

PROPOSED CHANGE OF AUDITOR

Introduction

The Board of Directors (“**Directors**”) of Pacific Radiance Ltd (the “**Company**”, together with all its subsidiaries, collectively the “**Group**”) wishes to announce that the Company is proposing to change its independent auditor (“**Auditor**”) from Ernst & Young LLP (“**Ernst & Young**”) to PKF-CAP LLP (“**PKF-CAP**”) (the “**Proposed Change of Auditor**”) for the current financial year ending 31 December 2023. Ernst & Young has served as Auditor of the Group for 15 consecutive audits since the 30 April 2008 and was re-appointed as Auditor at the last annual general meeting of the Company (“**AGM**”) held on 27 April 2023, to hold office until the conclusion of the next AGM.

The Directors proposed a change of auditor as part of good corporate governance initiatives. It is of the view that the change will bring new perspective and enhance the value of audit to the Group. The Directors has also taken into consideration the need to continuously manage overall business costs amidst current rising business cost environment. As such, it is an opportune time for the Company to benchmark its audit fees and realise some cost efficiencies.

The Proposed Change of Auditor

Following an evaluation of the available proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Directors, in consultation with the Audit and Sustainability Committee (“**ASC**”), and taking into consideration the requirements of Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), has determined that PKF-CAP is best suited to meeting the existing needs and audit requirements of the Group.

The ASC having considered, amongst others, the Audit Quality Indicators Disclosure Framework issued by ACRA, the adequacy of the resources and experience of PKF-CAP and the experience and qualification of the audit engagement partner assigned to the audit, other audit engagements of PKF-CAP, the Group’s audit requirements, the size and complexity of the Group and the number and experience of supervisory and professional staff of PKF-CAP to be assigned to the audit, the fee structure and audit arrangements proposed by PKF-CAP, is of the opinion that PKF-CAP will be able to meet the audit requirements of the Group.

The Directors, in consultation with the ASC, is of the opinion that the appointment of PKF-CAP, approved under the Accountants Act, and Mr Lee Eng Kian, the audit engagement partner and a public accountant under the Accountants Act, will be able to meet the existing needs and audit requirements of the Group, and that the quality and scope of the audit is expected to be maintained. In addition, the Directors, in consultation with the ASC, has determined that the proposed audit fees of PKF-CAP are reasonable and competitive. The Proposed Change of Auditor will allow the Group to save approximately 40% in audit fees in comparison to the audit fees incurred by the Group for financial year ended 31 December 2022. There will be no

change in the scope of audit services, and the Company does not expect the reduction in cost to affect the standard and effectiveness of the audit to be undertaken.

After evaluation, the ASC recommended the appointment of PKF-CAP as Auditor of the Group in place of Ernst & Young to the Directors. The Directors has taken into account the ASC's recommendation, including the factors considered in their evaluation, and are satisfied that PKF-CAP will be able to meet the audit requirements of the Group.

In view of the above, the Directors are of the opinion that the Proposed Change of Auditor is in the best interests of the Company and the Shareholders.

In connection with the above, Ernst & Young had applied to ACRA to seek its consent to resign as Auditor pursuant to Section 205AB of the Companies Act. On 11 October 2023, Ernst & Young received ACRA's consent to resign as Auditor with effect from 11 October 2023. Ernst & Young subsequently provided the Company with its notice of resignation dated 23 October 2023.

PKF-CAP has given its consent to act as Auditor by way of a letter dated 20 September 2023, subject to the approval of Shareholders being obtained at the EGM. Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of PKF-CAP as Auditor in place of Ernst & Young must be specifically approved by Shareholders at a general meeting. The appointment of PKF-CAP would therefore take effect upon the date of approval of the Proposed Change of Auditor by Shareholders at the EGM, and if so appointed, PKF-CAP will hold office until the conclusion of the next AGM of the Company.

Pursuant to Rule 1203(5) of the Listing Manual, the Company would like to highlight that:

- a) in their letter dated dated 8 September 2023, Ernst & Young confirmed that they are not aware of any professional reasons why PKF-CAP should not accept appointment as the Company's Auditor;
- b) the Company confirms that there were no disagreements with Ernst & Young on accounting treatment within the last twelve (12) months up to the date of this announcement;
- c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;
- d) the Proposed Change of Auditor is not due to the dismissal of Ernst & Young nor Ernst & Young declining to stand for election; and
- e) the Company confirms that it is or will be in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of PKF-CAP as the Company's Auditor.

The Directors wishes to express their appreciation for the past services rendered by Ernst & Young.

Extraordinary General Meeting

The Company will make the necessary arrangements to convene the EGM to seek Shareholders' approval for the Proposed Change of Auditor. A circular to Shareholders containing, among others, further details on the Proposed Change of Auditor, together with the notice of EGM, will be issued to Shareholders in due course.

By Order of the Board

Pang Yoke Min
Executive Chairman
24 October 2023