

**SETTLEMENT FOR ARBITRATION PROCEEDINGS FOR THE RESCISSION OF
SHIPBUILDING CONTRACTS FOR TWO PLATFORM SUPPLY VESSELS**

The Board of Directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**”) refers to the announcement released on 13 June 2016 relating to the issue of notices of arbitration by its wholly owned subsidiary, Pacific Crest Pte. Ltd. (“**PCPL**”) against Shanghai Waigaoqiao Shipbuilding & Offshore Co., Ltd., and China Shipbuilding Trading (Shanghai) Co., Ltd. (the “**Shipyards**”) arising from two shipbuilding contracts entered with the Shipyards (the “**Shipbuilding Contracts**”), for the construction of two platform supply vessels (the “**PSVs**”) for PCPL.

The Board wishes to announce that PCPL has entered into a settlement agreement on 6 September 2016 (the “**Settlement Agreement**”) with the Shipyards in full and final settlement of the matter.

Pursuant to the Settlement Agreement, the Shipyards will, within 60 calendar days of execution of the Settlement Agreement, refund to PCPL in full (i) the pre-delivery instalments paid by PCPL to the Shipyards for the PSVs’ in the amount of US\$ 10,632,000 (United States Dollars Ten Million Six Hundred and Thirty-Two Thousand), and (ii) the costs of equipment supplied by PCPL to the Shipyards in the amount of S\$ 52,000 (Singapore Dollars Fifty-Two Thousand) in accordance with the terms of the Settlement Agreement.

The above settlement is not expected to have any material impact on the Company's net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2016.

By Order of the Board of
Pacific Radiance Ltd.

Loo Choo Leong
Group Finance Director

7 September 2016