



28 February 2018

Letter to Shareholders

Dear Shareholders,

The oil and gas industry has been in a prolonged downturn since late 2014 and operating conditions were progressively more challenging over the last 2 years. While recent market consensus points to a positive sentiment as crude oil price trends towards US\$65 a barrel as at end of February 2018, the trickle-down positive effect on the offshore support vessels sector is expected to take time to manifest due to a supply overhang situation.

Over the last 2 years, we have swiftly implemented measures to rein in costs, including the lay-up of vessels and reduction of operating and corporate expenses across the Group. However, the Group operated in an environment that continued to be plagued by protracted industry weakness.

In the second half of 2017, we commenced discussions with our major creditors to review and restructure the Company's capital structure. As ongoing discussions are likely to require more time to reach a definite conclusion, the Singapore Exchange has granted the Company an extension of time to announce its financial results for the full year ended 31 December 2017 and the first quarter ended 31 March 2018. This will allow the Company to release its financial results after the main terms of the restructuring are finalised and their financial effects are considered by the auditors. This will also enable the market to better assess the financial impact of the restructuring on the Group.

We have held several informal meetings to engage our noteholders in relation to the S\$100 million 4.3% notes due 2018 issued by the Company. Though the proposed resolutions in the recent consent solicitation exercise were eventually not carried through, we remain focused on completing the restructuring and rightsizing the debt of the Group so that Pacific Radiance can continue to operate in a sustainable manner and stay competitive.

We have made significant headway in our recent discussions with our major creditors and potential investors on the terms of the restructuring. We will press ahead to engage the broader stakeholder groups on the restructuring.

In view of the aforementioned developments, the Company has decided to suspend the trading of its shares on a voluntary basis to protect the interest of each stakeholder group as well as to ensure that no person trades the shares and related securities of the Company without sufficient information required to make an

informed decision. We will seek to lift the trading suspension at the appropriate juncture.

We believe the industry is at its inflection point and our business model is viable, supported by a young fleet and our highly experienced management team with a proven track record. We are confident Pacific Radiance will emerge an even stronger entity post-restructuring.

I would like to take this opportunity to express my sincere gratitude to all fellow shareholders as well as our long term partners for their support and continued trust in us. My team and I reiterate our commitment to work towards the long term sustainability of the Group and strive for the best outcome for stakeholders.

Pang Yoke Min
Executive Chairman