

UPDATE ON RESTRUCTURING

The board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement made on 26 April 2018, 18 May 2018, 5 June 2018 and 25 September 2018 (the “**Previous Announcements**”) in connection with the restructuring of the Group’s borrowings and debt obligations (the “**Restructuring**”) and the proposed investment by potential investors (the “**Investment**”).

Unless otherwise defined, terms used in the Previous Announcements shall have the same meanings when used herein.

As an update, the Company wishes to inform that whilst the Company has obtained firm investment commitments from some of the Investors that had executed non-binding term sheets for the equity injection of up to US\$85 million for the Investment, certain Investors, have reduced in part or entirely their previously indicated amount of investment. The Company, through its advisors, continues to reach out to other potential investors to fulfil the investment requirements of the Company.

Concurrently, the Group continues its efforts to explore alternative restructuring options for the Restructuring, and to this end, the Company has executed a binding term sheet on 19 December 2018 (“**Term Sheet B**”) with parties who control a vessel owning and logistics services provider (the “**Promoters**”) in relation to its proposed investment as part of the Restructuring (“**Investment B**”). Term Sheet B sets out the legally binding agreed key terms between the Company and the Promoters, and forms the basis for entry into definitive agreements for Investment B.

The salient terms of Term Sheet B are as follows:

Investment	The Company will acquire 100% of a target company (the “ Target ”), into which the Promoters are to procure the injection of the business and assets of an indicative value of approximately US\$180 million that are under the control of the Promoters, in consideration of the Company issuing and allotting shares in the Company to the owners (the “ Vendors ”) of the Target resulting in a merger of the Company and the Target and the acquisition of a significant shareholding in the Company by the Vendors (the “ Merger ”).
Conditions Precedent	The completion of the Merger shall be subject to the fulfilment and/or waiver of, <i>inter alia</i> , the following main conditions: a) The approval of the board and shareholders of the Company and any legal or regulatory approvals required by the Company under the laws and/or regulations which apply to the Company; b) Satisfactory due diligence by the Company of and independent valuation of the Target; c) No material deterioration of the business and financial position (including the loss of key senior management) of the Target has occurred or can be reasonably expected to occur at the time of signing of the Definitive Agreements;

<p>Conditions Precedent (cont'd)</p>	<p>d) No material deterioration of the business and financial position (including the loss of key senior management) of the Group has occurred or can be reasonably expected to occur at the time of signing of the Definitive Agreements;</p> <p>e) The granting of relevant waivers by the Securities Industry Council to the Vendors and their parties acting in concert from the requirement of making a general mandatory offer under the Singapore Code on Takeovers and Mergers (the “Code”) for shares of the Company not owned or controlled by the Vendors and their parties acting in concert as a result of the allotment and issuance of the shares of the Company to the Vendors and their parties acting in concert in connection with the Merger (if applicable) and the shareholders of the Company passing a resolution to waive the making of any such general mandatory offer pursuant to the Code;</p> <p>f) The acceptance by the lenders to the main operating companies of the Group of the restructuring of their loans to the Company;</p> <p>g) The successful restructuring of the debts of the Group by which is meant the sanction by the Courts of the Republic of Singapore of a Scheme of Arrangement under Section 210 of the Companies’ Act (Chapter 50) (the “SOA”) and the satisfaction or waiver of the Implementation Conditions of the SOA therein contained; and</p> <p>h) The successful restructuring of the debts of the Group through agreement with the relevant bank and non-bank creditors (including noteholders).</p>
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Term Sheet B is not intended to amend the terms of the consent solicitation exercise of the S\$100,000,000 4.30% notes due 2018 (ISIN: SG6SF2000004) comprised in series 001 (the “**Notes**”) issued by the Company pursuant to its S\$1,000,000,000 multicurrency debt issuance programme. As envisaged under Term Sheet B, the proposed restructuring of the Notes will result in:

- a) up to 100% of the Notes to be redeemed via cash and conversion to shares issued in the capital of the Company;
- b) S\$5 million to be paid upfront on a redemption date to be determined; S\$5 million to be paid at the end of the 4th year from the redemption date; and S\$5 million to be paid at the end of the 7th year from the redemption date;
- c) each S\$250,000 in principal amount of Notes will convert to shares issued in the capital of the Company at a deemed conversion price of S\$0.101; and
- d) each Noteholder will be issued 125,000 Company Warrants for every S\$250,000 in principal amount of Notes held by each of them, with an exercise price of S\$0.028 and an exercise period of 4 years from the issue date.

None of the directors and controlling shareholders of the Company has any interest, direct or indirect, in Term Sheet B and the transactions contemplated therein, other than through their respective directorships and shareholdings in the Company.

Any further material developments in relation to the Restructuring and/or the Investment will be disseminated at the appropriate juncture.

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 definitive agreements in relation to any transactions will be entered into or that Investment B, including the Restructuring, will be completed at all. Shareholders and Noteholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the action they should take.

By Order of the Board of
Pacific Radiance Ltd.

Pang Yoke Min
Executive Chairman

20 December 2018