

**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) LISTING MANUAL (THE “LISTING MANUAL”)**

---

Pursuant to Rule 704(5) of the Listing Manual of the SGX-ST, the board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, Ernst & Young LLP, had included a disclaimer of opinion in the Independent Auditor’s Report on the financial statements for the financial year ended 31 December 2017 (“**FY2017**”).

An extract of the Independent Auditor’s Report is set out as below:-

**“Disclaimer of Opinion**

We were engaged to audit the financial statements of Pacific Radiance Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet and the statement of changes in equity of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Basis for Disclaimer of Opinion**

***Use of the going concern assumption***

As disclosed in Note 2, the Company’s current and total liabilities exceeded its current and total assets by US\$99,142,000 and US\$59,325,000 respectively as at 31 December 2017. For the financial year ended 31 December 2017, the Group incurred a net loss of US\$343,168,000 which included impairment charges of US\$272,148,000 and a negative operating cash flow of US\$22,909,000. As at 31 December 2017, the Group’s current and total liabilities exceeded its current and total assets by US\$488,747,000 and US\$56,935,000 respectively.

As further disclosed in Note 10, 26 and 41 to the financial statements, the Group has assets with a carrying value of US\$356,140,000 as at 31 December 2017 that have been mortgaged to the banks to secure the Group’s bank loans. The banks are entitled to enforce their rights against the mortgaged assets given the terms of the bank loans have been breached during the year. Vendor of certain subsidiaries of the Group has taken certain legal proceedings against the subsidiaries. The subsidiaries have been granted moratorium of six months with effect from 11 June 2018. The consent solicitation exercise held by the Company in February 2018 for the restructuring of the notes payable due in August 2018 was not approved by noteholders. These factors give rise to material uncertainties on the appropriateness of the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company.

The financial statements have been prepared using the going concern assumption as the Directors are of the view that the Group and the Company will be able to successfully complete the restructuring exercise as discussed in Note 2 and 41. However, we are unable to obtain sufficient appropriate evidence to conclude whether the use of the going concern assumption to prepare these

financial statements is appropriate as the outcome of the restructuring exercise has yet to be concluded satisfactorily at the date of these financial statements and is inherently uncertain.

If the going concern assumption is not appropriate and the financial statements are presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the balance sheet. If the Group and Company is unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to these financial statements.

### **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the Financial Reporting Standards in Singapore (“FRSs”), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

### **Responsibilities of Auditor for the Audit of the Financial Statements**

Our responsibility is to conduct the audit of the Group and Company’s financial statements in accordance with Singapore Standards on Auditing and to issue an auditor’s report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, in view of the significance of the matters referred to in the Basis of Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor’s report is Chan Yew Kiang.”

Shareholders of the Company are advised to read the Independent Auditor’s Report and the Group’s financial statements for FY2017 in the Company’s annual report, which will be despatched in due course.

**Trading of the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 28 February 2018.**

**Shareholders and Noteholders are advised to read this announcement and any further announcements by the Company carefully. There is no certainty or assurance as at the date of this announcement that any discussions or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into. Shareholders and Noteholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

By Order of the Board of  
Pacific Radiance Ltd.

Pang Yoke Min  
Executive Chairman

29 June 2018