 | 38 |
| Percentage of Overall | 42.4% | 57.6% |

| Age | Age: 30 or younger | Age: 31 to 49 | Age: 50 and above |
|-----------------------|---------------------------|----------------------|--------------------------|
| Number | 18 | 37 | 11 |
| Percentage of Overall | 27.3% | 56.1% | 16.7% |

The Group works hard to ensure that our employment practices are in line with local labor and employment laws. We have a strong stance against workplace discrimination; no employee should be discriminated against because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. There is also zero tolerance for any workplace or work-related sexual harassment. Any discrimination and/or harassment can be reported through our human resource channels or through our whistle-blowing channels.

The Group is committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees' health and safety against any potential workplace hazards.