

UPDATE ON RESTRUCTURING – RESUMPTION OF TRADING

1. The board of directors (the “**Board**” or the “**Directors**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s circular to shareholders dated 8 February 2022 (“**Circular**”) and the announcement dated 13 April 2022. Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Circular.
2. Trading in the Shares and related securities of the Company on the Mainboard of the SGX-ST has been voluntarily suspended by the Company since 28 February 2018 pursuant to Rule 1302 of the Listing Manual.
3. On 27 January 2022, the Company applied to the SGX-ST for the lifting of the voluntary suspension of trading, and the resumption in the trading of, the securities of the Company on the Mainboard of the SGX-ST.
4. The Board wishes to announce that the Company has, on 4 February 2022, received a letter from the SGX-ST advising that the SGX-ST has no objection to the Company’s application for resumption of trading of its securities, subject to fulfilment of the following conditions:
 - (a) the announcement via SGXNET of a confirmation on how the Company will be able to operate as a going concern, in view of the disclaimer of opinion by its auditor and to provide the basis to substantiate their views; and
 - (b) an announcement via SGXNET the disclosure of a confirmation from the auditor to support the Board’s view that a disclaimer on going concern is not expected to be applicable following the successful completion of the Debt Restructuring Plan of the Group when the uncertainties around the capital restructuring of the Group no longer exist.
5. On 13 April 2022, the Company announced that its 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 2021.
6. Notwithstanding the disclaimer of opinion by the Company’s auditor, the Board confirms that it is of the opinion that the Group will be able to operate as a going concern post-completion of the Debt Restructuring Plan for the following reasons:
 - (a) after the completion of the Debt Restructuring Plan, the liabilities owing by the Group will be settled, waived, released, discharged, redeemed and/or restructured in accordance with the terms of the Debt Restructuring Plan. The NTA and EPS of the Company will also be positive after the Proposed Disposal and the Proposed Schemes of Arrangement as part of the Debt Restructuring Plan. Please refer to section 5.1 of the Circular for further information in relation to the Debt Restructuring Plan and Section 17 of the Circular for further information on the financial effects of the Debt Restructuring Plan; and
 - (b) as set out in sections 4.4 to 4.8 and 5.1.1 of the Circular, as part of the Debt Restructuring Plan, the Group will (i) transfer the Sale Vessels to the Purchaser (or its affiliates) as part of the Proposed Disposal for the Consideration, and (ii) enter into ship

management agreements with the Purchaser (or its affiliates) to manage a majority of the Sale Vessels after completion of the Proposed Disposal. Accordingly, the Group will pivot into an asset-light full-fledged ship manager upon the completion of the Debt Restructuring Plan. Ship management is an asset-light business that provides a relatively stable stream of revenue. In addition, the Group will align corporate overheads with ship management activities, and going forward will adjust corporate overheads in tandem with its efforts to grow the ship management business and other activities.

7. On 21 July 2022, the Company announced that the Proposed Schemes of Arrangement have been approved by the requisite majority of the creditors. On 12 August 2022, the Company announced that the High Court has sanctioned the Proposed Schemes of Arrangement.
8. Following therefrom, the Company's independent auditor, Ernst & Young LLP, has confirmed that if the Debt Restructuring Plan had been fully completed before the date of the Group's financial statements for the financial year ended 31 December 2021, the uncertainties related to the outcome of the Debt Restructuring Plan disclosed in the disclaimer of opinion would have been resolved. The extract of the auditor's confirmation is set out below:

"The auditor issued a disclaimer of opinion on the financial statements of the Group and the balance sheet and statement of changes in the equity of the Company for the year ended 31 December 2021. Included in the Basis for Disclaimer Opinion paragraph in the auditor's report is the use of going concern assumption for the preparation of the financial statements. The auditor was unable to obtain sufficient appropriate evidence to conclude whether the use of the going concern assumption to prepare these financial statements was appropriate as the outcome of the Debt Restructuring Plan had yet to be concluded satisfactorily as at the date of the financial statements and was inherently uncertain.

The Debt Restructuring Plan is part of management's plans for future actions in relation to its going concern assessment. If the Debt Restructuring Plan had been fully completed before the date of the financial statements for the financial year ended 31 December 2021, the uncertainties related to the outcome of the Debt Restructuring Plan disclosed in the disclaimer of opinion would have been resolved. Save that the auditor would also have been required to evaluate holistically, amongst other audit procedures, the management's business plans post completion of the Debt Restructuring Plan, whether such plans are feasible and the expected outcome from the implementation of such plans in the context of going concern assessment in accordance with SSA 570 Going Concern."

9. As set out in section 1.2 of the Circular, the Company has requested to the SGX-ST that the suspension in trading of the Shares (and its related securities) be lifted, and that such trading resumes, upon the completion of the Proposed Disposal and the Proposed Securities Issuance.
10. The Company will continue to keep its Shareholders updated and will make the appropriate announcement as and when there are any material updates.

CAUTIONARY STATEMENTS

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. 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
15 August 2022